

The Auditor-General
Audit Report No.51 2004–05
Performance Audit

DEWR's oversight of Job Network services to job seekers

Department of Employment and Workplace Relations

Centrelink

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of Australia 2005

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Canberra ACT
15 June 2005

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Department of Employment and Workplace Relations and Centrelink in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit and the accompanying brochure to the Parliament. The report is *DEWR's oversight of Job Network services to job seekers*.

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Warren J. Cochrane'.

Warren J. Cochrane
Acting Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Abbreviations

APM	Active Participation Model
CSC	Centrelink Customer Service Centre
CSL	Customer Service Line
DEWR	Department of Employment and Workplace Relations
EA3000	Employment Assistant 3000 system
ESQIS	Employment Services Quality Information System
FaCS	Department of Family and Community Services
FJNE	Fully Job Network Eligible
ISca	Intensive Support customised assistance
IT	Information Technology
JNM	Job Network Member
JSA	Job Seeker Classification Instrument Supplementary Assessment
JSCI	Job Seeker Classification Instrument
JSKA	Job Seeker Account
JSP	Job Search Plan
JSOS	Job Seeker Omnibus Survey
JSSO	Job Search Support Only
KPI	Key Performance Indicator
KRR	Key Reciprocal Requirement
NCMF	National Contract Management Framework
NESA	National Employment Services Association

Summary and Recommendations

Summary

Background

1. As a purchaser of publicly funded employment services, the Department of Employment and Workplace Relations (DEWR) has contracted Job Network Members (JNMs) and has an arrangement with Centrelink to deliver employment and referral related services. DEWR specifies, purchases and monitors these services through a contract with JNMs and a Business Partnership Arrangement with Centrelink. While DEWR does not provide services directly to job seekers, it is ultimately accountable for the quality of services provided by JNMs and it expects Centrelink to meet the requirements of the Business Partnership Arrangement. Centrelink, as an agency of the Human Services portfolio, is also accountable to its Minister and Parliament.

2. JNMs specialise in finding jobs for unemployed people, particularly those that are long-term unemployed. JNMs provide two major services to job seekers—Job Search Support and Intensive Support. The combination of these two services together with Mutual Obligation arrangements form a continuum of service that increases in intensity if the job seeker remains unemployed. Centrelink is the main ‘gateway’ for people accessing Job Network services. Its gateway services include information provision, registration, assessment, and referral of job seekers to JNMs.

3. Statements by successive government Ministers have affirmed the Government’s commitment to providing job seekers with a high quality of service. The objectives of the Job Network programme, reflect the key role of quality service, and are to:

- deliver a better quality of assistance to unemployed people, leading to better and more sustainable employment outcomes;
- target assistance to job seekers who need it and who can best benefit from it;
- address the structural weaknesses and inefficiencies inherent in previous arrangements for labour market assistance, and put into effect the lessons learnt from international and Australian experience; and
- achieve better value for money (especially in a tight budgetary environment).¹

¹ DEWR, 2002, *Job Network Evaluation Stage 3*, p.12.

4. Total Job Network programme payments to JNMs and Centrelink were \$924.01 million in 2003–04 and are expected to be \$1475.78 million for 2004–05.²

5. The Job Network programme is now in its seventh year and third phase. The current phase commenced on 1 July 2003 with the Employment Services Contract (2003–2006), which is referred to in this report as the third Employment Services Contract, and a new Business Partnership Arrangement with Centrelink. The current phase implemented an Active Participation Model (APM) of service provision. The APM simplified access to services for job seekers and streamlined services provided by Centrelink and JNMs as well as related service providers. The new service requirements of the APM and the third Employment Services Contract required major changes to DEWR's employment business systems.

6. There are many factors that influence the outcomes of publicly funded employment services. These include: macroeconomic conditions such as the state of the labour market and economy generally, changes in job seeker populations, and the mix of service providers, as well as compliance effects³ and the quality of services provided to job seekers. While all these factors influence employment outcomes, and need to be taken into account in determining employment policy,⁴ DEWR's contribution is the delivery of services to the unemployed to assist them into work or to provide assistance to prepare them for employment through the Department's policies and programmes—such as the mix of service providers, compliance settings and service requirements. During the course of the audit, DEWR advised that the APM was 'achieving record vacancies, placements and long term (13 week) job outcomes, and doing so at a significantly reduced unit cost.' DEWR highlighted that the Job Network was 'delivering record job results for highly disadvantaged job seekers, the long term unemployed and diverse groups including people with disabilities, parents and Indigenous Australians.'

² Combined actual 2003–04 payments and estimated 2004–05 payments to JNMs and Centrelink. See paragraph 1.3 for further details.

³ A compliance effect arises when requirements to participate in a labour market programme cause some job seekers to increase their job search efforts, either because they become more motivated as a result of the process, or to avoid taking part in the programme. Productivity Commission, 2002, *Independent Review of the Job Network*, section 5.16.

⁴ DEWR advised the ANAO that 'it is very difficult to determine quantitatively the effect of Departmental programmes (including Job Network) on the average duration of unemployment and the rate and incidence of long-term unemployment—most of the explanatory variables...are largely outside the Department's influence.' Email from DEWR to ANAO 5 July 2004.

Audit objective and scope

7. The objective of this audit was to assess whether DEWR's oversight of the Job Network ensures that job seekers are provided with high quality services. In particular, the ANAO examined whether DEWR had:

- an appropriate strategic approach to, and focus on, service quality across the Job Network;
- appropriate specification of the services to be provided to eligible job seekers, and of the quality of service provision;
- provided job seekers with a high quality of service at key Job Network service points; and
- appropriately monitored and reported the quality of service delivery, and appropriately managed service performance.

8. As well, the ANAO examined whether the Job Network has appropriate mechanisms for identifying, assessing and implementing improvements to service delivery.

9. This audit did not examine the implementation of the third Employment Services Contract and its associated computer application, Employment Assistant 3000 (EA3000), which was the focus of other ANAO audit activity. The audit of the implementation of the third Employment Services Contract will include an analysis of the performance information provided by DEWR on Job Network performance and the use of the 'Star Ratings' system.⁵

⁵ Star Ratings are DEWR's system of setting a comparative order of merit among Job Network providers, reflecting its assessment of their performance. DEWR uses star ratings as an incentive to improve provider performance through competitive pressure.

Key Findings

DEWR's corporate approach to Job Network services and service specification (Chapter 2)

Corporate approach to service delivery

10. A clear objective of the Job Network is to 'deliver a better quality of assistance to unemployed people, leading to better and more sustainable employment outcomes'. The ANAO found that DEWR's business and risk plans demonstrate a corporate focus on the achievement of the goal of maximising job placements through the actions of the Job Network.

11. DEWR also views quality servicing as an integral feature of the Job Network. However, at the time of the audit, DEWR's strategic documents did not explicitly link the goal of achieving employment outcomes with high quality service delivery. During the audit, DEWR addressed this issue by documenting its role and contribution towards the achievement of high quality service for job seekers. The corporate statement on Job Network service quality has the potential to assist DEWR staff, service providers and other stakeholders to understand better DEWR's overall approach to service delivery for job seekers.

Specification of services and service entitlement

12. DEWR has appropriately specified the major service components and job seeker service entitlements in the third Employment Services Contract with JNMs and the Business Partnership Arrangement with Centrelink. The ANAO identified areas where the Contract and Arrangement could be improved and kept up-to-date. This includes the specification of new flexible servicing arrangements in the Business Partnership Arrangement, and services to be provided to job seekers in their second period of Intensive Support customised assistance (ISca) in the Contract.

Specification of service standards

13. DEWR has specified the standards of service that job seekers should receive in a number of documents, most particularly the Employment Services Code of Practice (the Code) and Job Network Service Guarantee (the Service Guarantee) that form part of the third Employment Services Contract.

14. The Code and Service Guarantee require that JNMs deliver a guaranteed set of services in accordance with specified principles and processes in a manner that is sensitive to the job seeker's culture, circumstances

and background. While preparation of the Code and the Service Guarantee is a positive step, the ANAO found that the documents:

- contain service commitments that are largely subjective and DEWR has not prepared objective indicators and corresponding measurable performance standards against which DEWR and JNM staff and job seekers could form an assessment of the level of service performance;
- do not specify the expected manner of job seekers' behaviour in their interaction with JNMs; and
- do not clearly specify the key role played by JNMs in compliance aspects of the welfare system.

15. Job seeker awareness of the Code, Service Guarantee and associated complaints mechanisms remains very low. This means that job seekers may not take appropriate action in response to poor service and reduces the effectiveness of the standards as the means by which poor service is identified and the basis on which corrective action should be taken.

16. DEWR assesses, using client satisfaction survey research, whether its service providers are meeting most of the service commitments in the Code and Service Guarantee. However, the performance of DEWR's service providers in meeting around 10 per cent of the service commitments in the Code and Service Guarantee is not assessed by this client survey research. This is depriving DEWR of valuable management information.

DEWR's oversight of the performance of Job Network members (Chapter 3)

Performance information—the Quality Key Performance Indicator

17. DEWR has introduced a Quality Key Performance Indicator (Quality KPI) for the third Employment Services Contract. This is defined as 'DEWR satisfaction with the delivery of services in compliance with the Code and the Service Guarantee.' The Quality KPI is a binary, pass/fail 'hurdle', to be assessed by exception, whereby all JNMs receive a pass, unless a clear reason has been identified for applying a fail. DEWR expected that failure to meet the Quality KPI would occur in rare circumstances, such as a serious breach or systemic non-compliance with the contract, and/or repeated failure to address such issues where they have been raised by DEWR. This exceptions-based approach enables sanctions to be applied to a JNM that fails to reach the quality hurdle.

18. The ANAO found that assessment of the Quality KPI requires subjective judgements by DEWR contract managers, because most of the

service commitments in the Code and Service Guarantee are not clear, measurable statements of service requirements. The ANAO acknowledges that any approach to performance assessment is likely to have subjective elements. However, the subjective elements can be minimised by preparing clear and measurable service commitments that aid the objective and consistent assessment of performance at any point in time, as well as trends in performance.

19. The current approach to assessment of performance does not enable DEWR to measure progress against the objective of the Quality KPI, to ‘maximise the delivery of high quality, ethical, employment services.’ Assessment by exception does not allow DEWR to assess changes in performance over time or track progress against the overall objective of the Job Network to provide an ‘an even better quality of assistance’. This is because it does not provide a systematic basis for DEWR to consistently and objectively assess the quality of services delivered by its service providers. Rather, it enables sanctions to be applied to a JNM that fails to meet the quality hurdle, as assessed by contract managers and upheld by DEWR’s internal review process.

Approach to identifying and managing key risks to service quality

20. DEWR has a sound overall approach to managing its Job Network contracts, incorporating a structured framework for identifying and managing key risks to quality service delivery. DEWR’s contract managers are supported by performance reports and performance reporting functionality that enables them to monitor various service risks from the desktop, as well as checklists to support assessment of other risks during monitoring visits. DEWR has a clear capacity—through these monitoring mechanisms—to assess the contractual compliance of JNMs, and to initiate corrective action where contractual breaches are identified.

21. The ANAO found that DEWR’s implementation of this overall approach has been adversely affected by a combination of supporting systems issues and high administrative workload associated with the introduction of the third Employment Services Contract. This has had two impacts.

22. First, the process DEWR developed to manage risks with Job Network contracts has not functioned as intended—risk assessments were not timely and lacked substantiation; there was limited weighting of monitoring effort toward higher risks; and risk assessments were not accurately updated to reflect issues identified in monitoring visits. DEWR’s action to address problems with the risk management was timely, involving the re-development of supporting systems.

23. Secondly, the commencement of DEWR's programme of JNM site monitoring visits for the third Employment Services Contract was delayed until the latter stages of 2003–04, meaning that approximately only 30 per cent of sites received a monitoring visit over the financial year. There was no target for the number of monitoring visits to be undertaken.

24. DEWR senior managers advised the ANAO that the delayed schedule of monitoring visits was part of a consciously planned approach to the introduction of the third Employment Services Contract, but were unable to provide evidence of this planned approach.

25. The ANAO found that the delayed commencement of monitoring visits was not conducive to effective monitoring and review, as errors identified during these monitoring visits could have been addressed earlier in the contract period. The impact of this was ameliorated, to some degree, by monitoring visits completed in the last quarter of 2003–04. Greater assurance as to the investment of monitoring effort would be gained from the timely completion of risk assessments and the introduction of targets for the number of site monitoring visits required in relation to assessments of risk.

26. The ANAO found (through examination of documentation for monitoring visits completed in the latter stages of 2003–04)⁶ that early monitoring visits did not pay sufficient attention to key aspects of client service identified by DEWR as corporate priorities. These include: complaints handling practices; staff skills; continuous improvement practices; and the standard of facilities at new sites.

DEWR's oversight of the performance of Centrelink (Chapter 4)

27. Under the DEWR–Centrelink Business Partnership Arrangement, DEWR relies on monitoring of agreed performance information, Centrelink's internal monitoring of service delivery, and consultation and reporting mechanisms, in order to gain assurance that services are being delivered as specified, and to the agreed standard.

⁶ The ANAO reviewed contract management documentation relating to a sample of 226 Job Network sites across 15 organisations, including the documentation relating to the 65 sites in the sample that had received a DEWR monitoring visit. This documentation was compiled by DEWR in the process of undertaking a quality assurance review of contract management processes over April to June 2004.

28. While DEWR and Centrelink had indicative internal data to assess limited aspects of Centrelink’s service performance, the ANAO found that the establishment of agreed management information as envisaged under the Business Partnership Arrangement was slow. DEWR advised that:

the establishment of agreed management information as envisaged under the Business Partnership Arrangement was delayed by the need to develop new reporting frameworks which in many cases required data which had not been previously available as well as the need to resolve issues relating to data ownership (these have since been resolved as a result of the Machinery of Government changes).⁷

29. The ANAO found that more than a year into the three-year Business Partnership Arrangement, measures for the overwhelming majority of performance indicators, reciprocal requirements and business processes identified in the Arrangement had not been developed. Reasonable interim indicators for two of the five performance indicators for the high-level KPIs were agreed, but the remaining three performance indicators were inadequate.

30. The ANAO also found that Centrelink’s internal monitoring was not effective in providing assurance to DEWR about its performance in delivering most of the services specified in the Business Partnership Arrangement on DEWR’s behalf.

31. The ANAO found that DEWR and Centrelink have established consultation and reporting mechanisms, and (over the course of the audit) a risk-based approach to managing the key business risks associated with the delivery of the services under the Business Partnership Arrangement. These frameworks—when supported by complete management information, and other necessary assurances—should provide a sound basis for monitoring and managing the services specified in the Arrangement.

Management of complaints (Chapter 5)

32. Complaints from job seekers about Job Network services are handled by a number of different organisations, including the Ombudsman, DEWR, Centrelink and JNMs, each of which have their own internal processes for recording and responding to complaints.

33. DEWR maintains a database on which it records complaints made to the DEWR Customer Service Line. However, the ANAO found that DEWR does not collect data about complaints received by its service providers, JNMs and Centrelink. This weakens the accountability of JNMs and Centrelink to DEWR for the quality of their complaints handling practices, and also means

⁷ DEWR advice 27 April 2005.

DEWR for the quality of their complaints handling practices, and also means that DEWR does not have comprehensive information about complaints from across the Job Network (including Centrelink) that it can use for continuous improvement purposes.

34. The ANAO found that there is considerable scope for DEWR to improve the quality of complaints information that is recorded in the various complaints recording systems. First, the ANAO identified problems with DEWR's recording of complaints through its complaints database, including widespread inconsistencies in entry of data and weaknesses in the system for classifying the causes of job seeker complaints that limit the usefulness of the management information on complaints that can be extracted. Secondly, the recording of complaints by JNMs in the ANAO's sample⁸ was poor, which weakens DEWR's capacity to assure itself through review of complaint records kept by JNMs, that they are appropriately handling job seeker complaints.

35. The ANAO also found that the DEWR monitoring visits reviewed by the audit team⁹ failed to identify the substantial shortcomings with the recording of complaints by JNMs. Not all DEWR monitoring visits checked the complaints handling practices of JNMs, and those checks that were done were generally not sufficiently detailed to determine whether the site was complying with the complaint handling requirements of the third Employment Services Contract.

Continuous improvements to Job Network service delivery (Chapter 6)

Approach to continuous improvement

36. DEWR advised the ANAO that it considers that its role in managing the purchaser-provider arrangements for delivery of services to job seekers includes facilitating continuous improvement. DEWR also advised that 'the JNM performance management framework that rewarded JNMs which most successfully achieved long term jobs for their job seekers is an engine for continuous improvement.'¹⁰ However, DEWR has not informed its staff or service providers of their respective roles in facilitating continuous

⁸ The ANAO reviewed the complaints registers for 14 JNMs visited during audit fieldwork. Notwithstanding contractual requirements, the ANAO found that none of the 14 JNMs visited adequately recorded all complaints in their registers.

⁹ The ANAO examined documentation relating to DEWR monitoring visits to 11 of the 14 sites visited by the ANAO during audit fieldwork. For three sites, DEWR monitoring visits had not been conducted at the time of the audit.

¹⁰ DEWR advice 27 April 2005.

improvement; nor articulated to its staff or service providers how it will ensure that its service providers appropriately pursue continuous improvements.

37. DEWR identified continuous improvement by JNMs as one of four components of service quality in the third Employment Services Contract Request for Tender, and made continuous improvement by JNMs a service commitment in the Employment Services Code of Practice. However, the ANAO found that DEWR's risk assessment and assurance processes provide it with little assurance that Job Network service providers are appropriately and consistently pursuing continuous improvement in service delivery.

38. An ANAO survey of Centrelink and JNM staff found that both Centrelink and JNMs have a strong client service focus and that their agencies perform well in direct interaction with job seekers. However, staff regard their agency's processes to continuously improve their servicing as underdeveloped when compared to other aspects of their servicing practices, and specifically identified areas of internal management practice where performance should be improved if the overall level of service quality is to be enhanced.

Involving staff and stakeholders

39. A range of formal and informal mechanisms have been established by which information relating to Job Network service delivery improvement is shared within and between DEWR, Centrelink and JNMs. The ANAO found that these mechanisms should provide a sound basis for communications that contribute to continuous improvement in Job Network service provision.

Conduct and use of client research and feedback

40. DEWR conducts high-quality, systematic client research. In particular, the Job Seeker Omnibus Survey contains a wealth of valuable data for continuous improvement purposes in Job Network services. The survey data is used by DEWR for policy development and reporting purposes. High-level results are shared with Centrelink.

41. JNMs are aware of DEWR's survey research and JNM staff consider their agency's collection and use of feedback from job seekers as an area of major weakness in relation to continuous improvement. However, the ANAO found that DEWR's survey data that could address these shortcomings, is not provided to JNMs in a level of detail and format that would support their continuous improvement activities.

Job seeker experience at key service points (Chapter 7)

Accessing Job Network services

42. Centrelink plays a key role in facilitating the choices of job seekers by providing information to job seekers about Job Network services. It does this primarily through the information seminar it delivers for job seekers, but also by providing information about Job Network services in information displays at Customer Service Centres (CSCs) and at new claim interviews. Responsibility for the quality of information is specified in the DEWR–Centrelink Business Partnership Arrangement.

43. Job seekers require high quality, up-to-date, accurate and relevant information so that they can make an informed choice of JNM and comply with their obligations as income support recipients. The ANAO assessed the quality of the information provided to job seekers by Centrelink at four CSCs, including in information seminars and information displays. This indicative assessment highlighted problems in the quality of the information that is provided to job seekers to help them make an informed choice of JNM. The provision of information and information products at information seminars and in information display areas was variable, often poor, and did not meet minimum requirements specified in the Business Partnership Arrangement. Many information seminars were not conducted prior to the job seeker making a choice of their JNM, and some job seekers did not attend a seminar at all.

44. The ANAO has made suggestions to improve the consistency, quality, and accuracy of the information Centrelink provides to job seekers about Job Network services including mechanisms for directly monitoring the quality of information provided to job seekers through information seminars and information displays. This would help job seekers to make an informed choice of JNM, and comply with their obligations as income support recipients.

Intensive Support customised assistance (ISca)

45. ISca is a major phase of the Active Participation Model service continuum of Job Network services. It aims to provide intensive and personalised assistance tailored to the employment needs and available job opportunities for the most disadvantaged job seekers. DEWR research indicates that job seekers in ISca are generally more satisfied than job seekers in other parts of the service continuum.

46. The third Employment Services Contract stipulates that the JNM will contact and meet face-to-face with each job seeker once every fortnight during their first period of customised assistance. A total of 12 service contacts are

required in the course of this six-month timeframe and these must be recorded in DEWR's information systems.

47. To determine if ISca services are intensive and personalised assistance, the ANAO assessed the services received by 23 job seekers at 12 JNMs in four States. This indicative assessment identified a number of problems, including:

- levels of contact between JNMs and job seekers rarely met contractual specifications, for a range of reasons. The level of contact and associated payment arrangements needs to be clarified;
- documentation of JNM assessment of job seekers' barriers to employment, a contractual requirement, was limited. Better collection of information for each job seeker could improve both their chances of achieving successful outcomes and DEWR's overall outcomes; and
- customisation of job seekers' Job Search Plans through the course of their time in ISca was very limited.

48. While the ANAO sample used to underpin these findings was indicative only, the nature and level of problems identified raises concerns about whether assistance is actually intensive and personalised.

Overall conclusion

49. The Job Network programme provides employment services to around 950 000 clients that register at Centrelink as job seekers per annum. To meet the objectives of the programme, Job Network providers need to have flexibility to tailor their services to the needs of individual job seekers. In order to manage a programme of this kind, DEWR requires a sound management framework, including effective performance management arrangements with its service providers, clear specification of services and service standards and reliable information on which to make management decisions on programme performance and development.

50. The ANAO concluded that DEWR, as the purchaser of Job Network programme services, required additional assurance that job seekers were being provided with key aspects of employment services as intended by the department.

51. A critical issue for DEWR in administering the delivery of Job Network programme services is striking an appropriate balance between the degree of purchaser oversight and the operational flexibility afforded to JNMs. While DEWR's overall approach has been not to interfere with internal decisions of JNMs in placing job seekers in jobs, it has put in place a 'quality hurdle'. This is an assessment of JNMs against standards set out in DEWR's Employment Services Code of Practice and the Job Network Service Guarantee, as part of a

commitment to continuous improvement in delivering a personalised and individualised service to job seekers and employers.

52. However, DEWR's ability to gain assurance that job seekers receive high quality services from JNMs is limited by the lack of objective and measurable performance indicators relating to DEWR's specified service standards. DEWR's capacity in this area has been further hampered by delayed commencement of the monitoring of Job Network contracts over 2003–04.

53. DEWR and Centrelink have agreed to a number of service standards for the services Centrelink delivers to job seekers on DEWR's behalf, namely: accurate and timely assessment of jobseekers; rapid referral of job seekers to Job Network services; and rapid reconnection of job seekers to Job Network services. Delays in the development of the DEWR–Centrelink 2003–06 Business Partnership Arrangement meant that at the time of this audit, DEWR had no management information to assess Centrelink's performance against the agreed standards.

54. While individual complaints from job seekers are being handled by DEWR, JNMs and Centrelink, substantial weaknesses in the collection and recording of complaints data means that this otherwise valuable source of information for the performance management of service providers and broader monitoring of complaint trends and continuous improvement purposes is compromised.

55. A key service to be delivered through the Job Network is ISca, which is intended to provide intensive and personalised assistance to the most disadvantaged job seekers, including the long-term unemployed. While job seekers in ISca are generally more satisfied than job seekers in other parts of the Job Network service continuum, the ANAO's assessment of the services received by an indicative sample of ISca job seekers raised concerns about whether the customised and individualised contacts and services required in the third Employment Services Contract were provided.

56. The Government's changes to administrative responsibilities introduced in October 2004, and DEWR's preparation for the next round of Employment Services Contracts, provide the opportunity for DEWR to draw on its experience and the matters raised in this audit to improve its assurance about the quality of services being provided to job seekers.

Recommendations

57. The ANAO made eight recommendations aimed at improving DEWR's assurance that job seekers are provided with high quality employment services as intended by the department. DEWR agreed, either in full or in part to all

eight recommendations. Centrelink agreed to the two recommendations specifically directed to its area of responsibility.

Agencies' responses

DEWR

58. DEWR full response to the audit report is reproduced at Appendix 7. DEWR's summary response was:

The latest Job Network contract introduced a new Active Participation Model which is achieving record vacancies, placements and long term (13 week) job outcomes, and doing so at a significantly reduced unit cost. Job Network is delivering record job results for highly disadvantaged job seekers, the long term unemployed and diverse groups including people with disabilities, single parents and Indigenous Australians.

Job Network's achievements in the 12 months to end March 2005 are new annual records: around 963,400 New Vacancies were lodged on the national database—an increase of 26% on the previous year; a total of around 651,100 job placements were recorded—an increase of 44% on the previous 12 months; and over 176,400 long term (13 week) jobs were achieved for disadvantaged job seekers and those unemployed more than three months—more than double the previous year.

Moreover, quality servicing is inbuilt into Job Network contracts and its performance management regime. This includes, for example, the introduction, for the first time, of a contracted Job Network Service Guarantee for job seekers. Job Network providers must also conform with a Quality Performance Indicator or face contract penalties or termination of services. A national contract and performance management framework ensures these requirements are monitored and applied.

Centrelink

59. Centrelink advised the ANAO that it welcomed the audit report and agreed with the two particular recommendations specifically related to Centrelink's responsibilities. Centrelink also advised that while three other recommendations are directed at DEWR, each contain reference to the DEWR/Centrelink relationship and that it therefore considered it appropriate to make comment on these recommendations. No additional comments were provided for attachment to the report.

Recommendations

Set out below are the ANAO's recommendations and abbreviated responses from DEWR and Centrelink, where applicable. More detailed responses from DEWR and Centrelink are shown in the body of the report immediately after each recommendation.

**Recommendation
No. 1
Para 2.17**

To assist staff and stakeholders to better understand DEWR's approach to linking the goal of sustainable employment outcomes with high quality service delivery, the ANAO recommends that DEWR refine its corporate statement on Job Network service quality by:

- adding the quality of services to be delivered by Centrelink;
- clearly articulating the priority to be given to service quality; and
- clarifying the role job seeker perceptions of service quality play in informing the development of services, and management of service delivery.

DEWR should communicate this statement to relevant staff, service providers and stakeholders.

DEWR response: Agreed in part.

**Recommendation
No. 2
Para 2.42**

To assist JNMs and Centrelink to understand and comply with service requirements, and provide a sound basis for DEWR to assess the adequacy of service provision, the ANAO recommends that DEWR ensure that the Employment Services Contract and Business Partnership Arrangement are complete and kept up-to-date.

DEWR response: Agreed in principle.

**Recommendation
No. 3
Para 2.84**

In order to allow DEWR to assess better the level of service being provided to job seekers, the ANAO recommends that DEWR:

- supplements the principles-based requirements in its Code and Service Guarantee with objective indicators and corresponding measurable performance standards for key aspects of service delivery;

- ensures that job seekers are provided with clear statements about their expected manner of behaviour in their interaction with JNMs and the role played by JNMs in the Job Network compliance function;
- takes steps to improve job seeker awareness of the Code, Service Guarantee and associated complaints mechanisms; and
- reviews its job seeker survey research to ensure that information is gathered from job seekers on JNM achievement of service commitments made in the Code and Service Guarantee.

DEWR response: Agreed in part.

**Recommendation
No. 4
Para 3.51**

The ANAO recommends that, in order to provide assurance that DEWR's monitoring effort is appropriately aligned with its assessments of risk and that monitoring activity covers all key service risks, DEWR establish:

- minimum requirements for monitoring visits in relation to different types and levels of risk exposure; and
- targets for monitoring activity, including site monitoring visits, required to meet corporate priorities, such as complaints handling, with a view to complementing the professional judgement of local contract managers.

DEWR response: Agreed.

**Recommendation
No. 5
Para 4.32**

The ANAO recommends that, in order to provide DEWR with assurance over the services delivered by Centrelink on behalf of DEWR:

- DEWR and Centrelink establish a planned process for developing agreed management information for both the current and the next Business Partnership Arrangement, including: interim measures of service performance, where necessary, and agreed timeframes and responsibilities for producing final measures;
- Centrelink introduce mechanisms to directly

monitor the key services delivered by Centrelink on DEWR's behalf; and

- DEWR establish an appropriate quality assurance process to enable the effective monitoring and management of Centrelink's service performance.

DEWR response: Agreed.

Centrelink response: Agreed.

**Recommendation
No. 6
Para 5.31**

The ANAO recommends that, in order to strengthen its accountability for the services provided by JNMs and Centrelink, DEWR introduces a facility to obtain data on the complaints received by JNMs and Centrelink.

DEWR response: Agreed in part.

Centrelink response: Agreed.

**Recommendation
No. 7
Para 5.60**

In order to improve the quality of information about job seeker complaints contained in DEWR's complaints database, and consequently its ability to use complaint information for performance management and continuous improvement purposes, the ANAO recommends that DEWR review:

- complaint data entry processes and systems design to identify and resolve issues with inconsistency in the recording of complaints; and
- the current complaint classification system with a view to establishing a structure that will provide a more accurate reflection of the key complaint sources in the Job Network programme, and the frequency with which job seekers complain about them.

DEWR response: Agreed in part.

**Recommendation
No. 8
Para 6.37**

In order to meet the continuous improvement commitments set by DEWR in its Request for Tender and Code of Practice, the ANAO recommends that DEWR:

- clarifies its approach to continuous improvement by specifying the roles of DEWR, JNMs and Centrelink;

- monitors the continuous improvement practices of JNMs at the site and organisational level as appropriate; and
- works with JNMs to identify the extent to which their information needs could be met by job seeker satisfaction survey data already held by DEWR.

DEWR response: Agreed in principle.

Audit Findings and Conclusions

1. Introduction

This chapter describes the Job Network, including the types of services delivered, the role of the Government agencies and non-government organisations involved, and previous reviews. It also explains the approach, objective and methodology of the audit and describes the structure of the report.

Background

1.1 The Commonwealth Government has provided employment services to unemployed job seekers¹¹ since 1946. For 50 years this assistance was provided directly by the Commonwealth Employment Service (CES). On 1 May 1998, the Government replaced the CES, with the Job Network. The Job Network programme is managed by the Government's employment department, the Department of Employment and Workplace Relations (DEWR).¹² DEWR's objective is to:

maximise the ability of unemployed Australians to find work, particularly those who face the most severe barriers to work, to support strong employment growth and the improved productive performance of enterprises in Australia.¹³

1.2 To achieve its employment related aims, DEWR develops and implements policies and programmes to support an effectively functioning labour market and increase workforce participation for all Australians of working age, and also provides policy advice to ministers and government, administers programmes, and manages contracts related to employment services.

1.3 Under the Job Network programme, DEWR does not directly provide services to job seekers. Rather, it purchases the provision of services to job seekers from a national network of government and non-government organisations. These are:

- Centrelink, the Commonwealth Government organisation responsible for delivering social security entitlements. Centrelink provides services to job seekers through its network of 321 Customer Service Centres. Under a Business Partnership Arrangement, DEWR pays Centrelink for

¹¹ In January 2005, there were 533 000 unemployed Australians, comprising 5.1 per cent of Australia's labour force. This represented an 8.3 per cent decrease of in the number of unemployed Australians when compared with the previous year. Seasonally adjusted figures are from Australian Bureau of Statistics, 10 January 2005, *6202.0 Labour Force, Australia*.

¹² At that time the Department of Employment, Education, Training and Youth Affairs.

¹³ DEWR Annual Report 2003–04 p. 9.

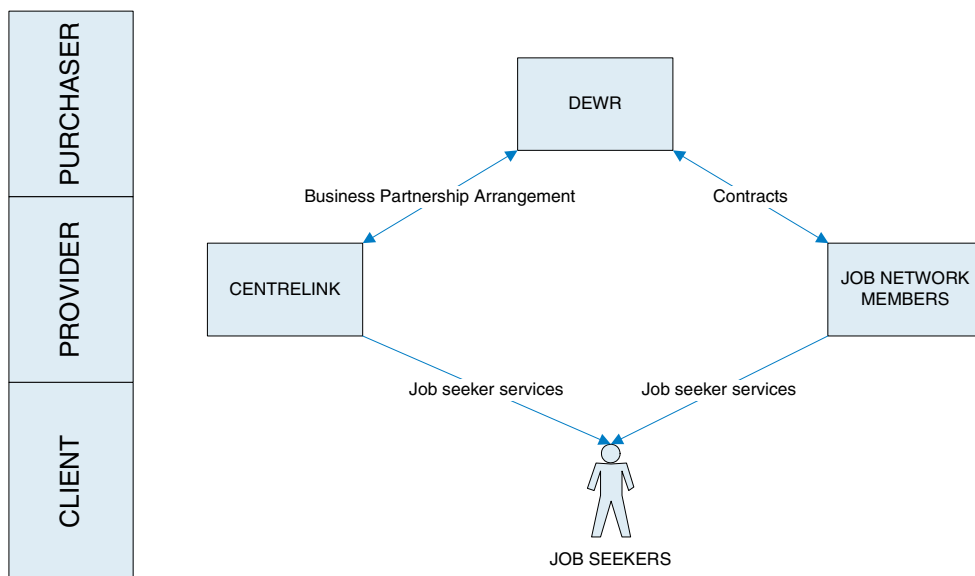
services it delivers to job seekers (\$101.4 million in 2003–04—the initial¹⁴ 2004–05 budget was \$99 million); and

- Job Network Members (JNMs), which comprise 109 organisations at 1144 sites.¹⁵ Under Employment Services Contracts, DEWR pays JNMs for Job Network services (\$819.61 million in 2003–04—expected to be \$1376.78 million in 2004–05).¹⁶

Figure 1.1 illustrates these arrangements.

Figure 1.1

Purchaser–provider arrangements for Job Network programme services



Source: ANAO.

¹⁴ 2004–05 estimate includes \$26 million for infrastructure and pre-dates the Machinery of Government changes discussed at paragraph 1.23.

¹⁵ At the commencement of the current contractual arrangements, 54 per cent of JNMs were community/not-for-profit organisations comprising 50 per cent of the market share. Forty-three per cent of JNMs were commercial organisations, comprising 47 per cent of the market share. Three per cent of JNMs were local or State government, comprising three per cent of the market share. The structure and scope of JNMs varies widely, from relatively small, single-office agencies to large national organisations. The 13 largest JNMs have around 60 per cent of the market share. There are also a further 1801 sites at which Job Placement and other related organisations provide services to job seekers. See: DEWR, March 2003, *Job Network: Conditional Offers of Business, Aggregate Analysis*, p.4.

¹⁶ The initial budget estimate of \$1005.89 million (see DEWR’s Portfolio Budget Statement for 2004–05) was revised upwards to \$1376.78 million (see DEWR’s Portfolio Budget Statement for 2005–06). The reasons for this upward revision are considered by other ANAO audit activity examining the Implementation of Job Network Employment Services Contract 3.

1.4 While it does not provide services directly to job seekers, DEWR is ultimately accountable for the quality of services provided by JNMs¹⁷ and it expects Centrelink to meet the requirements of the Business Partnership Arrangement. Centrelink, as an agency of the Human Services portfolio, is also accountable to its Minister and Parliament.

Job Network programme services and the Active Participation Model

1.5 The Job Network programme is now in its seventh year and third phase. The current phase commenced on 1 July 2003 with the Employment Services Contract (2003–2006), which is referred to in this report as the third Employment Services Contract, and a new Business Partnership Arrangement with Centrelink. The current phase implemented an Active Participation Model (APM) of service provision. The APM simplified access to services for job seekers and streamlined services provided by Centrelink and JNMs as well as related service providers.¹⁸

1.6 The new service requirements of the APM required major changes to DEWR's employment business systems. DEWR developed a major new computer application, Employment Assistant 3000 (EA3000), for use by Centrelink and Job Network providers in the operation of the third Employment Services Contract.

Eligible job seekers

1.7 There are two main classes of job seekers who are eligible for services under the Job Network programme:

- Fully Job Network Eligible (FJNE)—job seekers who are registered as looking for work and either: receive a specified type of income support payment; or are aged 15–20 years and not in full-time education or training. Around 75 per cent of FJNE job seekers are Newstart Allowance or Youth Allowance 'Other' recipients;¹⁹ and

¹⁷ Commonwealth Procurement Guidelines, January 2005, p26.

¹⁸ Such as Job Placement Organisations and complementary employment and training programmes.

¹⁹ Recipients of a range of other income support payment types are also FJNE, including: Bereavement Allowance, Carer Payment, Disability Blind, Disability Support Pension, Parenting Payment, Partner Allowance, Special Benefit, Widow Allowance, Mature Age Partner Allowance, Newstart Mature Age Allowance, Wife Pension Age, Wife Pension Disability, Widows B Pension, Community Development Employment Projects Participants, IEC Participants, Partner Service Pensioners, War Widows Pension, and young job seekers aged 15–20 not in full time education or employment.

- Job Search Support Only (JSSO)—job seekers who are looking for work and are not FJNE.²⁰

Centrelink services

1.8 For a job seeker, the initial contact with the Job Network generally occurs through Centrelink. As specified in its Business Partnership Arrangement with DEWR, Centrelink’s role includes:

- determining eligibility of job seekers for Job Network services;
- providing information to job seekers about Job Network services;
- registering job seekers;
- assessing the job seeker’s relative labour market disadvantage;
- referring job seekers to Job Network providers; and
- administering job seeker participation and compliance requirements.²¹

JNM services

1.9 JNMs are responsible for providing assistance to job seekers under the third Employment Services Contract. JNMs specialise in finding jobs for unemployed people, particularly those that are long-term unemployed. JNMs provide two major services to job seekers—Job Search Support and Intensive Support. The combination of these two services together with Mutual Obligations arrangements form a continuum of service that increases in intensity if the job seeker remains unemployed.

²⁰ Full time students, people in paid employment for more than 15 hours per week, overseas visitors on a working holiday visa and other people prohibited by law from working in Australia, are ineligible to receive JSSO services.

²¹ All FJNE job seekers are subject to some participation/compliance obligations. The obligations, which are set out in one or more individualised plans, vary according to the type of income support payment they receive, and their personal circumstances. The plans may include: a Preparing for Work Agreement which is prepared by the job seeker with Centrelink; Job Search Plan (JSP) which is prepared by the job seeker with their JNM but which forms a schedule to the Preparing for Work Agreement; Participation Plan which is prepared by the job seeker with their Centrelink personal advisor; and/or Preparing for Work Agreement or voluntary agreement with a Community Work Coordinator.

Job seekers who receive Newstart Allowance (under age 50) and Youth Allowance (other) and some parenting payments are required to meet the Activity Test. The Activity Test is met if a person is actively seeking suitable paid work, and willing to undertake suitable paid work, including casual and part-time work; or complying with a requirement to undertake suitable paid work or engage in an approved activity. The activity test can also be satisfied in other ways including, for example, undertaking a course of vocational training, participating in a labour market programme, or entering and complying with the terms of an activity agreement requiring the person to engage in specified activities. Job seekers over age 50 have more flexible Activity Test requirements. Failure to satisfy the Activity Test may result in a penalty, administered by Centrelink, such as a reduced rate of payment or suspension of payment (a ‘breach’).

1.10 All FJNE and JSSO job seekers receive Job Search Support services. This includes assistance with developing a résumé, applying for jobs and refining interview skills. In Job Search Support, JNMs assist job seekers to lodge their résumé or 'vocational profile' on Australian JobSearch—DEWR's national vacancy database that is then auto-matched daily to available vacancies.²²

1.11 If an FJNE job seeker remains unemployed after three months, they move into Intensive Support. Intensive Support services typically commence with Job Search Training that includes help with application writing or updating a résumé, learning how to improve interview skills, getting advice on how to show skills to employers, helping with building self confidence and exploring new work areas where a job seeker's experience can be used. Job seekers continue to look for work during Intensive Support.

1.12 After 12 months unemployment, the job seeker moves into Intensive Support customised assistance (ISca). ISca is a six-month period when job seekers receive substantial, intensive and personalised assistance. ISca is tailored to a job seeker's individual needs and to available job opportunities and includes training, work experience or a referral to a complementary employment or training programmes such as language, literacy and numeracy training. Job seekers who are most disadvantaged in the labour market receive immediate access to ISca.

1.13 Under the third Employment Services Contract, JNMs also have access to a new Job Seeker Account (JSKA) to purchase specific assistance for eligible job seekers.

1.14 Most²³ FJNE job seekers, who remain unemployed after six months, will be required to participate in a six-month Work for the Dole project (or other

²² Some features of this system are: job seekers are notified of matches to suitable jobs within 24 hours through JobSearch kiosks or a phone service; eligible job seekers with mobile phones can also choose to be notified of matches via Short Message Service messages; and employers can also peruse job seekers résumés and email any potential candidates. Job seekers can also use JobSearch to find and apply for vacancies Australia wide.

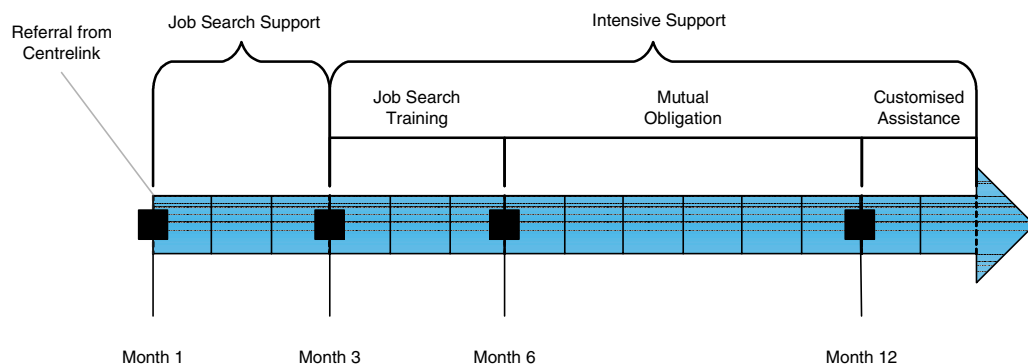
²³ Newstart Allowance (under age 50) and Youth Allowance (other) are required to undertake a Mutual Obligation activity. Job seekers who receive other types of income support are not subject to Mutual Obligation requirements.

Mutual Obligation activity)²⁴ in order to fulfil their Mutual Obligation requirements and continue to receive income support.²⁵

1.15 Figure 1.2 illustrates the continuum of services provided to a typical FJNE job seeker in the first 12 months of unemployment.

Figure 1.2

Service delivery continuum



Source: ANAO

Note: Job seekers who are most disadvantaged in the labour market receive immediate access to ISca.

Service quality and the Job Network

1.16 High quality client service across the Australian Public Service (APS) has been a government priority.²⁶ Government statements have linked high quality service provision with high performing organisations underpinned by:

- the APS values, which include that the APS delivers services fairly, effectively, impartially and courteously to the Australian public have been incorporated into the *Public Service Act 1999*; and

²⁴ Other activities include: intensive job search; vocational education or training; paid work experience; participation in a labour market programme; medical treatment or rehabilitation; and other activities that may be proposed, such as voluntary work. Job seekers who do not meet their Mutual Obligation responsibilities through any of the other Mutual Obligation options available to them, are obliged to participate in either Community Work or Work for the Dole activities.

²⁵ Failure to meet Mutual Obligation requirements may result in a penalty, administered by Centrelink, such as a reduced rate of payment or suspension of payment (a 'breach'). Job seekers subject to Mutual Obligation requirements who remain unemployed after 18 months are required to undertake Work for the Dole or Community Work for six months. This requirement repeats every 12 months.

²⁶ See for example: Senator the Hon Chris Ellison, Special Minister of State, Building the Foundation Conference, Canberra, 24 February 1999; and Department of Finance and Administration, *Client Service Charter Principles*, June 2000.

- Client Service Charters, which seek to ensure that APS service providers are required to give quality client service.²⁷

1.17 In relation to the Job Network programme, the delivery of high quality services to job seekers is a key government priority, particularly as a means to assist job seekers to maximise their opportunities to find work. This is reflected in the objectives of the Job Network programme, to:

- deliver a better quality of assistance to unemployed people, leading to better and more sustainable employment outcomes;
- target assistance to job seekers who need it and who can best benefit from it;
- address the structural weaknesses and inefficiencies inherent in previous arrangements for labour market assistance, and put into effect the lessons learnt from international and Australian experience; and
- achieve better value for money (especially in a tight budgetary environment).²⁸

1.18 In developing its proposals that led to the Job Network programme, the Government was guided by the objective of delivering a better quality of assistance to unemployed people.²⁹ Statements by successive government Ministers have reaffirmed the Government's commitment to providing job seekers with a high quality of service.

Previous audits and evaluations

1.19 Since the introduction of the Job Network, it has been the subject of external reviews and scrutiny, including by the ANAO. The ANAO has conducted three audits of aspects of DEWR's administration of the Job Network, including of the provision of information to job seekers in 2001–02,³⁰ the management of the first round of Job Network contracts in 1999–2000;³¹ and the planning and management of the introduction of the new employment

²⁷ All government bodies, which provide services directly to the public, are required to have a service charter. Agencies that have indirect client contact (such as policy departments that contract their service delivery to other agencies or outsource providers) are strongly encouraged to put in place a service charter that ensures good service delivery.

²⁸ DEWR, 2002, *Job Network Evaluation Stage 3*, p. 12 (emphasis added).

²⁹ Senator the Hon Amanda Vanstone Minister for Employment, Education, Training and Youth Affairs, 20 August 1996, *Reforming Employment Assistance—Helping Australians Into Real Jobs*, Chapter 3.

³⁰ ANAO Audit Report No.39 2001–02, *Management of the Provision of Information to Job Seekers*.

³¹ ANAO Audit Report No.44 1999–2000, *Management of Job Network Contracts*.

services market in 1998–99.³² There has been no independent review specifically focused on the overall quality of services received by job seekers. Appendix 1 provides details of previous audits and evaluations relating to the Job Network.

The audit

Audit objective and criteria

1.20 The objective of this audit was to assess whether DEWR's oversight of the Job Network ensures that job seekers are provided with high quality services. In particular, the ANAO examined whether DEWR had:

- an appropriate strategic approach to, and focus on, service quality across the Job Network;
- appropriately specified the services to be provided to eligible job seekers, and of the quality of service provision;
- provided job seekers with a high quality of service at key Job Network service points; and
- appropriately monitored and reported the quality of service delivery, and appropriately managed service performance.

1.21 As well, the ANAO examined whether the Job Network has appropriate mechanisms for identifying, assessing and implementing improvements to service delivery.

Audit scope

1.22 The scope of the audit encompassed the delivery of services to job seekers by JNMs and Centrelink, and the oversight of service delivery by DEWR. The audit did not examine issues associated with the implementation of the third Employment Services Contract, which are a consideration of other ANAO audit activity. Care was taken not to overlap with other audit activity focused on Centrelink.³³

³² ANAO Audit Report No.7 1998–99, *Management of the Implementation of the New Employment Services Market*.

³³ In particular, ANAO Audit report No.31 2004–05, *Centrelink's Customer Feedback Systems—Summary Report*, ANAO Audit report No.32 2004–05, *Centrelink's Customer Charter and Community Consultation Program*, ANAO Audit report No.33 2004–05, *Centrelink's Customer Satisfaction Surveys*, ANAO Audit report No.34 2004–05, *Centrelink's Complaints Handling System*, ANAO Audit report No.35 2004–05, *Centrelink's Review and Appeals System*, ANAO Audit report No.36 2004–05, *Centrelink's Value Creation Program*.

1.23 In October 2004, the Government announced Machinery of Government changes to the Ministerial and administrative responsibilities, including the creation of a Department of Human Services, incorporating, inter alia, Centrelink,³⁴ and the transfer of income support payments, programmes and services for working aged job seekers from the Department of Family and Community Services (FaCS) to DEWR. These income support payments, programmes and services were outside the scope of the audit.

Audit methodology

1.24 The audit methodology consisted of fieldwork in DEWR and Centrelink offices in Canberra, Sydney, Melbourne, Adelaide and Perth as well as the DEWR regional office in Bendigo. The work undertaken in these offices included examining key documents and files, extracting data from computer systems, observing service delivery operations, and interviewing key personnel.

1.25 The ANAO also conducted visits to 14 JNM sites in four States, selected in consultation with DEWR as an indicative sample of the providers in the market. These visits involved observation of services being delivered to job seekers, interviews with JNM personnel, and review of documentation. The ANAO also consulted other stakeholders, including the Productivity Commission, the Commonwealth Ombudsman, and the peak bodies representing the employment services industry. A complete list of the organisations consulted is at Appendix 2.

1.26 To identify the client service values and behaviours of staff (client service 'focus'), the ANAO conducted surveys of DEWR, Centrelink and JNM staff and managers. On behalf of the ANAO, a consultant, Forum Corporation, undertook the surveys during August–September 2004. Forum Corporation has undertaken longstanding worldwide research that has identified the competencies and the underlying practices required by service providers and their managers to deliver high quality client service. Appendix 3 outlines the survey methodology in more detail.

1.27 DEWR has expressed reservations about the survey throughout the audit. The ANAO noted DEWR's concerns and took these into account in presenting the survey results in this report.

1.28 The audit was conducted in accordance with ANAO auditing standards at a cost to the ANAO of \$781 200.

³⁴ One of the 'immediate priorities will include improving the flow of clients from Centrelink to the Job Network', Prime Ministerial Press Release, 22 October 2004, *Fourth Howard Ministry*.

Audit report

1.29 This report has seven chapters that assess whether DEWR's oversight of the Job Network ensures that job seekers are provided with high quality services.

- Chapter 2 examines DEWR's corporate approach to Job Network services, including its strategic and operational documents. It also examines the specification of services, including service standards in the Employment Services Code of Practice, the Job Network Service Guarantee, and relevant service charters.
- Chapter 3 examines DEWR's framework for managing the performance of JNMs in delivering contracted services, as well as the extent to which DEWR's monitoring mechanisms provide it with reasonable assurance that JNMs are delivering high quality client service to job seekers.
- Chapter 4 examines DEWR's oversight of the performance of Centrelink, and the extent to which DEWR obtains appropriate assurance about Centrelink's service performance.
- Chapter 5 examines the processes DEWR has established for the handling of complaints in the Job Network.
- Chapter 6 examines DEWR's mechanisms for identifying, assessing and implementing continuous improvements to Job Network service delivery.
- Chapter 7 presents case studies examining the delivery of services at two key service points in the continuum, namely the process by which job seekers access Job Network services through Centrelink and the provision of services during Intensive Support customised assistance.

2. DEWR's corporate approach to Job Network services and service specification

This chapter examines DEWR's corporate approach to Job Network services and the specification of services, and service standards.

Introduction

2.1 In any service delivery environment it is important to specify the means by which service delivery goals are to be achieved. In a purchaser-provider relationship it is particularly important that the purchasing agency clearly specifies its role and contribution towards the achievement of its service delivery goals ('corporate approach' to service delivery).

2.2 Clear specification of the services to be delivered and the service standards to be achieved is particularly important in programmes such as the Job Network where the purchaser enters into formal long-term arrangements with other parties to provide services on its behalf. This is because it assists contracted service providers to understand, and to comply with service requirements.

2.3 The ANAO assessed whether DEWR has appropriately specified:

- its corporate approach to providing job seekers a high quality of service through its management of contracted service providers;
- the services to be delivered by JNMs and Centrelink to job seekers and their entitlement to those services; and
- relevant and measurable service standards to enable both DEWR and job seekers to measure the quality of service provision.

2.4 As well, the ANAO examined the operational documentation to support Job Network services and operations, and whether JNMs were satisfied with the quality of this documentation.

Corporate approach to service delivery

2.5 The ANAO examined whether DEWR had articulated the means by which it intends to translate the government's general commitment to high quality services into strategic and operational documents.

2.6 The ANAO found that DEWR has a sound corporate planning framework that aligns business planning and risk management planning with corporate Outcomes and Outputs. Business and risk plans demonstrate a clear corporate focus on the achievement of the goal of maximising employment outcomes through the actions of the Job Network.

2.7 The ANAO also found that DEWR's approach to the delivery of high quality services was implicit in various key strategic documents, such as DEWR's mission statement, outcome plan, operational plans (such as its business and risk plans), the Contracts with JNMs, the Business Partnership Arrangement with Centrelink, and operational guidance.³⁵

2.8 DEWR advised that it views quality servicing as an integral feature of the Job Network.³⁶ However, the ANAO found that, at the time of the audit, DEWR's strategic documents did not explicitly link the goal of achieving employment outcomes with high quality service delivery. During the audit, DEWR developed a statement that sets out, more explicitly, its approach to ensuring job seekers receive a high quality service from its providers, Centrelink and JNMs.

2.9 The statement, *Additional Information on Quality in the Job Network* (the 'corporate statement') consolidates strategic and operational policies and practices into a single specification of the approach to the delivery of services to job seekers by JNMs and Centrelink.

2.10 In the corporate statement, DEWR states that 'quality service is an integral feature of Job Network contracted services under the Active Participation model.' DEWR also defined Job Network 'service quality', namely:

as defined under the requirements of the Employment Services Contract 2003–2006. The Contract sets out the Key Performance Indicators and performance management regime for the delivery of contracted Job Network services. The Contract specifies requirements as to the manner in which contracted services will be delivered, including the 'Employment Services Code of Conduct' [sic], and the 'Job Seeker Service Guarantee' [sic], and requirements for certain processes (complaints processes, record keeping) where specified.³⁷

³⁵ For example, the objective of DEWR's structured approach to managing operational risks at the JNM contract level, known as the National Contract Management Framework (NCMF) was:

'to improve the performance and quality of services through strengthening contract management capacity and to be professional and responsive in dealings with providers in all employment services areas in DEWR's employment portfolio.' Employment Services Contract 3, Request for Tender, (p. 62).

³⁶ DEWR advice 27 April 2005.

³⁷ DEWR's corporate statement on Job Network service quality, p1.

2.11 DEWR also described clearly in the corporate statement, its role as a purchaser in relation to both JNM and Centrelink service delivery, and respective roles of JNMs and Centrelink as providers under their service delivery arrangements with DEWR.

2.12 Analysis of the corporate statement by the ANAO shows that while it is a valuable document, it would be strengthened by further refinement and clarification. The main issues were:

- the definition of service quality described above could be expanded to encompass the quality of services provided by Centrelink to job seekers on DEWR's behalf;
- the corporate statement states that 'quality service to job seekers is not a "ranked priority" and is neither super- nor sub-ordinate to other contractual requirements.'³⁸ The ANAO considers that clear articulation of the priority of service quality would be of benefit to staff developing strategic, business and operational documents; and
- it is unclear from the corporate statement what role, if any, job seeker expectations and perceptions of service quality play in both forming measures of service quality and monitoring performance against these, although DEWR clearly considers these to be important.

At the time of the audit, DEWR had not circulated the corporate statement to its staff, service providers or other stakeholders.

2.13 The ANAO considers that with refinement and dissemination, the corporate statement will be an important strategic statement of DEWR's overall approach to Job Network service quality for job seekers.

2.14 The statement could build on the strengths identified by the ANAO's survey of DEWR staff, namely that DEWR 'believes that giving job seekers a high quality of service will lead to the successful fulfilment of (its) mission to help job seekers to find employment opportunities,' and that it 'builds trust and confidence with Centrelink and Job Network members by acting with integrity and ethics in its relationships with its service providers.'

2.15 If refined and promoted, the statement would assist DEWR in ameliorating the shortcomings identified by the ANAO survey with the lack of shared understanding amongst DEWR staff members about the importance and performance of DEWR workplace practices (see Appendix 3).

2.16 Strengthening and promoting a clear and unambiguous corporate statement on Job Network service quality would assist staff and managers in

³⁸ Letter from DEWR to ANAO 22 October 2004, p1.

DEWR, JNM and Centrelink, as well as key stakeholders, to understand better this complex topic. This would further assist DEWR in achieving its goals for high quality service delivery, leading to better and more sustainable employment outcomes.

Recommendation No. 1

2.17 To assist staff and stakeholders to better understand DEWR's approach to linking the goal of sustainable employment outcomes with high quality service delivery, the ANAO recommends that DEWR refine its corporate statement on Job Network service quality by:

- adding the quality of services to be delivered by Centrelink;
- clearly articulating the priority to be given to service quality; and
- clarifying the role job seeker perceptions of service quality play in informing the development of services, and management of service delivery.

DEWR should communicate this statement to relevant staff, service providers and stakeholders.

Agencies' responses

DEWR response

2.18 Agree in part; while appreciating the intent of the recommendation, DEWR believes that its approach to delivering high quality services through Job Network is already clearly articulated through the contract, including the Employment Services Code of Practice and Job Network Service Guarantee, and through existing performance management processes. DEWR will develop an enhanced approach to the quality of services to be delivered by Centrelink, and it will be articulated in the next Business Partnership Arrangement.

ANAO comment

2.19 The ANAO acknowledges that DEWR has specified service quality standards for JNMs in the Employment Services Code of Practice and Job Network Service Guarantee, which form part of the third Employment Services Contract. These standards are assessed later in this chapter. While the Contract serves as an agreement between parties, the ANAO considers DEWR staff, service providers and stakeholders would benefit from being more broadly informed of DEWR's overall approach to service quality. This approach was documented during this audit in DEWR's corporate statement on Job Network service, which articulates its overall approach to linking the goal of sustainable employment outcomes through high quality service delivery.

Centrelink response

2.20 Centrelink advised that while this recommendation is directed at DEWR, it contained reference to the DEWR/Centrelink relationship. Centrelink considered it appropriate to make the following comment on the recommendation: 'Centrelink agrees to work closely with DEWR to implement this recommendation to the extent that it applies to the DEWR/Centrelink relationship.'

Specification of services

2.21 DEWR is responsible for specifying the services that JNMs and Centrelink are required to provide to help job seekers into sustainable employment. The appropriate specification of services and relevant service standards assists JNMs and Centrelink to understand, and to comply with, service requirements, as well as providing a sound basis for DEWR to assess the adequacy of service provision, and take corrective action where necessary.

2.22 DEWR's requirements for Job Network services are set out in the third Employment Services Contract with individual JNMs and the associated Request for Tender. Its requirements for Centrelink gateway services for job seekers are contained in a separate Business Partnership Arrangement with Centrelink.

2.23 These service requirements are explained further in a range of supplementary operational documentation that DEWR provides to JNMs and DEWR contract managers, and in documentation that Centrelink produces for its staff.

2.24 The ANAO examined whether DEWR had clearly specified:

- the services to be delivered by JNMs and Centrelink to job seekers; and
- the entitlement of job seekers to particular services.

Job Network services

2.25 As discussed in Chapter 1, Job Network services provided by JNMs comprise two components on a continuum of services: Job Search Support services and Intensive Support services. Intensive Support services are of graduated intensity and include two major sub-components—Job Search Training and Intensive Support customised assistance (ISca). Intensive Support Job Search reviews are the other main type of assistance provided as part of Intensive Support services.

2.26 DEWR also requires the provision of services with special flexibilities, special fee for service arrangements, job search facilities and the purchase of additional assistance through the Job Seeker Account (JSKA).

2.27 Each of these services is discussed below. Arrangements with JNMs and Centrelink are discussed separately.

Job Search and Intensive Support assistance

2.28 The service requirements for Job Search Support and Intensive Support are set out in the third Employment Services Contract with individual JNMs and the associated Request for Tender. A range of DEWR operational documentation provides more detailed guidance (including the Job Network Service Guarantee and the Employment Services Code of Practice), advice and information to JNMs on Job Network services.

2.29 The ANAO found that the third Employment Services Contract appropriately specifies the two service components of Job Network services, Job Search Support and Intensive Support services. The phases of the APM continuum of services provided during a job seeker's period of unemployment and most specific service activities undertaken with job seekers are also appropriately specified.

2.30 Although outlined in the third Employment Services Contract Request for Tender or operational documentation provided to JNMs, three important aspects of services provided as part of Job Network services are not clearly defined in the Contract itself.

- Service activities during the second ISca period (ISca2)—the Request for Tender and DEWR operational documentation require, depending on a job seeker's prospects in the local labour market, an assessment of the job seeker's job capabilities, update of their job search plan, and their engagement in work preparation activity. However, the Contract itself does not expressly state that these services are required for ISca2 job seekers. JNMs are paid for the provision of these services. Chapter 7 presents a case study of services provided to ISca job seekers.
- Work preparation activity—the Contract contains a requirement for ISca job seekers to engage in work preparation activity. This is a major element of ISca, as job seekers must undertake work preparation activity for at least an average of three days per week for at least three months. While the Contract includes a list of activities for maximising the job prospects of ISca job seekers, it does not make clear that these activities qualify as work preparation activity.³⁹ The Request for Tender and operational documentation state this service requirement more clearly and, in August 2003, DEWR also provided JNMs with advice on

³⁹ These activities include specific vocational training; subsidised employment; work experience; and career counselling.

what constitutes work preparation activity in response to queries about this matter.

- Post-placement support—the Job Network Service Guarantee entitles Intensive Support job seekers to support while they are settling into a new job ('post-placement support'), where required. However, the Contract itself does not specify that JNMs must assess the need of Intensive Support job seekers for post-placement support, and provide this support if necessary.

2.31 DEWR advised the ANAO that entitlement to post-placement support is described in the Service Guarantee, which is displayed prominently at JNM sites. It also advised that it would consider how post-placement support might be more tightly defined in the context of the development of the next employment services contract.

2.32 While, in most cases, these services were adequately specified in DEWR documentation, it is important that they be included in the contract because that is the legal basis for the provision of services. As well, inconsistencies between documents about service requirements need to be removed and advice provided promptly to JNMs where DEWR has changed requirements.

Job search facilities

2.33 JNMs are required to provide job search facilities at their sites to enable job seekers to search for work, maintain their on-line résumés, investigate work-related matters and receive advice on auto-matching of their vocational profiles to vacancies in the JobSearch data base maintained by DEWR.

2.34 The ANAO found that the requirements for the provision of job search facilities at JNM sites were appropriately specified in the third Employment Services Contract.

Job seeker account (JSKA)

2.35 The JSKA is a nominal pool of funds that each JNM may use to purchase additional assistance for job seekers to help them overcome barriers to employment. DEWR makes credits to the JNMs' JSKA on the basis of job seekers' commencement in particular types of assistance and their level of labour market or locational disadvantage (see Table 2.1). These credits amounted to \$297 million in 2003–2004.⁴⁰

⁴⁰ The DEWR *Employment Services Summary Report*, 30 June 2004 showed a nominal bank credit of \$296.821 million. In October 2004, DEWR advised that following, post-end June 2004 adjustments, the nominal bank credit was \$297.442 million.

Table 2.1**Job seeker account credits**

APM phase of assistance	Basic credit	Supplement for highly disadvantaged job seekers ^a	Supplement for locational disadvantage ^a
Entry into Job Search Support	N/A	N/A	\$22
Entry into Intensive Support	\$11	N/A	\$11 ^b
Entry into ISca (first period)	\$900	\$450	\$225
Entry into ISca (second period)	\$500	\$250	\$125

Source: ANAO review of the third Employment Services Contract documentation.

Notes: a) JNMs may be credited with both types of supplementation for qualifying job seekers. 'N/A' indicates not applicable to this category.

b) Where not credited in Job Search Support.

2.36 The JSKA enables JNMs to provide job seekers with a wide range of services and products, including, for example, clothing, fares and petrol, employer incentives and training. DEWR's approach to the acceptable use of JSKA funds is not prescriptive but aims to encourage JNMs to consider how the JSKA may be used flexibly and innovatively to assist job seekers. If in doubt, JNMs confirm the suitability of proposed use with DEWR. Chapter 7 presents a case study of the use of the JSKA for ISca job seekers.

2.37 The ANAO found that DEWR appropriately specified broad features of the JSKA in the third Employment Services Contract and has provided principles to assist consideration of whether particular JSKA expenditure constitutes acceptable use. These principles were set out in the Contract training documentation and other DEWR operational documentation.

2.38 Issues that the ANAO identified for attention with the JSKA are discussed below.

- Consolidation of guidance—following feedback from JNMs and DEWR staff, DEWR was in a position to develop and issue detailed operational guidance on the acceptable use of JSKA. However, consolidation of this guidance took six months and DEWR restricted the release of much of the guidance to DEWR staff only, rather than to JNMs. The ANAO found that earlier release and wider distribution of the guidance would have assisted JNMs to consider the full range of allowable options to assist job seekers serviced at their sites to find and retain employment.
- Assets—initially, the JSKA was not intended for use in the purchase of 'more valuable' assets. DEWR has subsequently issued principles for the use of the JSKA for the purchase of assets more generally. However, it took seven months for DEWR to review and advise on this matter,

and it has not defined what constitutes an asset, for JSKA purposes. Doing so would assist JNMs to understand more clearly what can be purchased and would assist to ensure that public funds are used appropriately.⁴¹

- Incentive payments—the third Employment Services Contract Request for Tender and DEWR operational documentation broadly addressed the use of the JSKA for incentive payments, such as wage subsidies and appreciation rewards. These are allowable JSKA expenditure, provided that they are considered appropriate by 'community standards'. DEWR was aware that incentives might be provided to encourage job seekers who obtained work to maintain contact with JNMs to assist them to claim payable outcomes. The examples⁴² noted by the ANAO during the fieldwork had been queried by DEWR. However, no additional advice had been provided to JNMs to assist with decisions about what is appropriate expenditure of public funds and DEWR did not clarify the issue of incentive payments until May 2004. Towards the end of the audit, DEWR advised that appreciation rewards or any other incentives to employers which are not part of a wage subsidy payment were no longer considered appropriate expenditure to claim from the JSKA. DEWR advised, however, that wage subsidies may still be an appropriate expenditure to claim from the JSKA.⁴³
- JSKA credits—at the commencement of the Contract, DEWR operational documentation provided that JSKA credits would be allocated to the JNM's site/outlet level. Consistent with the design of JSKA, this aligned the quantum of JSKA funds available at each site to the level of disadvantage of its job seekers. In May 2004, DEWR advised JNMs that they would soon have full authority to transfer JSKA credits between their sites. This would enable funds to be transferred from sites with substantial available credits to sites that had insufficient credits to service their caseload effectively. However, the advice did not address how DEWR proposed to obtain assurance that JSKA funds were not transferred away from sites with a higher proportion of disadvantaged job seekers, contrary to the purpose of the JSKA.

⁴¹ On 30 March 2005, DEWR issued updates to the Job Seeker Account principles and to the related notice under the third Employment Services Contract, that addressed, inter alia, the purchase of assets. The ANAO has identified the JSKA as a potential audit topic for 2005–06.

⁴² Examples noted in DEWR documentation during the audit included JNM offers of cash payments of \$150 and vouchers of \$100 for clothing, petrol, car registration, or equipment to individual job seekers who had found their own employment.

⁴³ DEWR advice 27 April 2005.

Centrelink services

2.39 Centrelink is the main ‘gateway’ for people accessing Job Network services. Its gateway services include information provision, registration, assessment and referral of job seekers to JNMs.

2.40 DEWR has a separate Business Partnership Arrangement with Centrelink for the provision of gateway services. The Arrangement satisfactorily covers the services to be provided by Centrelink. The ANAO did not assess the adequacy of funding arrangements between DEWR and Centrelink for the delivery of the specified services.

2.41 During the audit, the ANAO identified two areas for improvement in the Business Partnership Arrangement, which DEWR agreed to consider including in future Arrangements:

- the Request for Tender document for DEWR’s third Employment Services Contract provided JNMs with a general overview of Centrelink activities that affect Job Network services and operations. However, the Business Partnership Arrangement does not include a similar overview of the Job Network and Centrelink’s role in its service performance. Incorporating a brief outline of Job Network services in a future Arrangement, including relevant references to key Job Network service documentation, such as the Request for Tender, would serve to reinforce Centrelink’s understanding of the links between Centrelink service responsibilities and the Job Network.
- The current Arrangement does not refer to ‘flexible servicing arrangements’⁴⁴ that are likely to impact on Centrelink gateway services. This contrasts with the fact that both standard and fee for service arrangements⁴⁵ are discussed in the Arrangement.

Recommendation No. 2

2.42 To assist JNMs and Centrelink to understand and comply with service requirements, and provide a sound basis for DEWR to assess the adequacy of service provision, the ANAO recommends that DEWR ensure that the Employment Services Contract and Business Partnership Arrangement are complete and kept up-to-date.

⁴⁴ DEWR requires the provision by JNMs of more flexible services for remote and some regional areas, particularly outside townships with high indigenous populations.

⁴⁵ DEWR uses special fee for service arrangements with JNMs tailored to the needs of local communities in difficult labour market areas.

Agencies' responses

DEWR response

2.43 Agree in principle; DEWR considers that the Employment Services Contract is up-to-date and is working with Centrelink to develop a new BPA following recent machinery of government changes.

ANAO comment

2.44 The ANAO notes that the third Employment Services Contract has been amended a number of times since its inception. The recommendation was made to encourage DEWR to continue to update the Contract as appropriate when inconsistencies between the Contract and other documents (such as those referred to in paragraphs 2.30 and 2.50) are identified.

Centrelink response

2.45 Centrelink advised that while this recommendation is directed at DEWR, it contained reference to the DEWR/Centrelink relationship. Centrelink considered it appropriate to make the following comment on the recommendation: 'Centrelink agrees to work closely with DEWR to implement this recommendation to the extent that it applies to the DEWR/Centrelink relationship.'

Service entitlement

2.46 Another important aspect of the specification of services is the specification of the entitlement of job seekers to various Job Network services. All job seekers do not have the same access to the service components and sub-components of Job Network services. In particular, some job seekers are:

- not entitled to any service, are eligible for a limited range of services; or are eligible for the full range of services;
- required to participate in services as a condition of their receipt of government income support, while others do so on a voluntary basis;
- entitled to early access to services, because of their labour market disadvantage (highly disadvantaged classification);
- entitled to access services on a more flexible basis, by virtue of their locational disadvantage; and/or

- also entitled to additional services, such as interpreter assistance.⁴⁶

2.47 The appropriate specification of service entitlement to individual circumstances helps ensure that job seekers are correctly advised by JNMs (and Centrelink) of their eligibility for Job Network services, and that JNMs are aware of their obligation to provide eligible job seekers with those services. Clear specification of service entitlement also provides the basis for assessing whether taxpayer funds have been appropriately spent.

2.48 The ANAO examined DEWR’s general categorisation of job seekers and their entitlement to services. The classification of job seekers into the special categories of ‘highly disadvantaged’ job seekers and ‘locationally disadvantaged’ job seekers and their service entitlement was also examined.

2.49 There are five basic categories of job seekers’ entitlement to Job Network services, ranging from full eligibility for all services to ineligibility for any service, set out in Table 2.2.

Table 2.2

Basic job seeker categories and service entitlement

Job seeker category	Job Search Support services	Job Search Training	Intensive Support customised assistance
Fully Job Network Eligible (FJNE) job seekers	✓	✓	✓
Job seekers who may choose to be FJNE or Job Search Support Only (JSSO) job seekers	✓	Optional	Optional
JSSO plus Job Search Training job seekers	✓	✓	x
JSSO job seekers	✓	x	x
Ineligible job seekers	x	x	x

Source: ANAO review of DEWR documentation.

Notes: ✓ indicates eligible—x indicates ineligible—for the service component. ‘Optional’ indicates that a job seeker must chose to be FJNE to be entitled to the service.

2.50 The ANAO found that the five job seeker categories were specified in the third Employment Services Contract and/or operational documentation (and in the Business Partnership Arrangement). However, the category of job seekers who may choose to be JSSO or FJNE job seekers was not addressed in the Contract or the Request for Tender, but was covered in the training

⁴⁶ Fully Job Network Eligible (FJNE) job seekers are entitled to interpreter services during their period of unemployment, using JSKA funds, where their JNM determines that these services will assist them to overcome barriers to employment and to obtain suitable employment. Job search Support Only (JSSO) job seekers are entitled to have access to an interpreter at their first interview with their JNM.

manual. In order to provide the legal basis for all aspects of Job Network arrangements, this issue needs to be addressed in the contract.

2.51 The classification of the job seekers as highly disadvantaged and their access to Job Network services were appropriately specified in the third Employment Services Contract and operational documentation (and in the Business Partnership Arrangement).

2.52 The third Employment Services Contract and DEWR operational documentation (and the Business Partnership Arrangement) appropriately covered locationally disadvantaged job seekers and their service entitlement.

Specification of service standards

2.53 DEWR, as the purchaser of Job Network and related services, is responsible for specifying standards relating to the services to be delivered on its behalf.

2.54 This provides JNMs and Centrelink with a clear understanding of DEWR's expectations of service delivery standards. As well, standards provide DEWR and job seekers with the means by which to assess the adequacy of service delivery.⁴⁷

2.55 The ANAO examined:

- the development of quality standards for the services provided to job seekers;
- the adequacy of the standards for job seekers;
- awareness of, and attitudes towards, the standards; and
- the relationship between the standards and job seeker survey research instruments.

2.56 In particular, the ANAO focused on the specification of service quality standards most likely to be encountered by job seekers, that is, DEWR's Employment Services Code of Practice (the Code) and Job Network Service Guarantee (the Service Guarantee).⁴⁸

⁴⁷ Management Advisory Board, Department of Industry, Science and Tourism, 1997 *Quality in customer service in the Australian Public Service report*, pp36-38.

⁴⁸ The ANAO did not assess the Centrelink Service Charter in detail—this was considered in other ANAO audit activity (see: ANAO Audit report No.32 2004–05, *Centrelink's Customer Charter and Community Consultation Program*). The ANAO also did not assess the DEWR Service Charter, because it is unlikely to be frequently encountered by job seekers.

Development of service standards

2.57 The third Employment Services Contract, to which all JNMs are signatories, includes the Code and the Service Guarantee. A range of sanctions can apply for a breach by the JNM of either the Code or the Service Guarantee.

2.58 The Code has been developed over a number of years. For the third Employment Services Contract, the Code has been simplified, to focus primarily on the principles by which a JNM should interact with all clients, including job seekers.

2.59 The Service Guarantee is a new feature of the third Employment Services Contract. It is a public document that applies to all JNMs.⁴⁹ It specifies the nature of the services job seekers are entitled to expect to receive from their JNM.

2.60 Both the current Code and the Service Guarantee were designed in-house by DEWR, and consistent with better practice, it took into account the views of employment service provider representatives. Job seekers were involved in market testing of the Service Guarantee.

2.61 The involvement of job seekers occurred after the Service Guarantee had been drafted and focused on ensuring that job seekers comprehend the service commitments it contains. The ANAO considers that there would be benefit in DEWR periodically re-confirming that its Code and Service Guarantee are clearly understood by job seekers.

Adequacy

2.62 The Code and Service Guarantee require that JNMs deliver a guaranteed set of services in accordance with specified principles⁵⁰ and processes⁵¹ in a manner that is sensitive to the job seeker's culture, circumstances and background. While preparation of the Code and the Service Guarantee is a positive step, the ANAO found that there are three areas where the Code and the Service Guarantee require improvement—these relate to the

⁴⁹ The Service Guarantee replaced a confidential Declaration of Intent that some JNMs were required to provide under previous contracts. Each JNM that bid for Intensive Assistance work submitted a Declaration of Intent, which included its intended strategies to place job seekers into sustainable employment. This was to be used by DEWR as part of its monitoring activity.

⁵⁰ For example: act with integrity, due care and diligence; treat clients fairly and with respect.

⁵¹ For example: maintain accurate records; maintain a complaints process; deliver assistance in accordance with the Service Guarantee.

measurability of service standards, specifying the responsibilities of clients, and role and responsibilities of JNMs in the compliance function.⁵²

2.63 Service standards need to be able to be measured or assessed to be useful. The ANAO found that the service commitments in the Code and Service Guarantee are subjective and DEWR has not prepared objective indicators and corresponding measurable performance standards against which an assessment of the level of service performance could be made (over 90 per cent of the commitments do not have measurable performance standards). The ANAO's detailed assessment of the service commitments in the Code and Service Guarantee, and suggestions for potential sources of better practices which could be used to clarify DEWR's corporate priorities for service monitoring, is at Appendix 4.

2.64 The lack of clarity over the terminology of, and/or the lack of meaningful targets or benchmarks for, the commitments means that it would be difficult for DEWR to form an objective view on whether standards are being met or not.⁵³ For example, the Code makes the following service commitment:

We operate our services in a manner that is accurate and relevant by tailoring assistance to clients with consideration of their individual job search needs and Mutual Obligations.

2.65 The ANAO considers that while performance against this commitment could be subjectively assessed by individual job seekers, JNM staff and DEWR contract managers, DEWR has not specified what 'consideration' might mean in practice nor the level of tailoring or consideration that should be expected.

2.66 Without measurable standards, there is a risk of job seekers and JNM staff not responding consistently or appropriately to service delivery situations. For example, job seekers may complain inappropriately, because they have unrealistic expectations about the level of service quality they

⁵² Better practice guidance on preparation of service commitments includes: ANAO 1996–97 *Better Practice Principles for Performance Information*, the Government specified standards for all APS service charters: Department of Finance and Administration, 2000, *Client Service Charter Principles*, and Management Advisory Board, Department of Industry Science and Tourism, 1997 *Quality in customer service in the Australian Public Service report*.

⁵³ Performance assessment 'is based on comparisons. Standards, targets, benchmarks and milestones all provide a basis for comparisons. Standards relate to pre-defined levels of excellence or performance specifications and can be set on various aspects of an organisation or programme. Standards can relate to factors such as the level and quality of client service and are set with the aim of defining the appropriate level of performance expected to be delivered. Progress in the provision of the service can be measured against the standard.' ANAO 1996–97 *Better Practice Principles for Performance Information*, p12.

should receive or conversely, they may not complain, when such a course of action may be warranted.⁵⁴

2.67 Service standards are commitments by service delivery agencies to provide services to specified quality levels to their clients. Clients should also be informed of requirements that they abide by certain codes of behaviour to help the agency provide good service to them and to ensure a successful ongoing relationship.⁵⁵ The Code and the Service Guarantee do specify the responsibilities of JNM staff in their interaction with job seekers. However, they do not specify the expected manner of job seekers' behaviour in their interaction with JNMs.

2.68 DEWR advised the ANAO that some job seekers are informed of the expected manner of job seekers' behaviour in their interaction with JNMs in their Preparing for Work Agreement and Job Search Plan. However, the ANAO notes that at least 25 per cent of job seekers, including job seekers that are the particular focus of the Government's 'Welfare to Work' policies,⁵⁶ do not have these documents⁵⁷ and, therefore, not all job seekers are informed of their reciprocal responsibilities towards JNMs. The Code and Service Guarantee, which are presented as commitments to all job seekers, are potential vehicles for ensuring that all job seekers are informed of the expected manner of behaviour in their interaction with JNMs,⁵⁸ although this information could also be conveyed separately.⁵⁹

2.69 The ANAO also found that roles and responsibilities in relation to compliance functions need to be more clearly specified. Non-compliance by job

⁵⁴ Quality-related performance information 'enables judgements on service delivery and the appropriateness of a product or service'. ANAO 1996–97 *Better Practice Principles for Performance Information*, p12.

Research into job seeker expectations as to the manner in which services are delivered to them would assist DEWR in identifying the most important service commitments for which standards need to be set.

⁵⁵ Department of Finance and Administration, 2000, *Client Service Charter Principles* p12.

⁵⁶ Such as recipients of the Disability Support Pension, and Parenting Payment. The Welfare to Work policies were announced in the 2005–06 budget—see <http://www.aph.gov.au/Budget/2005-06/speech/html/speech.htm>.

⁵⁷ Only Newstart Allowance and Youth Allowance (other) recipients are 'Activity Tested' and would, therefore have a Preparing for Work Agreement. These recipients constitute around 75 per cent of Fully Job Network Eligible job seekers.

⁵⁸ This would be consistent with the requirements placed on Commonwealth Government service delivery agencies. For example, the Centrelink Charter includes: 'You can help us by: telephoning us first if you have any questions as it may save you time; having relevant documents, completed forms and your Customer Reference Number (if you have one) ready when you talk with us; letting us know if you will be late or are unable to keep an appointment; letting us know if you are unable to reply to a request for information on time; and treating our staff with courtesy.'

⁵⁹ DEWR advised that it did not consider it appropriate to include this information 'in an industry code of practice'. DEWR advice 27 April 2005.

seekers with Activity Test obligations can result in serious consequences for a job seeker, such as 'breaching' by Centrelink, which, in turn, can lead to a reduction or suspension of income support payments.⁶⁰ JNMs play a key role in the compliance function by alerting Centrelink of a job seeker's potential non-compliance through a 'participation report.'

2.70 However, the Code makes only general reference to keeping clients informed of their rights and obligations and related administrative decisions and the Service Guarantee refers to providing job seekers with help to meet their 'Preparing for Work Agreement obligations'. No specific reference is made to the JNM's role in the Activity Test compliance function. Given the potentially serious consequences of job seeker non-compliance and the role played by JNMs in the compliance function, the ANAO considers that more explicit coverage is warranted in the Code and/or the Service Guarantee, or through another communication vehicle.⁶¹

2.71 While the decision as to the most appropriate means of providing this information to all job seekers is for DEWR to make, the ANAO considers that it is appropriate that all job seekers are provided with clear statements informing them of their expected manner of behaviour in their interaction with JNMs, and the role played by JNMs in the compliance function.

Awareness of, and attitudes towards, the service standards

2.72 To be effective job seekers need to be aware of the services standards and take appropriate action if they consider that they are not receiving a service that is in line with the commitments. Previously, the ANAO has identified a need to improve job seekers awareness of their rights and the obligations on the agencies serving them in respect of these rights.⁶²

2.73 Systematic data on job seeker awareness of the Code and Service Guarantee is available from DEWR's Job Seeker Omnibus Survey (currently conducted quarterly). By comparison, the ANAO could find no evidence that DEWR was in possession of systematic data on job seeker awareness of the Centrelink service charter.

⁶⁰ The Centrelink Charter states that: 'You need to: tell us as soon as you know that your circumstances are about to change e.g. your address, income or relationship arrangements; reply to our requests on time; meet any Mutual Obligation requirements for the services or payments you receive. You need to do these things or your payment may be affected.'

⁶¹ DEWR advised that it did not consider it appropriate to 'specify the compliance related role of JNMs in a Service Guarantee context'. DEWR advice 27 April 2005.

⁶² ANAO Audit Report No.39 2001-02, *Management of the Provision of Information to Job Seekers* recommended (see pp43-44).

2.74 In 2003–04, DEWR’s Job Seeker Omnibus Survey found ‘low awareness’ of the Code amongst job seekers. Less than half (45.6 per cent) of the surveyed job seekers were aware of the Code, a figure similar to 2002–03. Furthermore, only 37.5 per cent were aware of the Service Guarantee.⁶³ Awareness was generally higher among job seekers receiving more intensive assistance. For example, among ISca job seekers, awareness of the Code was 52 per cent,⁶⁴ and 43 per cent for the Service Guarantee. While these figures were higher than the overall average, they are consistent with widespread low awareness of the Code and the Service Guarantee amongst job seekers.⁶⁵

2.75 DEWR’s analysis shows similarly low proportions of job seekers were told or given information about the complaints processes—38.9 per cent in relation to DEWR’s Customer Service Line and under half (46.4 per cent) in relation to JNM’s complaints resolutions processes. These figures represented modest increases from 2002–03.⁶⁶

2.76 The ANAO considers that the continuing low awareness of the Code, the Service Guarantee and complaints mechanisms means that job seekers may not take appropriate action in response to poor service. This further reduces the effectiveness of the standards as a mechanism for identifying poor quality service and allowing for early corrective action to be taken.

Relationship between the Code and Service Guarantee and job seeker research

2.77 Assessment of how well an agency meets its service commitments is important not only for performance reporting purposes, but also for identifying areas for process improvement.⁶⁷ One way of making such an assessment is through client satisfaction survey research. Such research is particularly valuable where service commitments are of a qualitative nature, or where objective service standards have not been set.

2.78 DEWR collects systematic data on job seeker views about service delivery issues through its JSOS. The ANAO sought to determine the extent to which the JSOS instrument collects job seeker views about the performance of JNMs against the service commitments in the Code and the Service Guarantee.

⁶³ The Service Guarantee was introduced in 2003–2004, so there is no historical data with which to compare.

⁶⁴ Down from 58 per cent in 2002–03.

⁶⁵ DEWR’s analysis acknowledges that ‘there was a significant proportion of these job seekers who indicated that they weren’t aware of these standards.’

⁶⁶ The 2002–03 results were 38.3 per cent and 35.7 per cent respectively. Ibid.

⁶⁷ ANAO, Management Advisory Board, 1997, *The Better Practice Guide to Quality in Customer Service*, p15.

Other ANAO audit activity has assessed Centrelink's customer satisfaction research and Charter.⁶⁸

2.79 More than 40 per cent of the commitments in the Code and the Service Guarantee are addressed in full, either directly or indirectly, in the questions asked of job seekers in the JSOS. A further 30 per cent are addressed in part either directly or indirectly. However, around a quarter of the commitments are not addressed at all in the JSOS instrument.

2.80 Of the commitments that are not addressed in the JSOS, the ANAO considers that around half do not lend themselves easily to meaningful individual survey responses, because they contain multiple abstract concepts. For example, section 1 of the Code related to JNMs upholding the integrity and good reputation of employment services by: acting with honesty, due care and diligence; behaving ethically and professionally, and being openly accountable for our actions; avoiding any practice or activity which could reasonably be foreseen to bring employment services into disrepute; complying with all relevant Australian laws, including privacy, fair trading, trade practices and anti-discrimination laws. These may be better assessed through monitoring activity including complaints analysis.

2.81 Other commitments, such as the Code commitment that the services provided will be 'accurate and relevant by providing ongoing assistance to clients for the duration of our service to them', would be better assessed through different research methods, for example, longitudinal research.

2.82 The ANAO considers that more than 10 per cent of the commitments in the Code and Service Guarantee lend themselves directly to being assessed in the JSOS, but currently are not, for example:

- access to information held by JNMs about clients;⁶⁹
- keeping clients informed about decisions that may affect them;⁷⁰ and
- the assessment of needs and capabilities for intensive support clients.⁷¹

⁶⁸ See ANAO Audit report No.31 2004–05, *Centrelink's Customer Feedback Systems—Summary Report*, and also ANAO Audit report No.32 2004–05, *Centrelink's Customer Charter and Community Consultation Program*, and ANAO Audit report No.33 2004–05, *Centrelink's Customer Satisfaction Surveys*.

⁶⁹ The Code makes a commitment to provide 'clients with access to relevant records we have about them on request.'

⁷⁰ The Code makes a commitment to provide 'timely feedback and information to clients about decisions we make that could affect them.'

2.83 It would, therefore, be useful for DEWR to review its job seeker survey research to ensure that information is gathered from job seekers on JNM achievement of service commitments made in the Code and Service Guarantee. This is particularly important, as DEWR has not set objective measures for the achievement of its service quality commitments that it could assess itself.

Recommendation No. 3

2.84 In order to enable DEWR and job seekers to better assess the quality of service being provided by JNMs, the ANAO recommends that DEWR:

- supplements the principles-based requirements in its Code and Service Guarantee with objective indicators and corresponding measurable performance standards for key aspects of service delivery;
- ensures that job seekers are provided with clear statements about their expected manner of behaviour in their interaction with JNMs and the role played by JNMs in the Job Network compliance function;
- takes steps to improve job seeker awareness of the Code, Service Guarantee and associated complaints mechanisms; and
- reviews its job seeker survey research to ensure that information is gathered from job seekers on JNM achievement of service commitments made in the Code and Service Guarantee.

DEWR response

2.85 Agree in part; for the reasons described in the S.19 response, DEWR does not support the concept of seeking to attempt to itemise the specification of performance standards for the Code and Service Guarantee and considers that the provision of advice to job seekers about their expected manner of behaviour would be of limited value. However, DEWR agrees to take further steps to improve job seekers' awareness of the Code and Service Guarantee and complaints mechanism, and review its job seeker survey research with a view to encompassing Job Network servicing achievements in relation to the Code and Service Guarantee.

ANAO comment

2.86 The ANAO acknowledges that agencies can sometimes find it difficult to quantify and measure their service commitments. In this audit, the ANAO

⁷¹ The Service Guarantee makes a commitment that, for intensive support clients, a JNM will 'assess your skills, experience and capabilities and with you, develop job search plan to help you get work'. The current JSOS instrument does ask questions about JNM assessment of job seeker skills and experience, but only for respondents unemployed for less than three months, whereas intensive support commences after three months unemployment.

found that a substantial majority of the service commitments in DEWR's Code and Service Guarantee do not have objective indicators and corresponding measurable performance standards against which an assessment of the level of service performance could be made. The core principles in the Code, for instance, require JNMs to behave ethically, honestly and professionally when dealing with clients and stakeholders. While these concepts resonate as ideals and goals for a JNM to aspire to, they are inherently difficult for DEWR's approximately 200 contract managers to quantify and measure consistently across 109 JNMs (at 1144 sites) that vary in size, complexity, core beliefs and organisational culture.

2.87 The ANAO considers that if DEWR was able to better measure the quality of services delivered by Job Network services providers to job seekers, it would have assurance that the Job Network is meeting its objective of delivering 'a *better* quality of assistance to unemployed people, leading to better and more sustainable employment outcomes'. In particular, closer attention should be paid to measuring those service commitments that are identified by DEWR as corporate priorities—for example, complaints handling, staff skills, and continuous improvement.

2.88 The ANAO considers that it is appropriate that all job seekers are provided with clear statements informing them of their expected manner of behaviour in their interaction with JNMs, and the role played by JNMs in the compliance function, given the potentially serious consequences of job seeker non-compliance.

Operational documentation

2.89 The provision of accessible, current and effectively organised operational documentation to JNMs:

- promotes a clear and consistent understanding among JNMs of the services that DEWR expected to be delivered;
- assists JNMs to manage their employment service operations in an efficient and effective manner; and
- supports JNM service quality and contributes to JNM service performance in helping job seekers to find jobs.

2.90 DEWR provides a range of material as follows:

- Job Network homepage;
- on-line Information updates;
- training manuals;

- JNM search facility for operational policy information through the National Policy Clearing House; and
- operational advice and job aids available electronically.

2.91 While this range of documentation and on-line help contained valuable guidance, DEWR needs to ensure that: it is easy to access; is kept up-to-date; and JNMs are provided with the widest range of material available. This would assist JNMs to deliver high quality services to achieve better outcomes.

JNM satisfaction with DEWR operational documentation

2.92 JNM satisfaction with the quality of DEWR operational documentation is a useful indicator of the extent to which DEWR is meeting JNM information needs and, thereby, is assisting them to provide high-quality services to job seekers.

2.93 DEWR conducted a survey of JNMs' and other employment services providers' perceptions of DEWR service quality in December 2003, about five months after the commencement of the third Employment Services Contract.

2.94 The survey data indicated that a very substantial proportion of service providers were satisfied with the presentation and quality of DEWR policy and procedural information posted to DEWR's information technology systems:

- more than 90 per cent of service providers considered information was up-to-date, relevant and accurate;
- more than 80 per cent of providers considered information was presented in a useful format and provided in a timely manner; and
- seventy seven per cent of providers considered information was easy to understand.

2.95 The ANAO noted that the survey concluded that an area for DEWR to focus on to bring about improvements in providers' satisfaction with its services was to continue to improve the presentation and usability of policy and procedural information.

2.96 Overall, the ANAO concluded that DEWR has prepared a wide array of operational guidance and information for JNMs. The material is generally well regarded by JNM staff. The ANAO has made a number of suggestions for the enhancement of this material, including timely consolidation and dissemination of advice, improving presentation of operational information, and enhancing access to information for JNMs.

Conclusion

2.97 At the time of the audit, DEWR's business and risk plans focused on maximising employment outcomes in the Job Network but did not explain how the provision of high quality client service would help this happen. DEWR addressed this problem during the audit by developing a corporate statement on Job Network service quality, that sets out more explicitly its approach to ensuring job seekers receive a high quality service from its providers, Centrelink and JNMs. The ANAO considers that, with refinement and dissemination, the corporate statement will be an important strategic statement of DEWR's overall approach to service delivery for job seekers.

2.98 The ANAO found DEWR appropriately specified the major service components of Job Network services in the third Employment Services Contract and the associated Request for Tender document. Specifications for Centrelink gateway services are also appropriately covered in the Business Partnership Arrangement. The ANAO identified areas where the Contract and Arrangement could be improved and kept up-to-date. This includes the specification of new service delivery arrangements in the Business Partnership Arrangement, and services to be provided to job seekers in their second period of ISca in the Contract.

2.99 DEWR has specified the standards of service that Job Seekers should receive in a number of documents, most particularly the Employment Services Code of Practice (the Code) and Job Network Service Guarantee (the Service Guarantee) that form part of the third Employment Services Contract.

2.100 The Code and Service Guarantee require that JNMs deliver a guaranteed set of services in accordance with specified principles and processes in a manner that is sensitive to the job seeker's culture, circumstances and background. While preparation of the Code and the Service Guarantee is a positive step, the ANAO found that the documents:

- contain service commitments that are largely subjective and DEWR has not prepared objective indicators and corresponding measurable performance standards against which DEWR and JNM staff and job seekers could form an assessment of the level of service performance;
- do not specify the expected manner of job seekers' behaviour in their interaction with JNMs; and
- do not clearly specify the key role played by JNMs in compliance aspects of the welfare system.

2.101 Furthermore, job seeker awareness of the Code, Service Guarantee and associated complaints mechanisms remains very low. This means that job seekers may not take appropriate action in response to poor service and

reduces the effectiveness of the standards as the means by which poor service is identified and the basis on which corrective action should be taken.

2.102 DEWR assesses, using client satisfaction survey research, whether its service providers are meeting most of the service commitments in the Code and Service Guarantee. However, the performance of DEWR's service providers in meeting around 10 per cent of the service commitments in the Code and Service Guarantee is not assessed by this client survey research. This is depriving DEWR of valuable management information.

3. DEWR's oversight of the performance of Job Network members

This chapter examines DEWR's framework for managing the performance of JNMs in delivering contracted services, as well as the extent to which DEWR's monitoring mechanisms provide it with reasonable assurance that JNMs are delivering high quality client service to job seekers.

Introduction

3.1 Effective performance management provides assurance about the achievement of the specified dimensions of service delivery. To manage service quality effectively, purchasing agencies need:

- clearly specified performance information, including measurable performance indicators, that facilitate assessment of service quality; and
- monitoring and performance management mechanisms that are able to identify and manage the risks to service quality on a systematic basis.

3.2 DEWR, as the purchaser of services from JNMs is ultimately accountable for their service performance. DEWR's third Employment Services Contract is performance based, allowing it to reward or sanction JNMs on the basis of their performance against Key Performance Indicators (KPIs) and compliance with the Contract. The Contract has three KPIs, two of which do not have a direct bearing on the provision of quality client service and consequently were not examined by this audit.⁷² The third, the Quality KPI, is a new feature of the Job Network contracts, introduced for the Contract to 'maximise the delivery of high quality, ethical, employment services' [emphasis added]. For these reasons, the ANAO focused on the Quality KPI.

3.3 The ANAO assessed whether DEWR had established performance management mechanisms for its Job Network contracts that would provide it with assurance that JNMs provide a high quality of client service. In particular, the ANAO examined:

- the measurability of the performance information (the Quality KPI); and

⁷² These are 'average time taken for Eligible Job Seekers to achieve employment placements' and 'the proportions of Fully Job Network Eligible (FJNE) Job Seekers for whom outcome payments are paid.' These KPIs are considered by other ANAO audit activity examining the Implementation of Job Network Employment Services Contract 3.

- DEWR's monitoring framework for identifying and managing risks identified by DEWR to quality service delivery.

Performance information—the Quality Key Performance Indicator

3.4 For performance-based contractual arrangements such as those between DEWR and JNMs, performance indicators should be clear and measurable statements of service objectives that help the purchaser and provider form a judgement about whether or not performance has been satisfactory. Clear specification of measurable performance indicators underpins monitoring and can minimise disputes between parties to agreements.

3.5 For the third Employment Services Contract, DEWR has established a Quality KPI, which is defined in the Contract as 'DEWR satisfaction with the delivery of services in compliance with the Employment Services Code of Practice (the Code) and Job Network Service Guarantee (the Service Guarantee).' The Quality KPI is an aggregate indicator, comprised of the various service commitments contained in these documents.

3.6 As discussed in Chapter 2, the ANAO found that a substantial majority of the commitments in the Code and Service Guarantee are not measurable. The commitments are not supported by explicit explanations that enable job seekers, service providers or DEWR staff, to determine what is to be achieved, to what standard, and within what timeframe.

3.7 DEWR uses the Quality KPI as a binary, pass/fail 'hurdle', to be assessed by its contract managers through subjective judgements. Assessment is by exception, whereby all JNMs receive a pass, unless a clear reason has been identified for applying a fail.⁷³ DEWR expected that failure to meet the Quality KPI would occur in rare circumstances, such as a serious breach or systemic non-compliance with the contract, and/or repeated failure to address such issues where they have been raised by DEWR.⁷⁴

3.8 The ANAO considers that the lack of clarity over the terminology of, and the expected level of performance required by, the commitments that make up the Quality KPI means that it is difficult for DEWR's contract managers to consistently and objectively assess the quality of the performance

⁷³ DEWR, *Draft Guide to Assessment of the Quality KPI for Employment Services May 2004*, p9; DEWR APM Implementation Subcommittee meeting 4 August 2003 item 4(c); and related paper, *Principles of the National Contract Management Framework (NCMF) and Quality Performance Assessment; and Fundamentals of the NCMF for Employment Services CEOs*.

⁷⁴ DEWR, *Job Network Milestone Performance Review Principles*.

of JNMs against any of these commitments. The ANAO acknowledges that any approach to performance assessment is likely to have subjective elements. However, the subjective elements can be minimised by preparing clear and measurable service commitments that aid the objective and consistent assessment of performance at any point in time, as well as trends in performance.

3.9 The exceptions-based approach adopted by DEWR to the Quality KPI enables sanctions to be applied to a JNM that fails to meet the quality hurdle, as subjectively-judged by contract managers, and upheld by DEWR's internal review process. The ANAO notes that DEWR has developed an indicative measure of the performance of JNMs against the commitments in the Quality KPI by classifying complaints received by the DEWR CSL against these commitments. The strengths and weaknesses of this approach are discussed in Chapter 5.

3.10 Overall, the ANAO concluded that current approach to the Quality KPI does not provide a basis for systematically and objectively measuring and assessing the quality of the services delivered by JNMs, as is necessary if it is to meet its objective of the Quality KPI, to 'maximise the delivery of high quality, ethical, employment services' or track progress against the overall objective of the Job Network to provide an 'an even better quality of assistance'.⁷⁵ In particular, it does not:

- enable assessment of gradations in service quality, that is, relatively good or bad service quality within the group of JNMs that have 'passed' overall;
- support consistent and transparent assessment of service performance; and
- enable the systematic identification of substandard performance until after a substantial service delivery failure has occurred.

3.11 The development of measurable service standards would provide a stronger basis for contract managers to monitor service quality and take action when levels of service quality decline, and strengthen DEWR's capacity to ensure that its contract managers take a consistent approach to assessment and

⁷⁵ DEWR, 2002, *Job Network Evaluation Stage 3*, p12. See also Senator the Hon Amanda Vanstone Minister for Employment, Education, Training and Youth Affairs, 20 August 1996, *Reforming Employment Assistance—Helping Australians Into Real Jobs*, Chapter 3.

management of service performance.⁷⁶ Implementation of the recommendation at paragraph 2.84 to prepare objective indicators and corresponding measurable performance standards for key aspects of service delivery in the Code and the Service Guarantee would assist in this regard.

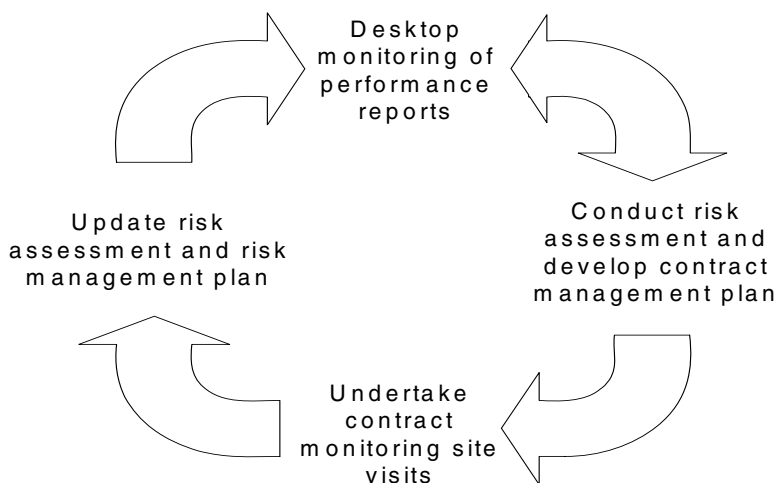
Overall approach to identifying and managing risks to service quality

3.12 In purchaser–provider arrangements, it is important that the purchaser has in place mechanisms for identifying and managing risks to service quality. The purpose of such an approach is that proportionately more resources are invested in managing the performance of ‘higher risk’ providers or sites.

3.13 DEWR has developed a corporate framework for contract management, which is called the National Contract Management Framework (NCMF). This approach is underpinned by risk assessments of JNM sites by DEWR contract managers, and monitoring activity, including monitoring of performance data, and site visits. Figure 3.1 presents a model of this approach.

Figure 3.1

DEWR risk–based contract management approach



Source: ANAO analysis of DEWR risk–based monitoring approach.

⁷⁶ In March 2002, DEWR considered a proposal for a systematic ‘quality rating’ that combined of a number of measures including a contract manager’s report, service quality report and quality of outcomes report. This proposal was, after consideration by DEWR’s Employment Management Committee, not supported. Subsequent advice to the Minister indicated ‘it would be sensible to supplement the Star performance ratings with a measure relating to broader aspects of service quality that are not currently accounted for.’ However, a ‘measure’ of service quality was not included in the recommendations agreed to by the Minister. Instead, agreement was sought to a ‘hurdle requirement of compliance with the Job Network Code of Conduct’. [DEWR uses the star ratings system to assess the performance of JNMs across Australia. The star ratings system is assessed in other ANAO audit activity.]

3.14 Under the NCMF, DEWR has identified a suite of service risks for Job Network contracts relevant to the organisation and site levels, as well as performance data, and standard monitoring checklists and guidance, to support the ongoing assessment and treatment of the risks. DEWR conducts a range of monitoring activity—mostly through its contract managers—such as general monitoring visits, monitoring visits to new sites and monitoring of performance data from the desktop. Appendix 5 describes DEWR's monitoring activities in more detail.

3.15 The ANAO considers that the NCMF provides a sound overall basis for management of service risks associated with the Job Network contracts.

Implementation of the overall approach to assessing and managing service delivery risks

3.16 To examine the implementation of DEWR's overall approach to assessing and managing service delivery risk, the ANAO reviewed contract management documentation relating to a sample of 226 Job Network sites across 15 organisations⁷⁷ including the documentation relating to the 65 sites in the sample that had received a monitoring visit. Issues assessed were the:

- timeliness and substantiation of risk assessments;
- weighting of monitoring effort toward higher risks;
- revision of risk assessments in light of monitoring activity;
- development of supporting information systems;
- focus of desktop monitoring;
- focus of monitoring visits; and
- completion of planned monitoring visits. These are discussed under separate headings below.

Timeliness and substantiation of risk assessments

Timeliness of risk assessments

3.17 The ANAO examined the timeliness of completed risk assessments to determine whether they were completed in line with DEWR's own principle, that risk assessments should be completed for all sites at contract commencement (1 July 2003, for the third Employment Services Contract), and reviewed at least every 12 months.

⁷⁷ This documentation was compiled by DEWR in the process of undertaking a quality assurance review of contract management processes between April and June 2004.

3.18 The ANAO found that completion of risk assessments was not timely. Completion of site risk assessments did not start until December 2003, and risk assessments were not completed for all sites until May 2004, 11 months into the contract period. This means that the completion of risk assessments for the sites in the ANAO sample were not undertaken in accordance with DEWR’s own guidance, reducing assurance that the service delivery risks were being appropriately managed from the onset of the third Employment Services Contract as envisaged by DEWR.

Substantiation of risk assessments

3.19 DEWR’s risk assessments are based on judgements about the relative risk of contract failures. As these judgements determine the investment of monitoring resources, it is important they are adequately substantiated in the risk assessment systems and documentation. An examination of the substantiation in completed risk assessments showed that there was little supporting documentation for completed risk assessments in the sample. This means that it was not possible to ascertain the adequacy and appropriateness of the risk assessments that were examined.

3.20 DEWR has been aware of the issue and has reminded its contract managers of the need to appropriately document risk assessments. The ANAO considers it would be beneficial to identify and specify in guidance material the minimum level of evidence that is considered by DEWR to be an appropriate basis for contract managers to make a measured assessment of the various risks in the risk framework. This would provide further assurance that all of the risks identified by DEWR receive an appropriate level of consideration, on an appropriate evidentiary basis.

Weighting of monitoring effort toward higher risks

3.21 The ANAO examined the extent to which intensive monitoring effort (site monitoring visits) was weighted towards those sites assessed as high or extreme for any of the risks in DEWR’s risk framework. Table 3.1 shows that 44 per cent of site monitoring visits were conducted without the completion of a risk assessment.

Table 3.1

Status of risk assessments at time of monitoring visit (as at June 2004)

Status of risk assessment at time of monitoring visit	Percentage
Monitoring visit conducted with a completed risk assessment	56 per cent
Monitoring visit conducted without a completed risk assessment	44 per cent

Source: ANAO analysis of DEWR contract management documentation.

3.22 DEWR advised that 'visits to all sites rated as high or extreme were completed by 30 June 2004'.⁷⁸ However, for those sites where monitoring visits were conducted without the completion of a risk assessment, it was not possible to determine whether the visits to these sites represented an appropriate investment of monitoring effort. The ANAO considers that greater assurance as to the investment of monitoring effort would be gained from the timely completion of risk assessments and the introduction of targets for the number of site monitoring visits required in relation to assessments of risk.

Revision of risk assessments in light of monitoring activity.

3.23 To remain relevant, risk assessments need to be reviewed and updated on a regular basis, particularly in light of information, such as that gained on actual performance from monitoring visits. The frequency and extent of revisions to risk assessments will be a factor of the risks identified and their likely impact.

3.24 The ANAO examined the extent to which risk assessments were updated following the completion of monitoring visits. In particular, the ANAO sought to ascertain whether issues identified during site monitoring visits that were considered serious enough to require follow-up from JNMs, resulted in revision to the assessment of risks relevant to the issues identified.

3.25 Site monitoring visits resulted in three levels of response that can be required of a JNM, as shown in Table 3.2.

Table 3.2

ANAO analysis of DEWR monitoring reports

Outcome of monitoring visit	Number of DEWR site visits	Percentage of all monitoring visits
No issues identified that need to be addressed	30	46 per cent
Issues identified that need to be addressed—no response to DEWR required	19	29 per cent
Issues identified that need to be addressed—advice required by DEWR on action taken	16	25 per cent

Source: ANAO.

3.26 The ANAO found that 88 per cent of risk assessments were updated following monitoring visits. However, none of the risk assessment updates relating to visits that identified serious issues warranting a formal response on the action taken by the JNM, resulted in the revision of risk ratings relevant to the issues identified. This indicates that risk assessments may not always

⁷⁸ DEWR advice 27 April 2005.

accurately reflect the outcomes of site monitoring visits and reduces the value of risk assessment as a management tool.

Development of supporting information systems

3.27 DEWR contract managers access a range of contract management systems for contract monitoring, management and administration. The important systems are:

- Employment Services Contract Administration System (ESCAS); and
- Contract Management Tools system (CM Tools).⁷⁹

3.28 Initially, there were substantial functionality and usability problems experienced with these systems. For example, in relation to CM Tools:

- the release of the system was delayed until four months after the commencement of the third Employment Services Contract;
- the system was not user-friendly, which resulted in a high administrative burden and inconsistent practices; and
- the system failed to deliver desired functionalities, such as the ability to easily monitor risk assessment completions, risk trends and monitoring activities.

3.29 The ANAO considers that these systems problems contributed to DEWR's poor implementation of its risk assessment and management process—that is, untimely risk assessments, lack of substantiation of risk assessments, the limited weighting of monitoring effort toward higher risks and updating of risk assessments.

3.30 DEWR recognised the systems problems early in 2004, and decided to develop a new system to support the risk-based monitoring process. DEWR has advised the ANAO that the new system, released late in 2004, has the capacity to capture and report on all risks and actions for Job Network contracts at a site and organisation level, and encourages consistent and transparent risk ratings.

3.31 The ANAO considers that DEWR's response to the systems problems was timely. The ANAO was not in a position to assess the effectiveness of the new system.

⁷⁹ ESCAS is the system DEWR contract managers use to manage the administrative aspects of their Job Network contracts, such as recording tender information, organisation and site details, and administering contract variations. The CM Tools system was developed to assist contract managers to assess and manage the risks associated with Job Network contracts and sites, and to allow the national office to monitor the completion of risk profiles, contract management plans and monitoring visits, and risk trends across the Job Network. The CM tools system is also used for other employment services contracts.

Focus of desktop monitoring

3.32 DEWR's contract managers are able to access a wide range of performance data through information systems to support monitoring of the various service risks in the NCMF from the desktop (desktop monitoring). Desktop monitoring enables:

- the presence and/or significance of a number of service risks to be monitored remotely; and
- monitoring visits to be tailored to corroborate evidence from, investigate the causes of, and/or communicate issues identified in, the available performance data to the JNM.

It is, therefore, an important component of DEWR's oversight and management of service delivery.

3.33 DEWR has recognised that desktop monitoring is a useful supplement to, but does not replace the need for, direct site monitoring visits. Direct site monitoring visits remain the main mechanism used by DEWR to determine compliance of JNMs with the terms of the third Employment Services Contract.

Focus of site monitoring visits

3.34 Site monitoring visits are resource intensive but are necessary both to corroborate evidence from desktop monitoring, and assess risks to service quality that cannot be monitored remotely. The latter include the degree to which JNMs are:

- appropriately handling complaints;
- assessing the barriers or needs of job seekers; or
- have appropriately skilled or trained staff.

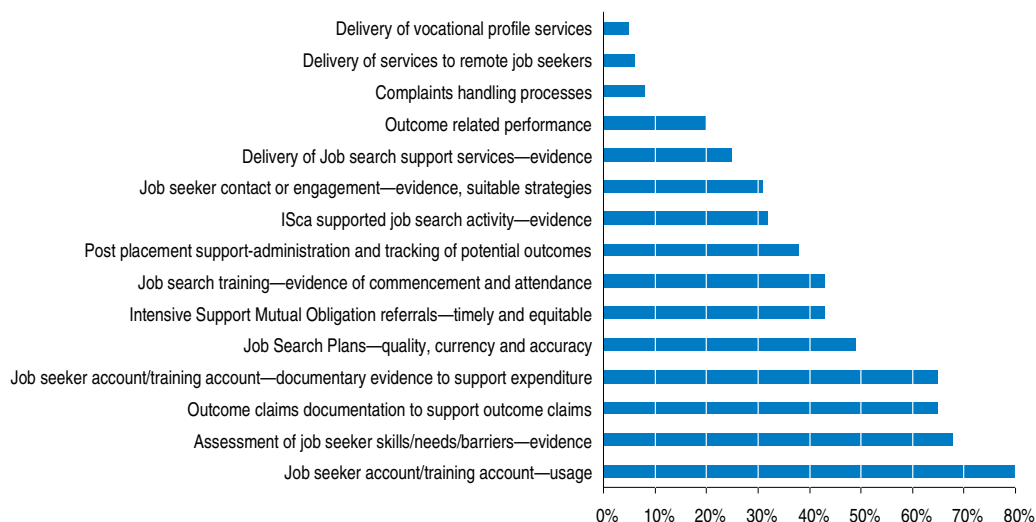
3.35 Monitoring visits result in a formal letter being issued to the JNM that summarises the areas that were the focus of the visit, any issues identified and/or discussed during the visit, and the follow up required to issues raised, if there were any.

3.36 It is DEWR policy that the focus of monitoring visits is at the discretion of contract managers, based on their assessment of risk. No minimum requirements relating to the content and focus of monitoring visits have been set. The ANAO considers that it is important that the focus of monitoring visits reflects the judgements made by contract managers. Equally, it is important that the focus of monitoring visits supports DEWR's corporate risk assessments and priorities.

3.37 To assess the focus of DEWR’s contract monitoring visits, the ANAO examined letters that were written in relation to monitoring visits that had been completed to 65 sites in its sample of monitoring documentation. The focus of site monitoring visits, as reported in these letters, is shown in Figure 3.2.

Figure 3.2

Focus of completed monitoring visits, July 2003 to June 2004 (per cent)



Source: ANAO analysis of monitoring letters in DEWR contract management documentation.

3.38 Figure 3.2 shows that there was a consistent focus in monitoring visits, particularly in relation to the use of the JSKA, the assessment of job seekers skills, needs and barriers, and the documentation to support payment claims.

3.39 However, the ANAO observed that monitoring visits rarely addressed three areas identified by DEWR as corporate priorities:

- **Complaints handling:** Only eight per cent of monitoring letters reported that site complaints handling mechanisms were reviewed during monitoring visits, despite complaints handling being identified by DEWR’s risk management committee as a priority for monitoring,⁸⁰ and an expectation—previously stated in advice to the Minister—that complaints registers would be monitored at every site visit.⁸¹

⁸⁰ Programme Assurance and Risk Management Sub-Committee, 12 December 2003 proceedings, paper entitled ‘Contract monitoring priorities for 2003–04.’

⁸¹ ‘Ombudsman’s report into complaints handling in the Job Network’, Ministerial briefing MBP 200304737, 24 July 2003.

- **Staff skills:** There was no systematic focus on the extent to which JNM staff members were appropriately skilled or trained to deliver Job Network services. However, the risk of the lack of skilled experienced or trained staff is one of the risks in DEWR's risk framework⁸² and the issues of staff turnover and skills have been identified by DEWR as corporate priorities for site monitoring.⁸³
- **Continuous improvement:** the extent to which JNMs engage in continuous improvement practices was not monitored. However, continuous improvement was identified as one of four components of service quality in the third Employment Services Contract Request for Tender, and is a service commitment in the Code. Continuous improvement is discussed in detail in Chapter 6.

3.40 These issues can only be effectively monitored through site visits. It would be useful to align the focus of monitoring visits with aspects of servicing that have been identified by DEWR at a corporate level as major determinants of service quality. The evidence above indicates that this is not currently occurring. Preparation of minimum requirements for monitoring visits and mechanisms to ensure the implementation of the minimum requirements would provide assurance that areas of corporate priority are being appropriately monitored.

Completion of planned site monitoring visits

3.41 The ANAO examined DEWR's completion of two types of site monitoring visits—monitoring visits to new sites, and general site monitoring visits.

Monitoring visits to new sites

3.42 Monitoring visits to new sites are the primary mechanism used by DEWR to ensure that site premises and facilities are of an adequate standard. DEWR has advised the ANAO that it is a mandatory requirement that all of the 441 new sites under the third Employment Services Contract receive a monitoring visit in order to check that facilities are appropriate for the delivery

⁸² DEWR's *Contract Manager Tools Policy Guide*, November 2003 identifies 'Lack of skilled, experienced or trained staff' as a site level risk to be assessed for all JNM sites.

⁸³ Programme Assurance and Risk Management Sub-Committee, 12 December 2003 proceedings, paper entitled 'Contract monitoring priorities for 2003–04.'

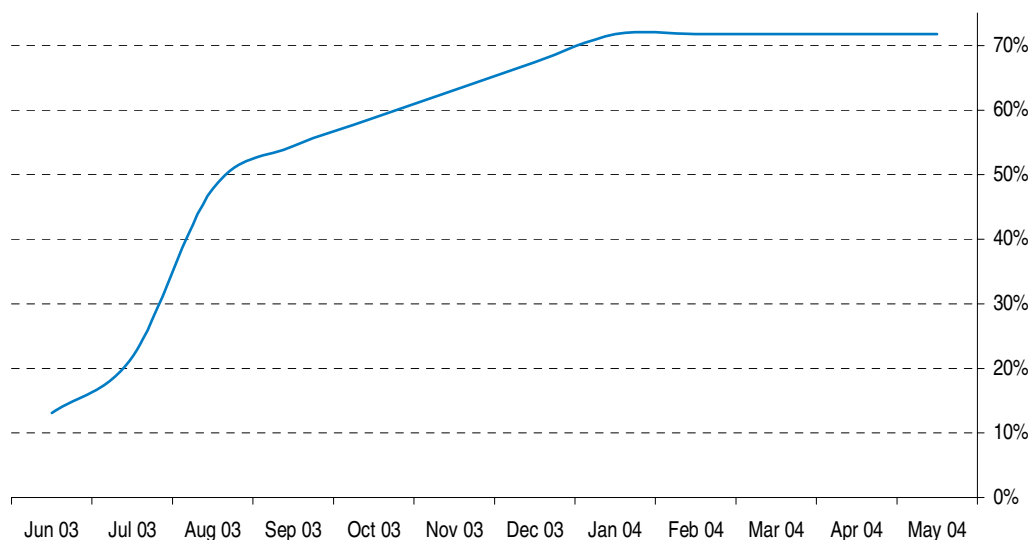
As discussed in Appendix 3, an area of notable weakness identified by the ANAO survey of DEWR staff was in relation to the question 'our mechanisms for overseeing the service delivery of Job Network members give us assurance that they train and develop their staff to build their capability to deliver a high quality of service for job seekers.'

of Job Network services, although at the time of the audit, this policy was not documented in guidance for contract managers.⁸⁴

3.43 The ANAO examined DEWR contract management working papers and site information to determine when assessments of new sites were conducted, and if all new sites received a monitoring visit. Figure 3.3 shows the completion of monitoring visits to new sites.

Figure 3.3

Cumulative completion of monitoring visits to new sites over the third Employment Services Contract, June 2003 to May 2004 (per cent)



Source: ANAO analysis of DEWR contract management documentation for audit sample.

3.44 Figure 3.3 shows that delays occurred in commencing monitoring visits to new sites. Three months after the introduction of the third Employment Services Contract more than half of the new sites in the sample had not had a new site assessment visit. Furthermore, at the time of audit fieldwork (May 2004), 28 per cent of new sites had not had a new site assessment visit.

General monitoring visits

3.45 DEWR contract managers advised the ANAO, that according to DEWR’s approach to contract management, there is no monitoring plan or target for the number of monitoring visits for the third Employment Services Contract, or specific monitoring visit requirements relating to different levels of risk exposure. Instead, the choice to conduct monitoring visits is at the

⁸⁴ DEWR has since revised its guidance for contract managers to reflect this requirement. DEWR’s revised policy states that an initial site assessment should be completed within 28 days of a new full-time site opening.

discretion of the contract managers, consistent with their assessment of site risks. DEWR's contract managers did express an expectation that at a minimum, they would aim to visit all sites at least once a year. Recently revised contract management guidance now reflects this expectation as a formal minimum requirement. The ANAO considers there is a need to strengthen this basic requirement, with further minimum requirements for monitoring visits in relation to different levels or types of risk exposure.

3.46 As a result of ongoing systems issues and high administrative workload resulting from the introduction of the third Employment Services Contract, DEWR's progress in the completion of general JNM monitoring visits from the beginning of the Contract was slow. No site-monitoring visits were conducted until January 2004 and as at the time of audit fieldwork (May 2004), approximately 30 per cent of sites had received a monitoring visit.

3.47 DEWR senior managers advised the ANAO that the delayed schedule of monitoring visits was part of a consciously planned approach to the introduction of the third Employment Services Contract, but were unable to provide evidence of this planned approach.

Conclusion

3.48 DEWR has a sound overall approach to managing its Job Network contracts, incorporating a structured framework for identifying and managing risks to quality service delivery. Shortcomings in computer systems contributed to significant problems experienced in implementing DEWR's approach to contract management—namely, untimely risk assessments, lack of substantiation of risk assessments, limited weighting of monitoring effort toward higher risks and updating of risk assessments. DEWR has taken steps to rectify the systems problems.

3.49 DEWR has developed performance reports and performance reporting functionality that enables contract managers to monitor numerous aspects of service delivery from the desktop. This 'desktop monitoring' capacity provides a useful complement to direct monitoring visits that remain the main mechanism for providing assurance over critical aspects of service delivery that are not covered by performance data. The ANAO identified two issues that have reduced assurance to DEWR over the delivery of services that cannot be monitored remotely. These were:

- *completion of monitoring visits:* delayed commencement and completion of monitoring visits was not conducive to effective monitoring and review, as errors identified during these monitoring visits could have been addressed much earlier in the contract period; and

- *monitoring coverage*: corporate priorities for service monitoring were not sufficiently covered by monitoring activity, including complaints handling, staff skills, continuous improvement practices, and the standard of facilities at new service sites.

3.50 The ANAO considers that the absence of minimum requirements for monitoring contributed to the delayed commencement and completion of monitoring visits and the inadequate coverage of corporate priorities by service monitoring. While the local knowledge of contract managers is important, and should remain a key arbitrator for detailed monitoring decisions, better practice risk management would include a monitoring plan with targets, and minimum requirements for monitoring visits in relation to different types and levels of risk exposure. The development of suitable targets would not prevent contract managers from exercising their professional judgement at the local level, but rather would guide them in exercising their judgements as to the appropriateness of their monitoring activity in relation to different levels and types of risk. The ANAO considers that a monitoring plan that includes targets for monitoring, could be adapted in response to emerging issues or changed circumstances as experience with contracts progress.

Recommendation No. 4

3.51 The ANAO recommends that, in order to provide assurance that DEWR's monitoring effort is appropriately aligned with its assessments of risk and that monitoring activity covers all service risks, DEWR establish:

- minimum requirements for monitoring visits in relation to different types and levels of risk exposure; and
- targets for monitoring activity, including site monitoring visits, required to meet corporate priorities, such as complaints handling, with a view to complementing the professional judgement of local contract managers

DEWR response

3.52 Agree; noting that minimum standards were set in early 2004, however, DEWR acknowledges that these could be better reflected in the Contract Manager's Risk Management documentation.

4. DEWR's oversight of the performance of Centrelink

This chapter examines the extent to which DEWR obtains appropriate assurance about Centrelink's service performance.

Introduction

4.1 Effective performance management provides assurance about the achievement of the specified dimensions of service delivery. DEWR, as the purchaser of services from Centrelink is ultimately accountable for Centrelink's performance in delivering the services it provides for the Job Network.

4.2 The services, service objectives, principles, protocols and governance arrangements for the relationship between DEWR and Centrelink are set out in the 2003–06 Business Partnership Arrangement.⁸⁵ Centrelink has three high-level Key Performance Indicators (KPIs) that broadly describe both the major services it delivers to job seekers on behalf of DEWR, as well as its objective for delivering those services. These are:

- accurate and timely assessment of job seeker eligibility for Job Network services;
- rapid referral of jobseekers to Job Network services; and
- rapid reconnection of job seekers to Job Network services following assessment of participation reports submitted by JNMs.

4.3 In addition to assessment, referral and reconnection services, Centrelink delivers a number of supporting or supplementary services. These include the provision of information about Job Network services through information seminars, the display of brochures and pamphlets, and the provision of JobSearch facilities consisting of job search kiosks and telephones. Centrelink also provides a liaison officer to work with JNMs at the local level.

⁸⁵ As discussed in Chapter 1, in October 2004, the Government announced changes that included, inter alia, the transfer of income support payments, programmes and services for working aged job seekers to DEWR. As a consequence, DEWR became Centrelink's most significant client agency. The 2003–06 Business Partnership Arrangement is, therefore, being re-negotiated.

4.4 While consistent with a purchaser–provider model, the Business Partnership Arrangement is internal to one entity, the Commonwealth Government, and differs from the contractual arrangements between DEWR and JNMs in three important respects:

- Centrelink is the sole provider of the services that DEWR seeks to purchase from it. Consequently, there is no alternative provider to which business can be re-allocated;
- payments are linked to the number of services delivered, not to outcomes; and
- under the Arrangement, DEWR relies on monitoring of agreed performance information, Centrelink’s own internal monitoring of service delivery, indirect feedback from JNMs, and through its State Office network in order to gain assurance that services are being delivered as specified, and to the agreed standard. DEWR does not undertake substantial direct monitoring to provide it with independent assurance about the Centrelink’s service performance at the Centrelink Customer Service Centre (CSC) level.

4.5 The ANAO assessed performance management arrangements set out in the DEWR–Centrelink Business Partnership Arrangement. Given the particular nature of the Arrangement, the ANAO focused on the means by which DEWR gains assurance about Centrelink’s service performance. Specifically, the ANAO examined the:

- development of agreed management information to facilitate assessment and management of the quality of the services delivered under the arrangement;
- assurance provided to DEWR via Centrelink’s internal monitoring of service delivery, about the quality of the services delivered; and
- consultation and reporting mechanisms in the Arrangement.

Development of agreed management information

4.6 Management information, including performance indicators, benchmarks,⁸⁶ and measures, are critical in providing an agreed basis for measuring and assessing Centrelink’s service performance under the Business Partnership Arrangement. In this respect the Arrangement identifies a range of

⁸⁶ DEWR advised the ANAO that, on the signing of the Business Partnership Arrangement, it was agreed that benchmarks or targets for some of the required management information in the Arrangement would not be set until appropriate performance measures for these indicators could be agreed.

KPIs and business processes that require measurement. The Arrangement identifies:

- five performance indicators associated with the three high-level KPIs listed in paragraph 4.2;
- three reciprocal requirements for DEWR that will assist Centrelink in meeting its KPIs; and
- 36 business processes that require measurement.

These are set out in Appendix 6.

4.7 The ANAO examined the extent to which agreed measures for these items had been developed as envisaged in the Business Partnership Arrangement. The findings are set out in Table 4.1.

Table 4.1

Development of agreed performance measures and management information (as at end August 2004)

Performance information identified in Business Partnership Arrangement	Measures developed	ANAO finding Complete (✓) / Incomplete (x)
Centrelink KPIs	(1/5)	x
DEWR's reciprocal requirements	(0/3)	x
Other business processes	(4/36)	x

Source: ANAO analysis of performance information on Centrelink's service performance.

4.8 Table 4.1 shows that, 14 months into a three-year Business Partnership Arrangement, measures for most of the performance indicators, reciprocal requirements and business processes had not been developed. The delay in developing the required measures was affected by:

- delays in finalising the Arrangement itself—agreement on the terms of the Arrangement was not reached until December 2003, almost six months into the three-year period;
- the need to develop a new reporting framework for the Arrangement, which in many cases required previously unavailable data; and
- issues relating to data ownership and quality.⁸⁷

⁸⁷ The quality and integrity of data on Centrelink's performance in delivering Job Network services has been the subject of some comment. A DEWR internal audit of the 1999–2003 Business Partnership Arrangement observed 'continued disagreement between Centrelink and DEWR over KPI measurement and benchmarks, as well as continuing data integrity concerns,' and recommended KPI and management information reports are the subject of more rigorous quality assurance and validity-testing on a rotating basis (DEWR Internal Audit Report, 'BPA, Employment Services Purchasing Group', June 2003).

4.9 While agreement had not been reached on most of the measures required under the Business Partnership Arrangement, DEWR and to a lesser degree Centrelink, could both generate from their respective IT systems, data on various aspects of the delivery of services specified in the Arrangement. Through their respective capacities, DEWR and Centrelink have each been able to access indicative data on limited aspects of Centrelink’s service delivery. Table 4.2 provides examples of this data.

Table 4.2

Examples of internal indicative data available to DEWR and Centrelink respectively

DEWR internal data	Centrelink internal data
JNM appointment timeliness	Job Seeker Supplementary Assessment (JSA) timeliness
Participation report timeliness data (relating to speed of reconnection of job seekers)	JSA outcomes

Source: ANAO analysis.

4.10 While this data was a useful and partial substitute for the required management information, it did not, for the most part,⁸⁸ provide an agreed basis for the measurement of performance against the requirements in the Business Partnership Arrangement. Centrelink’s first performance report to DEWR, in April 2004, confirmed the limitations of the available data, stating that the absence of performance data provided Centrelink ‘with a limited capacity to manage its performance,’ in delivering the required services.⁸⁹

4.11 The ANAO conducted a survey to identify the client service values and behaviours of DEWR, JNM and Centrelink staff and managers. The ANAO’s survey showed DEWR managers perceive DEWR’s competency in managing Centrelink’s performance could be improved. In particular, DEWR managers considered performance fell well short of expectations for the following practices.

- We put a high priority on, and hold Centrelink accountable for, delivering high quality and timely service to job seekers.

DEWR advised the ANAO that the Machinery of Government changes have simplified issues relating to data ownership and should provide a clearer process for the production of performance data.

⁸⁸ One agreed measure for one of the five KPIs in the Business Partnership Arrangement was the quality assurance review of Centrelink’s application of the Job Seeker Classification Instrument (JSCI). The concept of using the annual independent quality assurance review of the application of JSCI is to be used to assess Centrelink’s delivery of JSAs for 2004–05.

⁸⁹ Centrelink/DEWR performance report against the outcomes outputs framework, April 2004, page 11. This report also states, ‘Centrelink Area Offices report that they endeavour to manage their business as well as they can under these circumstances but a lack of data presents them with serious limitations.’

- Our mechanisms for overseeing the service delivery of Centrelink give us assurance that Centrelink trains and develops its staff to build their capability to deliver a high quality of service for job seekers.
- We track and assess quantitatively the performance of Centrelink in meeting job seekers' needs and expectations for high quality service.
- We have established effective processes for estimating what Centrelink should be reasonably paid in order to deliver high quality Job Network services.
- The Business Partnership Arrangement with Centrelink incorporates mechanisms that enable an appropriate level of oversight of the quality of Centrelink's service delivery for job seekers.⁹⁰

4.12 In response to the delays in developing the management information envisaged under the Business Partnership Arrangement, DEWR and Centrelink agreed, in late 2003–04, to three interim measures of performance against two of the three high-level KPIs. These are set out in Table 4.3.

Table 4.3

DEWR–Centrelink interim measures of performance, 2003–04

Business Partnership Arrangement KPIs	Intended performance indicators	Agreed interim measure
KPI 1. Rapid referral to job network services.	90 per cent of eligible job seekers will have the first suitable available appointment booked with their provider on the day of their registration interview.	Contribution to a joint working group.
KPI 2. Accurate application of the assessment in a timely way.	Satisfactory accuracy of the application of the JSCI tool, as monitored by an agreed business assurance process, including an independent review.	Measured using JSCI quality assurance process (as per Business Partnership Arrangement).
	67 per cent of job seeker Supplementary Assessments (JSAs) will be completed within 20 business days.	Indicative data from Centrelink.
	JSA accurately assesses and refers appropriate job seekers to the relevant form of employment assistance.	Not measured.
KPI 3. Rapid reconnection of job seekers	Consistent with the Memorandum of Understanding between FaCS, Centrelink and DEWR for processing of participation reports under the APM for Newstart and Youth Allowance job seekers.	Not measured.

Source: DEWR–Centrelink agreed interim measures of performance for 2003–04.

4.13 Table 4.3 shows that agreement was reached not to measure two of the five intended performance indicators. Of the three measures that were agreed,

⁹⁰ Appendix 3 outlines the survey findings in more detail.

the ANAO considers that one, relating to KPI 1 does not systematically address the performance of Centrelink's service network in delivering services in accordance with the broad terms of the KPI—even in an indicative fashion—and is not, therefore, an adequate interim measure of performance. In this context, it is inappropriate that DEWR agreed that Centrelink had met its KPIs for 2003–04, as reported by Centrelink in its 2003–04 *Annual Report*.

4.14 The ANAO considers that, when re-negotiating the Business Partnership Arrangement, DEWR and Centrelink should pay close attention to the process by which agreed management information, including performance information and benchmarks are developed for measuring and assessing Centrelink's service performance. A planned approach, including interim measures, where necessary, and agreed timeframes and responsibilities for producing final measures would assist so that robust measures are in place from the commencement of the Arrangement.

Assurance of Centrelink's internal monitoring of service delivery

4.15 As discussed, DEWR relies, in part, on Centrelink's internal monitoring of its service delivery performance, in order to gain assurance that services are being delivered as specified, and to the agreed standard. This was particularly important in the absence of most of the required management information that would have enabled DEWR to monitor Centrelink performance remotely.

4.16 The ANAO assessed the extent to which Centrelink's internal monitoring of the services it delivers on behalf of DEWR provided assurance to DEWR about the quality of Centrelink's service delivery performance.

4.17 Centrelink's direct monitoring of its service delivery primarily occurs through its Quality On-Line system, which is an information system that selects a random sample of activities for checking after the Centrelink Customer Service Officer has completed them. However, the Quality On-Line process did not cover the services Centrelink delivers for DEWR.⁹¹ Therefore, services that Centrelink provided to job seekers on behalf of DEWR were not subject to direct and systematic internal monitoring.⁹²

⁹¹ The first Business Partnership Arrangement between Centrelink and DEWR (then DEWRSB) included provision for a quality assurance audit to be undertaken annually by Centrelink's Internal Audit team, this practice has been discontinued in subsequent Arrangements.

⁹² These services are specified in the Business Partnership Arrangement and include: delivery of an information seminar and provision of information to job seekers; processes for referring job seekers to the Job Network, including eliciting job seeker choice of JNM and booking of appointments; and validation of participation reports and reconnection of job seekers to the Job Network.

4.18 The ANAO considers that Centrelink's internal monitoring was not effective in providing assurance to DEWR about its performance in delivering services on DEWR's behalf. During the audit field work, the ANAO observed substantial variability in Centrelink's delivery of services. Chapter 7 provides a case study of some of these services.⁹³ This highlights the need to improve mechanisms to monitor services. In the first instance, this would be a Centrelink responsibility. However, as the purchaser, DEWR requires assurance about the effectiveness of this monitoring. In this respect, the quality assurance process that has been developed for monitoring Centrelink's delivery of JSCIs and JSAs would provide a useful model.

4.19 At the commencement of the audit, DEWR and Centrelink did not have a risk-based approach to monitoring or managing Centrelink's delivery of Job Network services. Over the course of the audit DEWR and Centrelink jointly developed a Business Assurance Framework (BAF) that identified and documented business risks associated with the delivery of services under the Business Partnership Arrangement, agreed on assignment of responsibility for managing those risks, and identified related risk control measures. This was finalised in December 2004.

4.20 The ANAO considers that, when underpinned by complete management information and suitable internal monitoring, the BAF can provide an improved basis for DEWR and Centrelink to cooperatively manage service delivery risks and service performance.

Consultation and reporting mechanisms

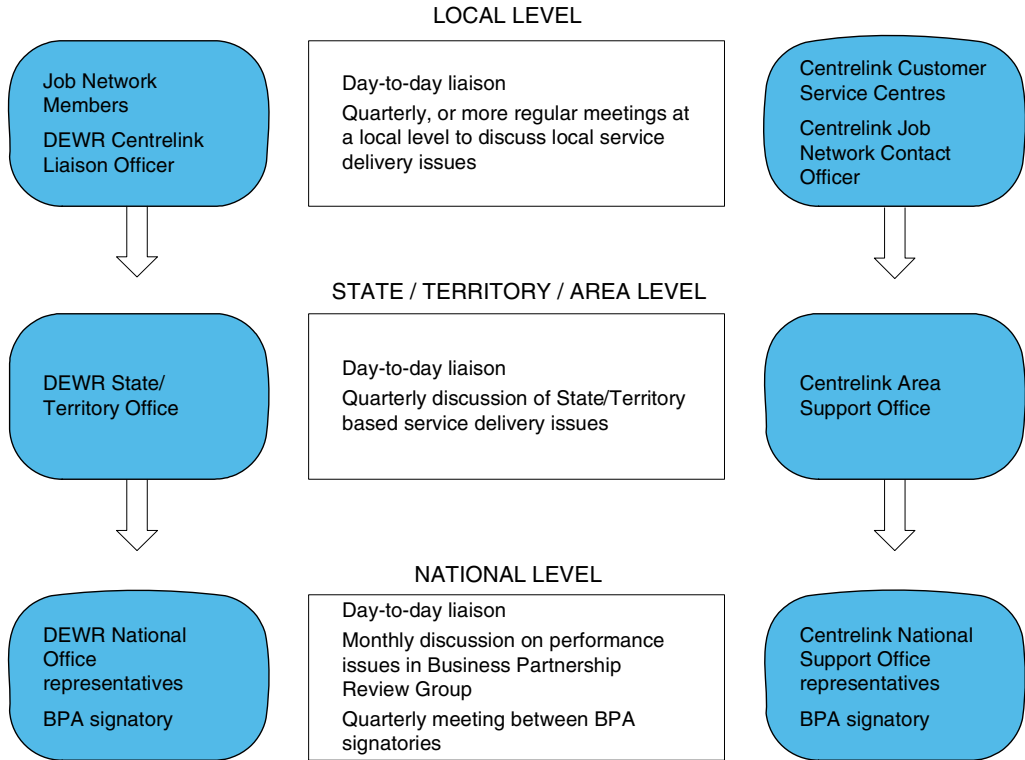
4.21 Consultation and reporting mechanisms between purchasers and providers provide a basis for sharing information about service performance issues. These mechanisms provide a useful adjunct to management information and internal assurance processes.

4.22 DEWR and Centrelink have clearly specified and put in place a range of mechanisms for consultation about, and reporting of, service performance and other service delivery issues at the local, State/Territory/Area and National levels set out in Figure 4.1.

⁹³ ANAO auditors observed information seminars, registration interviews and interviewed staff about participation reporting processes during visits to four Centrelink CSCs.

Figure 4.1

DEWR–Centrelink consultation mechanisms



Source: ANAO analysis of DEWR–Centrelink Business Partnership Arrangement.

4.23 Operational consultation and liaison, and informal performance discussions take place between Centrelink CSCs and Area Offices, and DEWR State/Territory Offices. Formal discussion of performance and other issues takes place on a monthly basis between DEWR and Centrelink National Office representatives in the Business Partnership Review Group, the peak DEWR–Centrelink body for resolving issues relating to services delivered under the Business Partnership Arrangement.

4.24 To provide a focus for and facilitate performance discussions in the Business Partnership Review Group, Centrelink ordinarily provides a monthly report to DEWR on its performance against KPIs. As a result of substantial delays in the development of the Business Partnership Arrangement, and further delays in the development of agreed management information, Centrelink did not provide its first monthly report until April 2004. Because of the continuing problems with the development of agreed management

information, Centrelink's monthly performance reports have contained very limited analysis of systemic performance issues and trends.⁹⁴

4.25 The ANAO considers that these consultation and reporting mechanisms, when supported by complete management information, should provide a sound basis for consultation, monitoring and reporting on the services covered under the Business Partnership Arrangement.

Conclusion

4.26 Under the DEWR–Centrelink Business Partnership Arrangement, DEWR relies on monitoring of agreed performance information, Centrelink's internal monitoring of service delivery, and consultation and reporting mechanisms, in order to gain assurance that services are being delivered as specified, and to the agreed standard.

4.27 DEWR and Centrelink have established consultation and reporting mechanisms that provide a sound basis for both liaison at both operational and higher levels, on service performance and other service issues. DEWR and Centrelink have also developed over the course of the audit, a risk-based approach to managing business risks associated with the delivery of the services covered under the Business Partnership Arrangement. These mechanisms—when supported by complete management information, and other necessary assurances—should provide a sound basis for monitoring and managing the services specified in the Arrangement.

4.28 While DEWR and Centrelink had internal data to assess limited aspects of Centrelink's service performance, the establishment of agreed management information as envisaged under the Business Partnership Arrangement was slow. More than a year into the three-year Arrangement, measures for the overwhelming majority of performance indicators, reciprocal requirements and business processes identified in the Arrangement had not been developed. Reasonable interim indicators for two of the five performance indicators for the high-level KPIs measures were agreed, but the remaining three performance indicators were inadequate.

4.29 Centrelink's internal monitoring processes were not effective in providing assurance to DEWR about its performance in delivering most of the services specified in the Business Partnership Arrangement on DEWR's behalf. There is a clear need to introduce mechanisms to directly monitor services delivered by Centrelink on DEWR's behalf. In the first instance, this would be a Centrelink responsibility. However, as the purchaser, DEWR requires assurance about the effectiveness of this monitoring.

⁹⁴ Centrelink/DEWR performance reports for April, May/June and July 2004.

4.30 The ANAO concluded that as a result of the inability to agree to measures of performance and the lack of direct monitoring of most of the services set out in the Business Partnership Arrangement, DEWR has been unable, to date, to gain systematic assurance that Centrelink has been delivering services to job seekers to the required quality standards.

4.31 The ANAO considers that, in the context of re-negotiating the Business Partnership Arrangement, close attention needs to be paid to the process by which agreed management information, including performance information and benchmarks are developed for measuring and assessing Centrelink's service performance. A planned approach, including interim measures, where necessary, and agreed timeframes and responsibilities for producing final measures would assist in providing an appropriate level of assurance that services are being delivered to the required quality standard. For this assurance to be attained, there is a clear need to introduce mechanisms for directly monitoring all services delivered under the arrangement.

Recommendation No. 5

4.32 The ANAO recommends that, in order to provide DEWR with assurance over the services delivered by Centrelink on behalf of DEWR:

- DEWR and Centrelink establish a planned process for developing agreed management information for both the current and the next Business Partnership Arrangement, including: interim measures of service performance, where necessary, and agreed timeframes and responsibilities for producing final measures;
- Centrelink introduce mechanisms to directly monitor the services delivered by Centrelink on DEWR's behalf; and
- DEWR establish an appropriate quality assurance process to enable the effective monitoring and management of Centrelink's service performance.

Agencies' responses

DEWR response

4.33 Agree; DEWR will be advancing work on these matters with Centrelink.

Centrelink response

4.34 Centrelink agrees to work closely with DEWR to implement this recommendation.

5. Management of complaints

This chapter examines the processes DEWR has established for the handling of complaints in the Job Network.

Introduction

5.1 Effective complaints handling enables agencies to identify and deal with any dissatisfaction of clients with services or products. Effective complaints handling can help restore client confidence in, and satisfaction with, agency services. It can also help agencies to avoid higher costs commonly associated with escalated disputes and assist them to identify and overcome more systematic, underlying problems in delivery of client services.⁹⁵

5.2 Given that participation in the Job Network is a requirement for most job seekers, a complaints handling mechanism for Job Network services is important, as it provides one of the few opportunities for job seekers to communicate and resolve issues or grievances. This is particularly the case with the third Employment Services Contract, where job seekers are required to choose one JNM ‘for life’ and, unlike consumers in an open market, cannot easily communicate dissatisfaction with services by changing service providers. The former Employment Services Minister Brough has stated that it is ‘important that complaints are dealt with appropriately and used to ensure job seekers receive high quality, personalised assistance from Job Network providers.’⁹⁶

5.3 The first part of this chapter outlines the Ombudsman’s reviews of complaints handling in the Job Network, the process DEWR has established for handling complaints about Job Network services, and the common causes of job seeker complaints.

5.4 The ANAO then examines:

- DEWR’s collection of information relating to complaints from across the Job Network;
- the accuracy of the information recorded about job seeker complaints about Job Network services; and

⁹⁵ Key components of better practice complaints handling processes are described in a number of publications including: Standards Australia, *Complaints Handling*, AS4269–1995; International Standards Organisation, ISO 10002, *Quality Management—Customer Satisfaction—Guidelines for Complaints Handling in Organisations*, 2004; and the Commonwealth Ombudsman’s Office (1997) *A Good Practice Guide for Complaints Handling*.

⁹⁶ Minister Mal Brough, Media Release, 11 August 2003, Department of Employment and Workplace Relations ‘Complaints management in Job Network improved—Ombudsman.’

- DEWR's monitoring of the handling of complaints by Centrelink and JNMs.

5.5 The ANAO did not examine the quality of the actual handling of complaints by DEWR, or JNMs and Centrelink.

Ombudsman's reviews

5.6 Complaints handling in the Job Network has been the subject of two inquiries by the Commonwealth Ombudsman (the Ombudsman). The 2001 inquiry identified a number of deficiencies in complaints handling in the Job Network and made 13 recommendations.⁹⁷ A follow-up to the original investigation was conducted in 2003 and found that while there had been improvements in complaint handling by DEWR itself, there were still deficiencies in the handling of complaints by JNMs.⁹⁸

5.7 DEWR accepted ten of the 11 follow-up recommendations made by the Ombudsman in its latest inquiry, including a recommendation that DEWR review the effectiveness of monitoring procedures in providing assurance that JNMs appropriately handle the complaints they receive from job seekers. DEWR has advised the ANAO that while a review was conducted, no formal paper was written to reflect this work. As a result, the ANAO could not determine whether the review was conducted, consistent with the Ombudsman's recommendation.

5.8 DEWR disagreed with one recommendation in the Ombudsman's latest inquiry. This was that DEWR should obtain regular mandatory reports from JNMs in a standard format on complaints received and handled at sites. The Ombudsman argued—in light of the various shortcomings identified with the handling of complaints by JNMs—that the introduction of regular mandatory reporting would:

- encourage an improved focus amongst JNMs on appropriate handling of complaints; and
- enable DEWR to compile and report comprehensive, consolidated information about complaint numbers and trends across the Job Network.

5.9 In disagreeing with this recommendation, DEWR argued that it could not afford the increased workload that would result from the need to

⁹⁷ Commonwealth Ombudsman, 2001, *Own motion investigation into complaint handling in the Job Network*.

⁹⁸ Commonwealth Ombudsman, 2003, *Own motion investigation into complaint handling in the Job Network*.

aggregate complaints made to JNMs, and that the recommendation was inconsistent with its risk-based approach to monitoring its contracts. This issue is discussed further below.

The complaints handling process

5.10 DEWR has adopted a three-step process for managing complaints from job seekers about Job Network services.⁹⁹ These steps are summarised below.

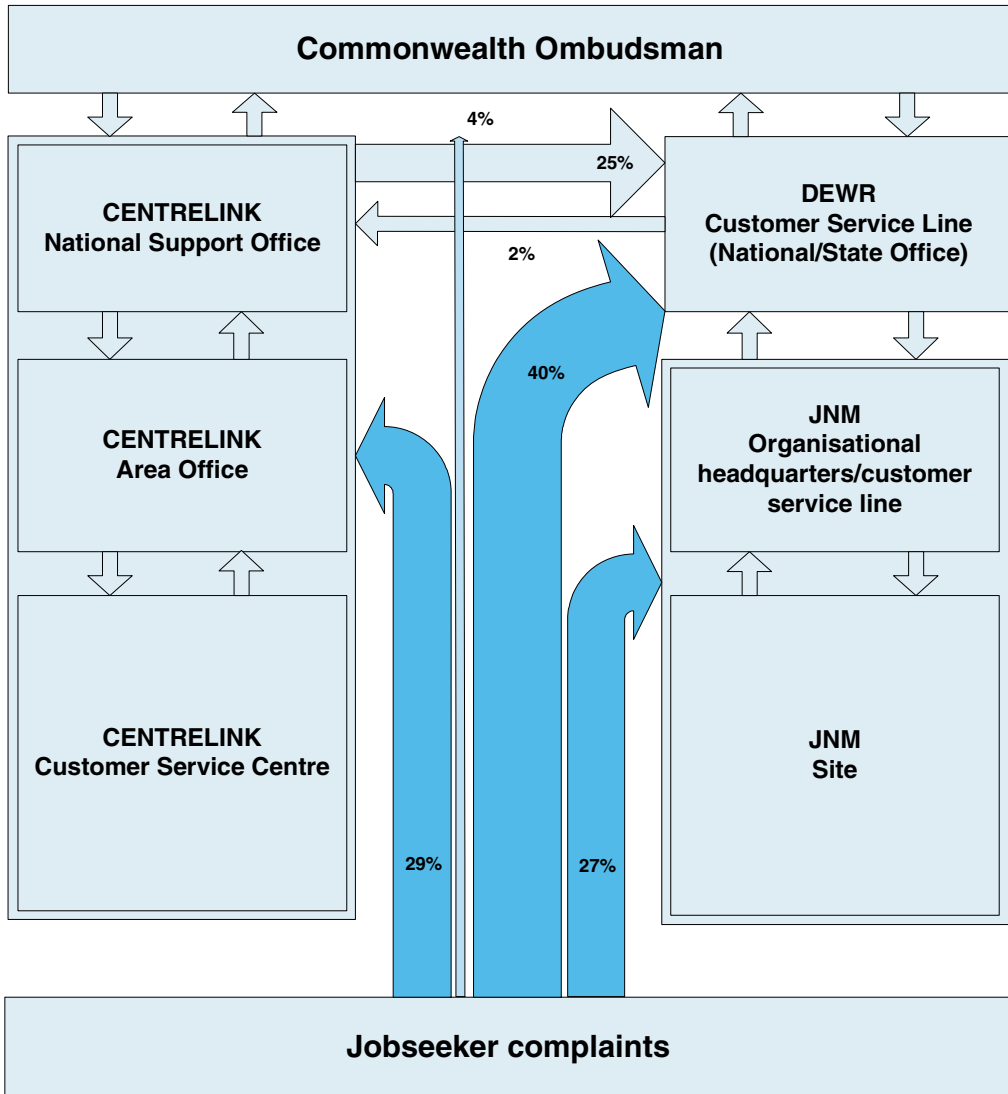
- **Step 1.** Job seekers are encouraged in the first instance to attempt to resolve any concern they may have with JNMs by using the JNM's internal complaints process. JNMs are required by DEWR to establish and publicise a complaints process and to record all client feedback. Centrelink is required to handle all complaints about the services it delivers for DEWR under the Business Partnership Arrangement.
- **Step 2.** If a job seeker is dissatisfied with the outcome of this process, or if for some reason they believe they cannot raise the issue with their JNM, they can contact DEWR's free national Customer Service Line (CSL), where DEWR customer service officers will investigate the complaint and take action when necessary. When appropriate, complaints may be referred to other agencies, including Centrelink or back to the job seeker's JNM. On the other hand, Centrelink is required to document and refer to DEWR's CSL the complaints it receives on the provision of services by JNMs.
- **Step 3.** If a job seeker is dissatisfied with the way their complaint or concern was handled by DEWR or Centrelink Customer Service Officers, they may approach the Ombudsman. The Ombudsman cannot investigate the complaint or concern itself, but can investigate the action taken by DEWR and Centrelink officers in response to the complaint or concern.

5.11 Job seekers are able to lodge a complaint about Job Network services to any of six service points over four organisations. The distribution of complaints between DEWR, Centrelink, JNMs and the Ombudsman is shown in Figure 5.1.

⁹⁹ Description of the DEWR complaints handling process is adapted from, 'Employment Services Contract 3 Request for Tender General Information and Description of Services for Employment Services Contract 2003–06.'

Figure 5.1

To whom do job seekers complain?



Source: Data from DEWR Omnibus supplementary survey on complaints handling, Feb 2003.

Notes: Percentages derived from DEWR's job seeker survey research. Survey data is subject to issues of recall, and is indicative only. The survey was conducted prior to the implementation of the third Employment Services Contract, and may not reflect current complaint flows.

Figure for complaint referrals from DEWR to Centrelink is derived from actual 2003–04 referrals data extracted from DEWR's complaints database.

5.12 Figure 5.1 shows that job seeker complaints are frequently not made to the responsible authority in the first instance and need to be referred to another organisation for assessment. For example, 25 per cent of complaints made to Centrelink are referred to DEWR for resolution, while two per cent of

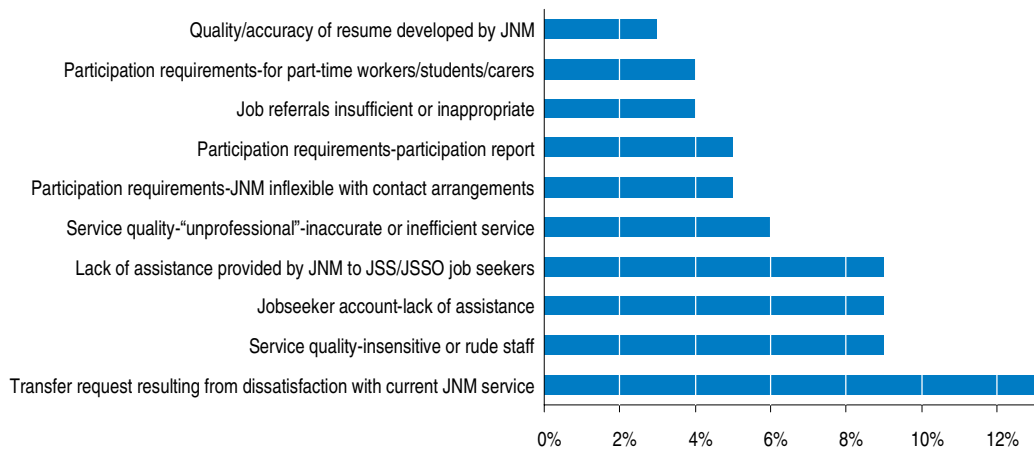
complaints made to DEWR are referred to Centrelink. There is no reliable means of determining the level of complaint referrals within either JNMs or Centrelink, between DEWR and JNMs, or between the Ombudsman and DEWR, Centrelink or the JNMs.

What do job seekers complain about?

5.13 The ANAO analysed a selection of complaints recorded in DEWR’s complaints database, the Employment Service Quality Improvement System (ESQIS), that were received by DEWR’s CSL about the sites that were visited during audit fieldwork. The causes of job seeker complaints are varied (Figure 5.2).

Figure 5.2

Job seeker complaints by specific complaint issue (per cent)



Source: ANAO analysis of sample of ESQIS complaints data

5.14 Figure 5.2 shows that job seeker complaints in the ANAO selection included complaints about service quality, such as rudeness of staff, or unprofessional service (each representing nine per cent of the sampled complaints) and complaints about participation requirements, such as inflexibility with appointments, or participation reports (each representing five per cent of sampled complaints).¹⁰⁰

¹⁰⁰ The ANAO selection comprised 128 complaints that were made in relation to the 14 sites visited by the ANAO between September 2003 and March 2004. While not a statistically representative sample for the entire JNM population, it is sufficiently robust to make valid observations about job seeker complaints that were recorded in the database within the sampling period, and is predictive for the sites in the sample. Because of timing, the sample was not affected by transition from the second to third Employment Services Contracts.

Collecting information on job seeker complaints and complaint trends

5.15 A systematic process for collecting information about complaints from service providers is an important basis for the continuous improvement of service quality. Complaint trends, in terms of both the volume and characteristics of complaints, can provide a useful insight into the experience of clients.

5.16 The ANAO examined:

- the collection of trend information on job seeker complaints by each of the organisations to which job seekers complain; and
- what the trend information showed, where this information existed.

5.17 Care needs to be taken in interpreting complaint trends, as increases in complaints, or complaint types can result from factors such as the implementation of new services or policies, changes to the client population, and/or improved advertising of complaints handling mechanisms.

Complaints received by the Ombudsman

5.18 The Ombudsman has collected information about job seeker complaints about employment services and is able to identify trends. The outsourcing of employment services from 1997–98 onwards resulted in a substantial decline in the number of complaints assessed by the Ombudsman. While the Ombudsman previously assessed as many as 1 000 complaints per year in relation to the delivery of employment services by the Commonwealth-operated Commonwealth Employment Service (CES), this number declined to less than 200 per year following the creation of the Job Network.

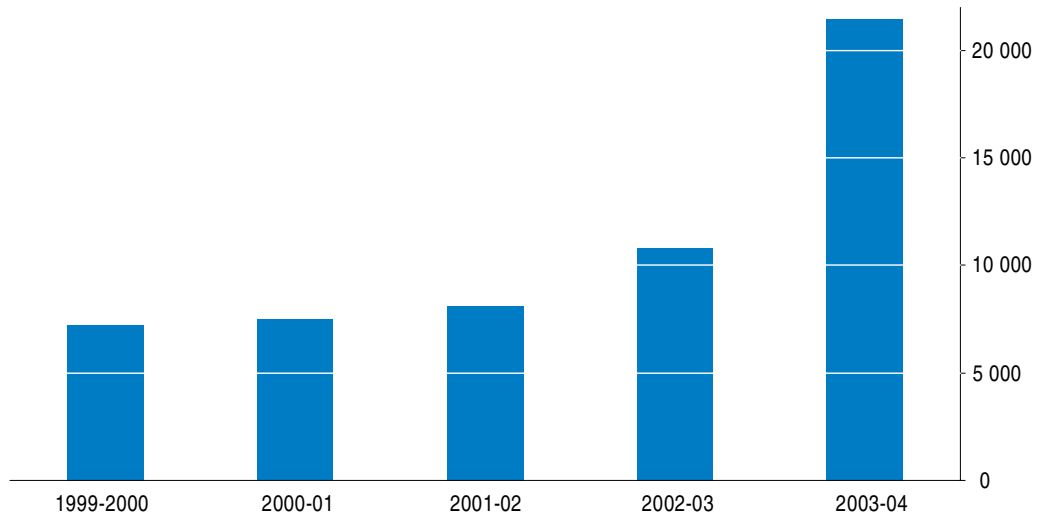
5.19 The Ombudsman considers that this fall in the number of complaints reflects primarily the change in jurisdiction following the outsourcing of Job Network services, rather than a change in job seeker satisfaction.

Complaints received by DEWR CSL

5.20 DEWR's CSL has been in operation for a number of years, and is a source of trend information. Figure 5.3 shows the number of complaints the DEWR CSL has received per financial year since 1999–2000.

Figure 5.3

Number of complaints recorded by the DEWR customer service line, 1999–2000 to 2003–04



Source: ANAO analysis of data from DEWR complaints management systems: the Job Network Quality Improvement System (July 1999 to August 2003) and the ESQIS (August 2003 to June 2004).

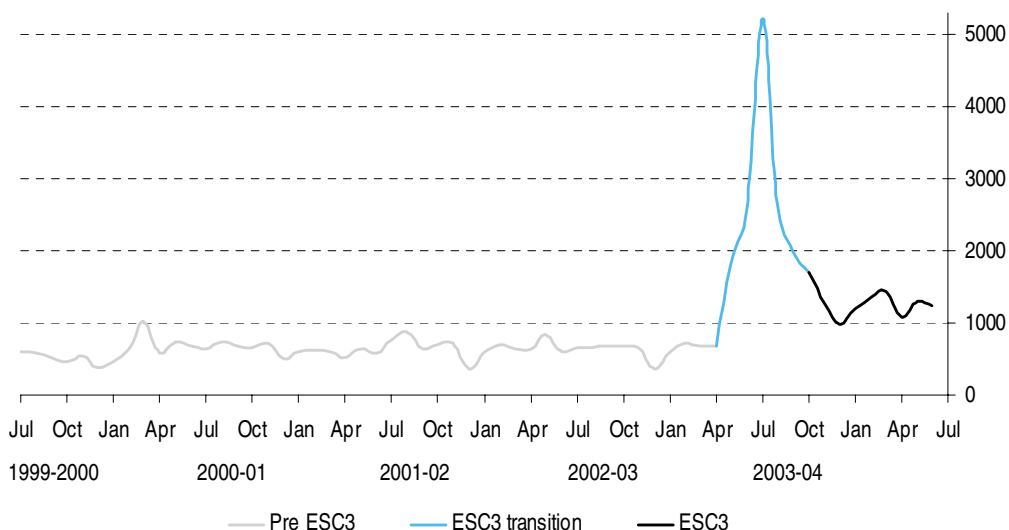
5.21 During 2003–04, 21 446 complaints were made to DEWR’s CSL about Job Network services, which is more than double the number of complaints received in 2002–03, and almost triple the number received in 1999–2000.¹⁰¹

5.22 A large proportion of the increased level of complaints in 2002–03 and 2003–04 occurred between April and September 2003, in the transition to the third Employment Services Contract. The spike in complaints received over this transition period reached a peak of 5226 complaints in July 2003, as shown in Figure 5.4.

¹⁰¹ Complaints constitute around 80 per cent of all feedback received in relation to the Job Network, which also includes requests for information (19 per cent of all feedback), compliments (0.7 per cent of all feedback) and suggestions (0.3 per cent of all feedback). ESQIS data August 2003 to June 2004.

Figure 5.4

Job Network complaints recorded by the DEWR customer service line per month, July 1999 to June 2004



Source: ANAO analysis of DEWR customer service line data

5.23 While transition contributed to the rise in number of complaints received by the CSL over 2002–03 and 2003–04, the average number of complaints received per month in the third Employment Services Contract after transition is over double levels experienced before the new Contract. That is:

- in the nine months before the April 2003 commencement of the Contract transition period, the average number of complaints received by the CSL was around 634 complaints per month; whereas
- in the nine months following the end of the Contract transition period, from October 2003, the average number of complaints received per month has been 1287.

5.24 DEWR has not consistently analysed or reported trends in job seeker complaints. For example, over the past three financial years, DEWR has reported on the frequency of complaints in a range of different ways. This means that it is not possible to determine reliably trends in the frequency of complaints.¹⁰² The ANAO considers that consistent use and reporting of

¹⁰² For example: DEWR used:

- 'commencements and placements,' to calculate that 1.58 per cent of job seekers made a complaint to DEWR's CSL in 2001–02 (2001–02 Employment Services Summary Report);

complaints trend data would be valuable for management and accountability purposes. However, in presenting this data, DEWR would need to inform the reader as to the factors that may affect rates of complaints (see paragraph 5.17).

Complaints received by Centrelink

5.25 Centrelink has a process for recording the complaints it receives from job seekers, and its complaints system is a potential source of trend information.¹⁰³ In 2003–04, job seekers made 332 complaints to Centrelink in relation to the services it delivers under its Business Partnership Arrangement with DEWR. This was a substantial increase compared to the 234 complaints received in 2002–03.

5.26 Under the previous Business Partnership Arrangement between DEWR and Centrelink, Centrelink had provided DEWR with a quarterly report on the number of complaints and suggestions about policy and procedural matters relating to DEWR's portfolio programmes.¹⁰⁴ As discussed in Chapter 4, there are a number of consultation and reporting mechanisms for sharing information between DEWR and Centrelink officers. However, under the current Arrangement, DEWR does not receive any systematic data from Centrelink about the complaints it receives about its delivery of Job Network services. Therefore, DEWR has limited assurance about the handling of complaints by one of its largest service providers, or knowledge of the level and characteristics of the complaints received by Centrelink. The ANAO considers that DEWR would gain greater assurance that complaints are handled appropriately, and valuable feedback, if it were to obtain regular

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- 'stock plus flow of registrations,' to calculate that 0.8 per cent of job seekers made a complaint to DEWR's CSL in 2002–03 (June 2003 Employment Services Summary Report);
 - 'commencements' as a base, to calculate that 1.83 per cent of job seekers made a complaint to DEWR's CSL over 2003–04 (to March 2004), (compared to 3.74 per cent for 2002–03, and 2.22 per cent for 2001–02) (April 2004 Possible Parliamentary Question response);
 - number of job seeker referrals, to calculate that 1.1 per cent of job seekers made a complaint to DEWR's CSL in 2003–04 (Ministerial Briefing, August 2004, 'Employment Services Code of Practice, Service Guarantees and Employment Services Complaints Process); and
 - number of job seeker referrals, to calculate that 2.2 per cent of job seekers made a complaint to DEWR's CSL in 2003–04 (2003–04 Annual Report).

¹⁰³ It was beyond the scope of this audit to assess whether Centrelink has effective processes and systems for measuring, reporting and responding to client feedback and satisfaction with Centrelink services and processes. These issues were covered by other ANAO audit activity (see: ANAO Audit report No.31 2004–05, *Centrelink's Customer Feedback Systems—Summary Report*, ANAO Audit report No.32 2004–05, *Centrelink's Customer Charter and Community Consultation Program*, ANAO Audit report No.33 2004–05, *Centrelink's Customer Satisfaction Surveys*, ANAO Audit report No.34 2004–05, *Centrelink's Complaints Handling System*, ANAO Audit report No.35 2004–05, *Centrelink's Review and Appeals System*, ANAO Audit report No.36 2004–05, *Centrelink's Value Creation Program*.)

¹⁰⁴ DEWR–Centrelink Business Partnership Arrangement 1999–2002.

reports from Centrelink on complaints regarding the services it provides on DEWR's behalf.

Complaints received by JNMs

5.27 DEWR requires JNMs to record all the complaints they receive. Individually, JNMs may collect trend information on the complaints they receive from job seekers. However, DEWR does not collect from JNMs aggregate data on the number, and nature, of complaints they receive. This means that it is not possible for DEWR to determine how many complaints job seekers make directly to JNMs, or to monitor trends in the number and type of complaints job seekers make to JNMs.

5.28 The ANAO notes that DEWR has, in the past, rejected recommendations that it obtain regular mandatory reports from JNMs in a standard format on complaints received and handled at sites.¹⁰⁵ However, developments in information technology under the APM now mean that all service providers have access to the same computer system, a module of which DEWR is using to record complaints received by its CSL. This indicates that there is an opportunity to develop a facility for JNM and Centrelink staff to enter complaints into a single, comprehensive system.

Conclusion

5.29 The organisations that play a role in the Job Network, including DEWR, Centrelink, JNMs and the Ombudsman, all record complaints. These records provide a basis from which trend information can be generated. However, DEWR does not collect data about complaints received by its service providers, JNMs and Centrelink. The ANAO considers that this weakens the accountability of JNMs and Centrelink, to DEWR for the quality of their complaints handling practices. This also means that DEWR does not have comprehensive information about complaints from across the Job Network (including Centrelink) that it can use for continuous improvement purposes.

¹⁰⁵ Commonwealth Ombudsman, 2003, *Own motion investigation into complaint handling in the Job Network*, p. 37.

5.30 The ANAO considers that the accountability of JNMs and Centrelink to DEWR for the quality of their complaints handling practices, and the quality of information about complaints can be strengthened by the introduction of a facility for DEWR to obtain data on the complaints received by JNMs and Centrelink. While the decision on the nature of the facility is for DEWR to make, one option would be to build additional capacity onto the existing complaint recording system. Such a system could:

- improve the accuracy of information about complaint types and volumes from across the Job Network, including Centrelink;
- facilitate an improved focus among providers on the handling of complaints;
- provide an improved capacity for DEWR to monitor the complaints handling practices of JNMs and Centrelink; and
- ultimately result in a cost saving to DEWR through reduction of the number of complaints that escalate from JNMs to the DEWR CSL.

Recommendation No. 6

5.31 The ANAO recommends that, in order to strengthen its accountability for the services provided by JNMs and Centrelink, DEWR introduces a facility to obtain data on the complaints received by JNMs and Centrelink.

Agencies' responses

DEWR response

5.32 Agree in part; DEWR agrees to enhance its monitoring of Job Network complaints registers and to seek regular information from Centrelink about employment related complaints.

ANAO comment

5.33 The ANAO notes DEWR's commitment to enhancing its monitoring of Job Network complaints registers and obtaining complaints information from Centrelink. However, DEWR would gain strengthened assurance about complaints handling across all of its service providers if it also obtained reliable data on complaints received by JNMs.

Centrelink response

5.34 Centrelink agrees to discuss this recommendation with DEWR in the context of the next Business Partnership Arrangement.

Accurate and complete recording of complaints

5.35 To ensure consistent handling of complaints and to enable meaningful management information to be extracted for performance management and improvement purposes, accurate recording of information about job seeker complaints is essential. Accurate and complete recording of complaints and how they are dealt with also provides assurance that complaints are being appropriately handled.

5.36 The ANAO examined:

- the accuracy of the recording of complaints by DEWR and JNMs; and
- the extent to which these organisations complaint records are complete.

Recording of complaints by DEWR

5.37 All job seeker feedback, including complaints received in writing, by facsimile or email, is recorded in the DEWR's complaints database (ESQIS). At the time of audit fieldwork DEWR was developing policy relating to the Quality KPI,¹⁰⁶ including the requirement that information from complaints received by the DEWR CSL would be the primary mechanism for monitoring service quality in the Job Network.¹⁰⁷

5.38 To generate meaningful management information to support this approach to monitoring the compliance of JNMs with the commitments in the Quality KPI, a number of standard codes have been developed in ESQIS to enable the consistent recording of complaints. These codes classify features of complaints such as:

- the cause(s) of the complaint; and
- the level of involvement in and responsiveness of JNMs to resolving job seeker complaints.

5.39 The use of these codes is examined below.

Classification of complaints

5.40 In order to ensure that DEWR can be confident that it is collecting data relevant to its Quality KPI, DEWR classifies the complaints it receives from the CSL against the commitments in the Employment Services Code of Practice and the Job Network Service Guarantee. The ANAO identified a number of

¹⁰⁶ DEWR, May 2004, 'Draft guide to assessment of the quality KPI for employment services.'

¹⁰⁷ A high number of complaints about a particular issue, poor responsiveness to resolving complaints referred from the DEWR CSL, or the incidence of a particularly serious complaint or complaints may be triggers for further investigation by DEWR, and possible initiation of contract breach processes.

weaknesses in the complaint classification system. These weaknesses, set out in Table 5.1, include ambiguous and unclear issue codes, substantial overlaps between issue codes, and the absence of codes that could be required to cover common sources of complaint.

Table 5.1

Analysis of complaint classification codes

Codes are not clear or are ambiguous in describing the nature of the complaint

It is not clear what complaints classified as 'diary appointments' (three per cent of issues mentioned), 'policy' (four per cent of issues mentioned), 'contact' (three per cent of issues mentioned) or 'provider choice' (12 per cent of issues mentioned) might be about. For example, complaints about:

- 'contact' could refer to a job seeker complaining about either too much, or too little contact from their JNM;
- 'policy' could refer to the requirement that job seekers contact their JNM at particular intervals, or that they are only eligible to receive a particular level of service;
- 'diary appointments' could refer to a JNM being inflexible in booking appointment times for job seekers, or to a JNM has lost its record of a job seeker's appointment; and
- 'provider choice' would refer to job seeker requests to transfer to another JNM, but it is not clear why the job seeker is making that request. There might be a range of reasons why a job seeker would like to change JNM such as because: another location is more convenient for them; they are unhappy with their JNM's service; or they feel they can get a better or more suitable service from another JNM.

Overlapping complaint codes make it difficult to accurately determine levels of complaint about specific issues

While some overlap is unavoidable, it is difficult to accurately determine the total number of complaints about a number of specific issues.

For example, complaints about financial support received by job seekers from their JNM are mainly covered under 'financial assistance' (three per cent of issues mentioned) and 'job seeker account, purchases' (three per cent of issues mentioned), but because these codes are frequently used in tandem there may be a significant overlap between these figures.

Consequently, it is unclear what the total quantum of such complaints might be. If DEWR chooses to continue with the recording of multiple complaint issues within the one complaint, it should consider introducing functionality that will allow classification of complaint issues in terms of whether they were the primary or secondary source of the complaint.

Complaints classification codes are incomplete

The ANAO found that there are no codes to capture complaints about participation requirements or participation reporting, issues that are common causes of job seeker dissatisfaction. While these may be 'policy' issues, they may also be service delivery issues, in the sense that complaints of this nature can be minimised by improving the clarity and consistency of advice to job seekers about their rights and obligations in the Job Network. For instance, a high level of complaints about a particular site on the issue of participation reporting, may indicate that site is not providing clear and consistent advice to job seekers on their obligations in the Job Network.

Source: ANAO analysis of ESQIS complaints data.

5.41 Taken together, these various weaknesses mean that the information drawn from DEWR's complaint classification system is likely to be of limited use for management purposes.

Recording the involvement of the target of the complaint

5.42 DEWR records information about the level and nature of the involvement of the ‘targets’ of complaints (the person or organisation being complained about). Substantial levels of inconsistency were identified in the fields used to record this information in the sample of ESQIS records examined by the ANAO. Fifty-nine per cent of the records examined contained a source of inconsistency. Major sources of inconsistency included complaint comments indicating that the target of the complaint was:

- contacted but the target contact field says the target was not contacted or is blank (25 per cent of records);
- not contacted but the target contact field says the target was contacted (20 per cent of records);
- contacted but the consent field suggests consent was not given by the complainant for contact to be made (24 per cent of records); and
- contacted but responsiveness of the target to resolving the complaint was not recorded (seven per cent of records).

5.43 The various inconsistencies identified need not have affected the way that the complaint was resolved. However, these inconsistencies mean that management information relating to the number of complaints referred from DEWR’s CSL to different JNMs and sites, or the responsiveness of JNMs to resolving complaint referrals from the CSL, cannot be reliable.

Recording of complaints by JNMs

5.44 The third Employment Services Contract includes a requirement that JNMs record all complaints received by the site, which includes those referred to the site by the DEWR CSL for resolution. The contract also sets out minimum content requirements for complaints registers.

5.45 The ANAO found that all of the 14 JNMs visited during fieldwork had complaint registers. These varied in sophistication from on-line complaints management systems to paper-based registers. However, and notwithstanding contractual requirements, the ANAO found that none of the JNMs visited recorded all complaints received in their registers. Policies and practices varied substantially. For example:

- around one-third of sites advised the ANAO that they chose to record only written or ‘serious’ complaints; and
- a similar proportion of sites advised the ANAO that they did not record complaints received at the site—instead they referred the complainant to the DEWR CSL.

5.46 Most sites advised the ANAO that they complied with the contractual requirement to record all complaints referred from the DEWR CSL in their registers. To confirm that this was happening, the ANAO crosschecked complaint records on JNM complaint registers against records for the respective site on ESQIS. The ANAO found that:

- only 29 per cent of the complaints that were referred from the DEWR CSL were recorded on the respective site complaint registers;¹⁰⁸ and
- the standard of documentation in the complaints registers was variable, and often did not meet the minimum standards required by the third Employment Services Contract.

5.47 In light of these shortcomings, the ANAO considers JNM complaints registers cannot be regarded as a reliable record of job seeker complaints and of the response to those complaints. While the ANAO reviewed only a small number of registers, the nature and scale of the problems with these registers raises serious concerns about the quality of the recording of complaints across the Job Network as a whole.

5.48 Overall, the ANAO considers that there is considerable scope for DEWR to improve the quality of complaints information recorded in the various complaints recording systems.

5.49 First, the ANAO's examination of a number of complaints registers indicates that the recording of complaints by JNMs was poor. This reduces assurance to DEWR that JNMs are appropriately handling complaints and are able to use complaints information for continuous improvement purposes.

5.50 Secondly, DEWR does not accurately record aspects of the complaints it receives through its CSL. The ANAO identified two major shortcomings in the recording of complaint information by the DEWR CSL. These were:

- widespread inconsistencies in the recording of data about the involvement of JNMs in the resolution of job seeker complaints; and
- ambiguity in, overlap between, and poor coverage of known sources of complaint in the codes that are used to classify complaint sources.

5.51 These problems are limiting the usefulness of the information that is gathered by the CSL, in terms of the intended use of the information for performance management of JNMs, and for broader monitoring of complaint trends and continuous improvement purposes.

¹⁰⁸ Given problems discussed previously with the accuracy of management information about complaints, complaint referrals were counted by examining comments in the free text comments field for each of the complaints in the sample.

DEWR's monitoring of complaints handling by JNMs

5.52 The third Employment Services Contract requires that JNM's operate an internal complaints management system. DEWR's primary mechanism for monitoring the compliance of JNMs with the complaints handling requirements of the contract is monitoring visits.

5.53 DEWR has stated its intention to monitor—as a core component of all site monitoring visits—the compliance of JNMs with their contractual obligations to:

- actively encourage feedback by establishing and publicising a complaints process;
- appropriately respond to client feedback and resolve issues; and
- publicise DEWR's free customer service line.¹⁰⁹

5.54 DEWR has previously advised its Minister that 'it is expected that the complaint register will be monitored at each site visit.'¹¹⁰

5.55 The ANAO examined DEWR's monitoring of the complaints handling practices of JNMs in its site monitoring visits (see Table 5.2). This was based on examination of documentation relating to monitoring visits to 11 of the 14 sites visited by the ANAO during audit fieldwork.¹¹¹

Table 5.2

DEWR monitoring of JNM complaints handling practices

Number of site monitoring visits (per cent)	Review of complaint handling processes? (Y/N)	ANAO comment on DEWR monitoring
2 (18 per cent)	Y	Detailed review
5 (45 per cent)	Y	High level review
4 (36 per cent)	N	No evidence of any review

Source: ANAO analysis of DEWR monitoring documentation.

Note: Percentages have been rounded.

5.56 ANAO analysis of the DEWR monitoring documentation indicates that:

- only one monitoring visit resulted in the identification of problems with site complaints handling processes; and

¹⁰⁹ Ministerial briefing MBP 200304737, 24 July 2003, 'Ombudsman's report into complaints handling in the Job Network.'

¹¹⁰ Ibid.

¹¹¹ For three sites, DEWR monitoring visits had not been conducted at the time of writing the audit.

- none of the site visits identified the incomplete recording of complaints referred to the site from DEWR's CSL.

5.57 The ANAO concluded that DEWR monitoring visits—the main mechanism used to ensure JNMs are appropriately handling job seeker complaints—do not provide an adequate level of assurance that JNMs are handling their complaints in accordance with the third Employment Services Contract. For the 14 JNM sites visited by the ANAO, this was because:

- not all DEWR monitoring visits checked the complaints handling practices of JNMs; and
- those checks that were done were generally not sufficiently detailed to determine whether the site is complying with the complaint handling requirements of the Contract.

5.58 Externally, there is a need for DEWR to strengthen its accountability arrangements so as to ensure that contract monitoring provides an adequate level of assurance the JNMs appropriately handle complaints.

5.59 To strengthen the accountability of JNMs the ANAO considers that in implementing the recommendation at paragraph 3.51, DEWR identify, and clearly define the level and type of monitoring required to provide it with assurance that JNMs are handling complaints in accordance with the terms of the third Employment Services Contract.

Recommendation No. 7

5.60 In order to improve the quality of information about job seeker complaints contained in DEWR's complaints database, and consequently its ability to use complaint information for performance management and continuous improvement purposes, the ANAO recommends that DEWR review:

- complaint data entry processes and systems design to identify and resolve issues with inconsistency in the recording of complaints; and
- the current complaint classification system with a view to establishing a structure that will provide a more accurate reflection of complaint sources in the Job Network programme, and the frequency with which job seekers complain about them.

DEWR response

5.61 Agree in part; DEWR agrees to work with its staff to ensure effective data entry and classification of complaints and to examine the scope to improve associated systems, subject to other systems priorities.

6. Continuous improvements to Job Network service delivery

This chapter examines DEWR's mechanisms for identifying, assessing and implementing continuous improvements to Job Network service delivery.

Introduction

6.1 Continuous improvement is the practice of constantly seeking to improve the quality and productivity of processes, products and services while maximising the involvement of staff in improving the workplace.¹¹²

6.2 The ANAO examined DEWR's continuous improvement activities and assessed whether:

- a continuous improvement approach has been established by DEWR for itself and its service providers;
- staff and stakeholders, including JNMs and Centrelink, were involved in continuous improvement activities; and
- client research was conducted and used to make improvements.

DEWR continuous improvement activities

6.3 Substantial and on-going change is a feature of the employment services environment. DEWR has overseen considerable developments in Job Network policies and employment related programmes. Developments of a policy nature¹¹³ that have relevance to continuous improvement include:

- the introduction of the Active Participation Model (APM), including features such as the Job Seeker Account (JSKA), flexible servicing arrangements and a sophisticated IT system, known as Employment Assistant 3000 (EA3000), that enables, inter alia, rapid referral and reconnection of job seekers;¹¹⁴

¹¹² ANAO, Management Advisory Board, 1997, *The Better Practice Guide to Quality in Customer Service*, p3.

¹¹³ Policy matters were beyond the scope of this audit.

¹¹⁴ Other ANAO audit activity is examining the Implementation of Job Network Employment Services Contract 3 including EA3000. The process by which Centrelink refers job seekers to JNMs, the design of the Active Participation Model and the related contracts and Business Partnership Arrangement, reflected DEWR's substantial research and evaluation activity and has had a major influence on the service delivery processes experienced by job seekers. See also ANAO Audit Report No.44 1999–2000, *Management of Job Network Contracts*, and ANAO Audit Report No.7 1998–99, *Management of the Implementation of the New Employment Services Market*.

- industry strategy initiatives that seek to increase links between JNMs and employers in industries facing current or future skill or labour shortages;
- a number of pilot projects and programmes targeting specific client groups including the disabled, young people, mature age job seekers, sole parents, and people participating in the Personal Support Programme; and
- a wide range of activities introduced under the auspices of the Participation Inter-Departmental Committee including pilots, Employment Innovation Fund projects,¹¹⁵ communication products and the development of strategies to streamline job seeker pathways to various forms of assistance. These initiatives particularly target various disadvantaged groups in the labour market, non-allowees and those able to access Job Network services on a voluntary basis.

6.4 During the course of the third Employment Services Contract, DEWR also introduced a range of process improvements to assist JNMs and Centrelink in servicing job seekers.¹¹⁶ These included the introduction of an on-line Learning Centre in January 2004 to provide systems, policy and programme training to JNMs. In addition there have been a number of enhancements to the EA3000 system, including:

- substantially improved management reports—an ANAO survey found that only 36 per cent of JNM CEOs considered the reports at the commencement of the Contract to be either fairly useful or very useful. However, this figure had risen to nearly 90 per cent at the time of the survey, in late 2004;
- the introduction of ‘sticky notes’ to enable JNM staff to record case notes in an ongoing manner in the EA3000 system; and
- changes to the way in which job seeker details are displayed on the computer screen.

6.5 JNM staff commented to the ANAO that these changes were welcome improvements.

6.6 As well, there is a ‘Practice Improvement’ page on the Employment Contract Service Network website, which is a website maintained by DEWR to

¹¹⁵ DEWR advised that ‘the Employment Innovation Fund, established in the 2004 Federal Budget, provides for funding of proposals received from proponents (including but not limited to Job Network members) which foster innovation in the delivery of employment services and the labour market.’

¹¹⁶ DEWR also introduced changes to its in-house IT capabilities including the redevelopment of the Contract Manager Portal—see Chapter 3.

provide information to JNMs. The website includes DEWR research and resulting guidance on the factors that influence high performance by JNMs, including delivery high quality services.¹¹⁷ While much of the material on the website is not up-to-date, DEWR considers it to be relevant for interested JNMs and it regards the web-page as 'passive encouragement' of JNMs.

Approach to continuous improvement

6.7 Better practice client focused organisations have robust and systematic planning processes for identifying and implementing continuous improvements in service delivery.¹¹⁸

6.8 Under purchaser-provider arrangements, it is better practice for the purchasing agency planning processes to:

- clearly articulate the roles and responsibilities for all parties in relation to continuous improvement; and
- have well-developed mechanisms to provide assurance that providers appropriately pursue continuous improvement in service delivery.

6.9 During the audit, staff from both DEWR and JNMs advised the ANAO that the competitive nature of the employment services provision market means that JNMs are unlikely to share better service practices if they think there is a risk of loss of competitive advantage.

6.10 In October 2004, DEWR advised the ANAO that its role includes:

facilitating continuous improvement in a high performing market; for example, by dissemination of evidence based good practice and fostering industry development and innovation.

6.11 This indicates that DEWR has accepted its role of ensuring that any disincentives to sharing continuous improvements are overcome. The ANAO survey of DEWR staff confirmed they consider DEWR to be responsible, overall, for improvement in services for job seekers, especially in the area of new technology support and in working with JNMs and Centrelink to improve their servicing processes.

6.12 DEWR identified continuous improvement by JNMs as one of four components of service quality in the third Employment Services Contract Request for Tender, and made continuous improvement by JNMs a service

¹¹⁷ For example, the website includes a 1998 'Practice Improvement Paper' entitled *Quality of Service*, and a 2001 self-assessment tool, *In your hands: the challenge of quality services*.

¹¹⁸ ANAO, Management Advisory Board, 1997, *The Better Practice Guide to Quality in Customer Service*, p18.

commitment in the Employment Services Code of Practice. However, the ANAO found that DEWR has not:

- informed its staff or service providers (including Centrelink) of the respective roles in facilitating continuous improvement; nor
- articulated to its staff or service providers how it will ensure that its service providers appropriately pursue continuous improvements.

6.13 DEWR advised that ‘the JNM performance management framework that rewarded JNMs which most successfully achieved long term jobs for their job seekers is an engine for continuous improvement.’¹¹⁹ However, the ANAO’s examination of DEWR’s service performance management and monitoring of JNMs and Centrelink in Chapters 3 and 4 found:

- no evidence that risk assessments of service providers encompassed their capacity to undertake continuous improvement in service delivery processes; and
- no systematic mechanism to provide assurance that providers were pursuing continuous improvement in service delivery.

6.14 As a result, the ANAO considers that there is presently little assurance that Job Network service providers are appropriately and consistently pursuing continuous improvement in service delivery. Monitoring is necessary to provide assurance that DEWR’s continuous improvement commitments are being met, and could be conducted at the JNM site or organisational level, as appropriate.¹²⁰

6.15 In this context, the ANAO found that of the JNMs visited during audit fieldwork:¹²¹

- one JNM had a process for capturing continuous improvement suggestions from staff;
- all the JNMs had only limited access to, and/or used, accurate performance information for continuous improvement purposes, such as complaints data and client satisfaction information;

¹¹⁹ DEWR advice 27 April 2005.

¹²⁰ DEWR has advised the ANAO that a decision was made not to include continuous improvement as part of its National Contract Management Framework (NCMF), but rather to tackle this issue through other strategies, such as the use of pilots, and evaluation activities. The ANAO considers that this approach may not be specifically targeted to provide assurance that JNM’s have an appropriate focus on continuous improvement and, consequently, there would be benefit to incorporating a strategic focus on the specific continuous improvement practices of different JNMs in the NCMF.

¹²¹ The ANAO consulted with 14 JNMs, comprising over 45 per cent of the Job Network employment services market, examined their key service delivery processes and quality assurance mechanisms, and also surveyed a sample of all JNM staff about the service delivery environment.

- while all the JNM sites visited had complaints registers, none of them were complete, reducing the value of this information for management purposes (see Chapter 5);
- only one JNM visited advised the ANAO that it had conducted client satisfaction survey work and this was some time ago; and
- all of the JNMs visited advised the ANAO that they were aware of DEWR's job seeker satisfaction survey, but that they had not seen results from the survey that related specifically to them, or to providers like them.

6.16 These findings indicate that JNMs have limited capabilities to systematically identify continuous improvement opportunities.

6.17 The ANAO's survey of service provider staff confirmed these findings. While the survey results indicate that both Centrelink and JNMs have a strong client service focus¹²² and that their agencies perform well in direct interaction with job seekers, the survey respondents consider that their agencies could improve further by focusing attention on the implementation of service practices generally. Table 6.1 illustrates the shortcomings identified in practices relating to continuous improvement.

Table 6.1

Shortcomings identified by Centrelink and JNM staff in continuous improvement practices

Practice	Respondents
Collection and use of feedback from job seekers (questions 45 and 14).*	JNMs
Identifying and correcting errors (question 10). Effective leadership to improve processes (questions 32 and 41).	Centrelink / JNMs

Source: ANAO survey analysis.

Note: * This was a very substantial area of weakness identified by JNM respondents.

6.18 Consequently, the ANAO considers that service provider staff regard their processes to continuously improve their servicing as underdeveloped when compared to other aspects of their servicing practices.

6.19 Furthermore, a number of other practices, particularly those in relation to internal management, were also identified by respondents as priority areas where performance should be improved if the overall level of service quality is to be enhanced (see Table 6.2). Appendix 3 provides more details.

¹²² The strength of client service focus, as measured by standard deviation around the average score was higher in JNMs than Centrelink. It is not possible, from the survey results to determine the cause of the difference. It may, for example, reflect a more self-critical culture in Centrelink than in the JNMs. Centrelink commented that the result may reflect Centrelink's focus on job seeker participation.

Table 6.2

Management practices identified by Centrelink and JNM staff for improvement

Practice	Respondents
Managers acting as role models (question 40).	JNMs
Timeliness and accuracy of initial processing (question 9). Focusing on job seeker expectations (question 36).	Centrelink
Tools and systems supporting accurate and timely servicing (question 7).	Centrelink (staff only)*
Adequate training (question 8). Matching plans and resources to changing circumstances (question 37). Recognition and reward for service performance (question 39). Motivating staff (question 43).	Centrelink / JNMs

Source: ANAO survey analysis.

Note: * Centrelink managers did not identify this as a practice requiring improvement.

6.20 Overall, the ANAO concludes that there is a need for a clearer approach to continuous improvement that includes specification of the roles of DEWR, JNMs and Centrelink, accompanied by an appropriate mechanism for DEWR to gain assurance that its service providers pursue continuous improvement in service delivery. This approach could form part of DEWR’s overall corporate statement on Job Network service quality or could take the form of a continuous improvement implementation plan.

6.21 Service provider staff regard their processes to continuously improve their servicing as underdeveloped when compared to other aspects of their servicing practices, and identified areas of internal management practice where performance should be improved if the overall level of service quality is to be enhanced. As DEWR has an interest in, and stated commitment to, improving client service quality, it has role to play in working with Centrelink and JNMs to ensure that they investigate, and take appropriate action, where necessary, internal barriers to the achievement of improved service quality levels.

Involving staff and stakeholders

6.22 Staff and stakeholders¹²³ are an important source of information to support continuous improvement in the design and delivery of service

¹²³ ‘Stakeholders’ are those who have a direct or indirect interest in client service delivery. External stakeholders could include: the Parliament, the Minister, the Australian community, community organisations, non-Government organisations, and other Commonwealth and State Government agencies. Internal stakeholders may include staff and their associations, managers, and other functional units of the organisation. See ANAO, Management Advisory Board, 1997, *The Better Practice Guide to Quality in Customer Service*, p3.

processes.¹²⁴ The ANAO examined the principal mechanisms by which information relating to Job Network service delivery improvement is shared within and between DEWR, Centrelink and JNMs.

6.23 The ANAO found that DEWR has a range of formal structures governing the operations of the Job Network programme.¹²⁵ There are also a wide range of mechanisms through which DEWR obtains feedback from its service providers and key stakeholders.

6.24 Operationally, DEWR staff have regular contact with JNM and Centrelink staff at a range of levels in a range of locations. For example, at a State Office level, DEWR contract managers and account managers are in frequent contact with JNMs at a site and organisational level, while designated DEWR Centrelink Liaison Officers act as the liaison point for communicating with Centrelink locally. DEWR advised the ANAO that it holds fortnightly teleconferences of its Centrelink Liaison Officers that include National Office policy staff, as well as biannual conferences.

6.25 More formal mechanisms include a Centrelink, National Employment Services Association (NESA)¹²⁶ and DEWR *Partnership Programme* comprising local and national liaison arrangements and an overarching *Statement of Expectations* that outlines the principles by which DEWR, Centrelink and NESA aim to work together. In addition there are:

- DEWR initiated Working Groups¹²⁷ that involve Centrelink and NESA;
- industry-initiated Special Interest Groups. These are organised by NESA, with involvement of the employment services industry, DEWR and Centrelink;¹²⁸
- NESA Board meetings that are attended by DEWR and Centrelink;
- Business Partnership Review Group that was established in October 2003 under the terms of the DEWR–Centrelink Business Partnership

¹²⁴ ANAO, Management Advisory Board, 1997, *The Better Practice Guide to Quality in Customer Service*, p18.

¹²⁵ Such as the Employment Management Committee, which comprises the senior DEWR executive involved in the management of DEWR's employment programmes and the Employment Management Committee sub-committees, which, at the time of the audit comprised, inter alia: the APM implementation sub-committee; the IT Board (since discontinued); the Programme Assurance and Risk Management sub-committee; and the Research and Evaluation sub-committee.

¹²⁶ NESA is the employment services industry peak body.

¹²⁷ Such as an IT Working Group, Transition Working Group and NESA Working Group.

¹²⁸ There are around 13 Special Interest Groups covering topics such as: mature aged workers; youth; people with disabilities; indigenous employment; rural and remote; and quality and best practice.

Arrangement. It considers a range of topics from a series of working groups;

- regular meetings between DEWR senior executive and Centrelink senior executive; and
- other committees, such as an Inter-Departmental Committee (DEWR, FaCS and DEST), and an Australians Working Together (AWT) committee (DEWR, FACS, Centrelink, and DEST).

6.26 The ANAO noted that Centrelink has established specific Job Network Liaison Officers at various organisational levels to act as key liaison point for communication with local JNMs.¹²⁹

6.27 The ANAO considers that, taken together, these formal, and other informal, mechanisms should, if operating well, provide a sound basis for communications that contribute to continuous improvement in Job Network service provision.

Conduct and use of client research and feedback

6.28 Systematic client research and feedback mechanisms provide important information to assist management decisions. The information may have multiple uses, including reporting on performance and also supporting continuous improvement in the service processes and design.

6.29 The ANAO examined the main sources of systematic client research undertaken in relation to service quality, and the use to which the resulting management information is put, including the extent to which it is used to improve the quality of services received by job seekers.¹³⁰

6.30 DEWR expends around \$8.5 million annually on its Output Group 1.1.2, *Research, Evaluation and Reporting*, a substantial component of which relates to the Job Network. As part of this Output group, it has a separate Evaluation and Programme Performance Branch¹³¹ that is DEWR's primary research and programme evaluation unit. It is responsible for conducting internal Job Network evaluations,¹³² analysis of data held on the department's

¹²⁹ As part of its business operations, Centrelink has a wide range of internal communication strategies. However, these were beyond the scope of this audit.

¹³⁰ Chapter 5 assessed the potential for Job Network complaints handling processes for continuous improvement purposes. Consequently, this chapter focuses on DEWR's systematic client research.

¹³¹ The Employment Analysis and Evaluation Group 2003–04 Business Plan indicates that the budget for EPP Branch was around \$1.9 million.

¹³² The Branch also conducts evaluations of the Australians Working Together (AWT) package, non-activity tested working age clients and the participation of working age payment recipients.

administrative systems, including trends in ‘off benefit’ outcomes, and a number of surveys (see Table 6.3).

Table 6.3

DEWR Job Network related surveys

Survey	Description
Job Seeker Omnibus Survey	Quarterly survey of job seeker satisfaction with services provided by JNMs and Centrelink.
Post Programme Monitoring Survey	Survey of job seekers who have participated in employment assistance. The survey collects information on the outcomes of programmes or services for participants around three months after leaving assistance. The survey also collects some information on the job seeker perception of the services they received from their JNMs. This relies on job seeker recollection of the quality of service in which they participated over 3 months prior to responding to the survey. Any complaints received are forwarded to the DEWR complaints hotline system.
Service Provider Survey	Annual survey of JNMs assessing their satisfaction with Centrelink and DEWR services to JNMs, as well as specific topics, such as IT.
Employer survey	Regular survey of employer perceptions and experiences with recruitment and Job Network.
Attitudinal survey of job seekers	On-going research into job seeker attitudes towards employment.

Source: DEWR.

6.31 The principal research tool for job seeker perceptions of Job Network services is DEWR’s Job Seeker Omnibus Survey (JSOS). The JSOS is a systematic random sample survey of job seeker satisfaction with services provided by JNMs and Centrelink.¹³³ The JSOS instrument is detailed, covering a wide range of dimensions of the services provided by Centrelink and JNMs. From time to time, the ‘core’ survey is supplemented with questions relating to specific topics.

¹³³ The JSOS is presently conducted quarterly—a format that was introduced in August 2004, replacing a monthly format that had run from October 2002–February 2004. This in turn had replaced two annual surveys (of job seeker satisfaction with JNM and Centrelink respectively, and their predecessor agencies) that had been conducted since the early 1990s. The survey cost around \$458 000 in 2002–03 and \$281 000 in 2003–04.

The JSOS is conducted via a 20-minute structured telephone interview of a stratified random sample drawn from DEWR systems of job seekers who were registered with Centrelink and/or the Job Network and who had contact with Centrelink and/or the JNM in the three months prior to the survey. The sample size varies from month to month, but generally around 550–650 job seekers are interviewed as a result of around 1600–1700 contact attempts.

DEWR advised the ANAO that the JSOS questionnaire was based on the previous job seeker surveys and was refined in consultation within the department and Centrelink. The survey instrument was refined following pilot testing with job seekers.

6.32 The ANAO found that the process for collecting JSOS data, the analytical methodology applied to the results, and reporting format is broadly sound.

6.33 Consistent with better practice, a composite Customer Satisfaction Index is presented for Centrelink. Composite measures 'weight' survey responses and are able to reflect satisfaction with the aspects of service delivery that are considered to be most important. By contrast, while an overall satisfaction measure is reported for JNMs it is not a composite measure.

6.34 The survey reports present results in a 'scorecard' format that is useful for reporting purposes. JSOS results are included in the DEWR Annual Report and reports to the DEWR Executive, and the ANAO was advised that they are considered to be important in preparing advice to the Minister.

6.35 The JSOS results are distributed to policy and programme areas within DEWR and the Customer Satisfaction Index section is provided to Centrelink. In December 2002, DEWR decided to disseminate the JSOS results to JNMs. However, in August 2003, it was decided that the only results JNMs would see would be in DEWR's *Job Network Bulletin*, accompanied by 'promotional stories' from the JSOS summary report. DEWR staff confirmed to the ANAO that no results are provided directly to JNMs, and while they expressed a keen interest in the JSOS data, none of the JNMs visited by the ANAO had seen detailed results from the survey that related specifically to them, or to providers like them.

6.36 The ANAO concludes that DEWR conducts high-quality, systematic client research. The JSOS contains a wealth of data that would be valuable for continuous improvement purposes in Job Network services. However, the survey data is not provided to JNMs in a level of detail and format that would support their continuous improvement activities. Consequently, the ANAO considers that the shortcomings identified by JNM staff in the client data collected by their organisation could be addressed by DEWR working with JNMs to identify the extent to which their information needs for continuous improvement purposes could be met by data already held by DEWR.

Recommendation No.8

6.37 In order to meet the continuous improvement commitments set by DEWR in its Request for Tender and Code of Practice, the ANAO recommends that DEWR:

- clarifies its approach to continuous improvement by specifying the roles of DEWR, JNMs and Centrelink;

- monitors the continuous improvement practices of JNMs at the site and organisational level as appropriate; and
- works with JNMs to identify the extent to which their information needs could be met by job seeker satisfaction survey data already held by DEWR.

Agencies' responses

DEWR response

6.38 Agree in principle; DEWR agrees to consider the extent to which Job Network performance could be assisted by providing Job Network members with appropriate job seeker satisfaction survey data. DEWR already articulates to stakeholders its approach to continuous improvement and does not see merit in further articulating this approach.

ANAO comment

6.39 The ANAO considers it appropriate that DEWR also specifies the roles of JNMs and Centrelink, and seeks regular advice from service providers about their continuous improvements in service delivery consistent with their roles. This would assist DEWR to share better practices, consistent with its role in facilitating continuous improvement in a competitive market.

Centrelink response

6.40 Centrelink advised that while this recommendation is directed at DEWR, it contained reference to the DEWR/Centrelink relationship. Centrelink considered it appropriate to make the following comment on the recommendation: 'Centrelink agrees to discuss continuous improvement with DEWR in the context of the next Business Partnership Arrangement.'

7. Job Network services at two key service points in the continuum

This chapter presents case studies examining the delivery of services at two key service points in the continuum, namely the process by which job seekers access Job Network services through Centrelink and the provision of services during Intensive Support customised assistance.

Introduction

7.1 This chapter examines the quality of the services provided to Job Seekers at two points in the service continuum. The services assessed by the ANAO were:

- services provided by Centrelink to facilitate job seeker access to Job Network services, with a particular focus on the quality of the information that is provided to job seekers to help them make an informed choice of JNM; and
- Intensive Support customised assistance (ISca) services, provided by JNMs to highly disadvantaged or long-term unemployed job seekers.

Accessing Job Network services

7.2 Job seekers who are assessed as eligible for Job Network services are required to choose a JNM. If they do not exercise their right to choose, they will be randomly allocated to a JNM in the local area. The extent to which job seekers are able to make an informed choice of JNM is determined substantially by the quality of the information with which they are provided, or have access to, to make their decision.

7.3 Centrelink plays a key role in facilitating the choices of job seekers by providing information to job seekers about Job Network services. It does this primarily through the information seminar it delivers for job seekers, but also by providing information about Job Network services in information displays at Customer Service Centres (CSCs) and at new claim interviews.¹³⁴

7.4 Job seekers require high quality, up-to-date, accurate and relevant information so that they can make an informed choice of JNM and comply

¹³⁴ Job seekers are also able to access information about Job Network services, job vacancies, and training, from the Australian JobSearch web site at <http://www.jobsearch.gov.au> and Centrelink's web site at www.centrelink.gov.au/internet/internet.nsf/individuals/work_index.htm through personal computers or touch screen kiosks available at Centrelink Customer Service Centres (CSCs) and JNM sites. These mechanisms for providing information were not examined by the ANAO.

with their obligations as income support recipients. The ANAO examined the timeliness, accuracy and quality of the information that Centrelink provides to job seekers about Job Network services. As well, as part of audit fieldwork, the ANAO attended information seminars and reviewed information displays at four Centrelink CSCs in four States. This is an indicative sample only and, therefore, ANAO observations and data from these field visits are indicative rather than conclusive.

Provision of information to job seekers

7.5 The objective of Centrelink's role in providing information to job seekers is 'to ensure that job seekers are provided with up-to-date, timely and easily understood information about employment services.'¹³⁵

7.6 Centrelink primarily provides information to job seekers in the 'Preparing for Work Information Seminars' (information seminars) it conducts for job seekers. The information seminar is a key vehicle through which job seekers are provided with information to assist them to make an informed choice of JNM and also to meet their income support obligations while they are participating in the Job Network.

7.7 The Business Partnership Arrangement requires that Centrelink provide to job seekers, on DEWR's behalf, through the information seminar, information about:

- Job Network services;
- local JNMs and their locations;
- the roles and responsibilities of job seekers, Centrelink and JNMs;
- the Preparing for Work Agreement and Job Search Plan;
- job seeker rights and obligations including feedback process (complaints, comments and suggestions);
- how to use Job Search touch screens and Centrelink's employment self help facilities; and
- privacy obligations of Centrelink, the department and JNMs.¹³⁶

7.8 This information is provided: in information brochures and products that are handed out at the seminar; oral information from the presenter (based on slides and speakers notes that contain the key points that Centrelink intends to be covered by the speakers at every seminar); a video that is shown at all

¹³⁵ DEWR–Centrelink Business Partnership Arrangement, p.44.

¹³⁶ *ibid.*

seminars; and presentations at seminars by JNMs and other employment services providers.

7.9 Centrelink also provides information ‘over the counter,’ including the display of information about Job Network services provided by DEWR or JNMs in CSCs.¹³⁷

7.10 In order to determine the quality, timeliness, and accuracy of the information that is provided to job seekers at the information seminar,¹³⁸ the ANAO reviewed the:

- timing of the seminar in relation to the process for choosing JNMs;
- quality of the information provided at the information seminar;¹³⁹
- quality of the information provided in the ‘Preparing for work video’ that is to be shown at all seminars for job seekers;
- effect of JNM presentations at information seminars and the extent to which this is appropriately managed by DEWR; and
- quality of the information that is provided for job seekers in information displays at CSCs.

7.11 Under the Business Partnership Arrangement, both DEWR and Centrelink are jointly responsible for the quality of Job Network related information products, including that they are up-to-date, accurate, timely and easily understood by customers.¹⁴⁰ The display and maintenance of promotional material provided by JNMs is by local arrangement (the supply of which is the responsibility of the JNM). Subject to availability, Centrelink is responsible for ordering and displaying Job Network related products developed by DEWR. As the purchasing agency, DEWR is ultimately accountable for the quality of information provided to job seekers about Job Network services.

¹³⁷ *ibid.*

¹³⁸ At the time of audit field work, the seminar covered a mixture of DEWR and FaCS business. Out of an intended total length of 45-50 minutes, FaCS paid for 62 per cent, and DEWR paid for the remaining 38 per cent. DEWR has advised the ANAO, that following the Machinery of Government changes announced in October 2004, the Centrelink Preparing for Work Information Seminars solely relate to DEWR business.

¹³⁹ This includes coverage of how job seekers can qualify for income support payments, including the documents job seekers need to bring to their new claim interviews, and an outline of the programmes/services and service providers from which job seekers may be able to choose.

¹⁴⁰ DEWR–Centrelink 2003–06 Business Partnership Arrangement, Schedule C4, ‘Forms, publications and mail house letters.’

Timing and conduct of information seminar

7.12 The Business Partnership Arrangement states that the seminar ‘should be conducted, where possible, immediately before new claim interviews’.¹⁴¹ The Arrangement does not clearly specify the circumstances where it is considered ‘not possible’ to conduct the seminar and new claim interview in this sequence. A number of Centrelink CSCs consider it to be more efficient to provide the seminar after the new claim interview, and DEWR’s JSOS results indicate that 37 per cent of information seminars are conducted in this non-preferred manner.¹⁴² The ANAO noted that one of the four seminars observed by the ANAO during audit fieldwork was conducted after attending job seekers had completed their new claim interviews.

7.13 The conduct of the information seminar after the new claim interview means that job seekers are being asked to choose a JNM before they are advised of their rights in selecting their JNM. The right to choose a JNM, and the right to review that choice is addressed by other audit activity, which has examined the implementation of the third Employment Services Contract.

7.14 The ANAO also noted that the non-preferred timing rendered a substantial portion of the seminar presentation unnecessary. This includes coverage of how job seekers can qualify for income support payments, including the documents job seekers need to bring to their new claim interviews, and an outline of the programmes/services and service providers’ from which job seekers may be able to choose.¹⁴³ However, the unnecessary material was not removed from the seminar when it was delivered after the new claim interview.

7.15 As well, the Business Partnership Arrangement states that the seminar should be conducted ‘where practical,’ and that where it is impractical to provide a seminar, Centrelink will provide the information normally provided in the seminar to job seekers at their new claim interview.¹⁴⁴ The Arrangement does not specify circumstances where it is legitimately considered impractical to conduct an information seminar.

7.16 The ANAO acknowledges that in some circumstances it may not be practical to conduct the seminar for good reason. However, the ANAO identified cases where there was inadequate justification for not providing an

¹⁴¹ DEWR–Centrelink 2003–06 Business Partnership Arrangement, p. 44.

¹⁴² Data derived from answer to DEWR’s Job Seeker Omnibus Survey (JSOS) question ‘Did you go to this information session before you had your registration interview with Centrelink,’ to which 62.8 per cent of job seekers that attended a seminar responded yes.

¹⁴³ Preparing for Work Information Seminar Speakers Notes (26 March 2004).

¹⁴⁴ DEWR–Centrelink 2003–06 Business Partnership Arrangement, p. 44.

information seminar. For example, some instances were identified by the ANAO where Centrelink CSCs had not conducted the information seminar because 'job seekers said they were not getting much out of it'. The ANAO considers that to prevent this from happening, the circumstances where it is deemed impractical to conduct a seminar need to be clearly specified.

7.17 The ANAO considers that in order that job seekers are not disadvantaged in their choice of JNM:

- cases where it is considered necessary to conduct the seminar and new claim interview out of the preferred sequence, or to not conduct the seminar at all, need to be kept to a minimum; and
- the design and content of the seminar and new claim interview needs to be modified to reflect the actual timing or non attendance.

7.18 DEWR and Centrelink have advised the ANAO that they do not maintain details of the number of CSCs that do not conduct information seminars or conduct the information seminar and new claim interview in the non-preferred manner. This means that neither DEWR nor Centrelink know whether the Business Partnership Arrangement requirements are being met.

Quality of hand outs to job seekers

7.19 Job seekers are also provided with information in handouts during the seminar. To avoid information overload, and maximise the effectiveness of the available resources, the amount and type of information provided to job seekers in handouts needs to be carefully considered in relation to their needs. At the seminar, it is expected that job seekers will be provided with a number of core handouts. These are:

- an information seminar checklist that is to be filled out and signed by job seekers in order to provide a record that job seekers were provided with the information contained in the checklist;
- the 'Your Guide to the Job Network,' and 'Job Network Service Guarantee,' brochures on behalf of DEWR; and
- the 'Are you looking for work?,' 'Information you need to know about your claim for Newstart/Youth Allowance,' 'Centrepay,' 'Working Credit,' and 'Mature Age people fact sheet' brochures on behalf of FaCS.

7.20 The ANAO examined the handouts that were provided at four information seminars it attended during field visits and found that:

- the seminar checklist was provided and filled out by seminar participants at all four seminars. However, at three of the seminars, two

brochures referred to in the information seminar checklist were not provided, despite the fact that job seekers are asked, in completing and signing the checklist, to confirm that they had received these brochures. At the fourth seminar, the checklist that was used was out-of-date;

- at two of the four information seminars, neither of the two Job Network handouts that are required to be provided on behalf of DEWR was provided to job seekers. Both of the required brochures were provided at only one seminar; and
- at three of the four seminars, less than half of the brochures that were required to be provided on behalf of FaCS were provided to job seekers.

7.21 Both DEWR and Centrelink have identified information overload as a major contributor to job seekers not retaining the information they are provided with, and therefore a consideration with regard to the delivery of the seminar.¹⁴⁵ However, presenters at the seminars attended by the ANAO provided a large number of non-core information products—that is, products that are not specified in service delivery guides relating to the seminar. Two-thirds of the information products provided at the seminar were non-core products.

7.22 In order for job seekers to have relevant information, core products need to be provided. The provision of non-core products, not agreed to in the respective Business Partnership Arrangements of DEWR and FaCS with Centrelink, raises the risk that job seekers will be overloaded with irrelevant information.

Provision of information about Job Network services in the video

7.23 During the information seminar, job seekers are presented at specified intervals, with a video that provides generic information in a scenario format. One of the five scenarios in the video is focused on Job Network services.

7.24 The ANAO found that at two of the four seminars it observed, the video contained outdated material about Job Network services relating to the previous Job Network contract, more than nine months following the commencement of the third Employment Services Contract. To be useful, all information products need to be as up-to-date as possible.

7.25 Centrelink has advised the ANAO that it has standards in place for the removal of obsolete material, including videos, and will reinforce the processes

¹⁴⁵ See DEWR, April 2002, *Evaluation of the streamlined Job Network access and referral process pilot* (p. 3), and Centrelink intranet page, <http://centrenet/homepage/nso/shop/startup/seminars/qa.htm>, Information seminars, Questions and answers, Service Integration shop.

with CSCs to ensure that only the most up-to-date and relevant material is provided.

Provision of information through JNM attendance at information seminar

7.26 JNMs from the local area are able to attend information seminars to present information about their services, by arrangement with individual CSCs.¹⁴⁶ Attendance is not compulsory, but is beneficial in terms of informing job seeker choice, with 85 per cent of job seekers agreeing they had enough information to choose their JNM when a JNM had attended and provided information at the Centrelink information session, compared to 63 per cent where no JNM was present at the information session.¹⁴⁷ DEWR has recognised in its research the benefits to job seekers of the presentation by JNMs of information about their services at information seminars, in that it helps them to gain a better understanding of the types of services provided by JNMs.¹⁴⁸

7.27 Research conducted by DEWR, Centrelink and the employment services industry indicates that JNM attendance at information seminars is irregular.¹⁴⁹ Some JNMs consider that attendance at the information seminar is too resource intensive, while others have made a conscious decision not to participate.¹⁵⁰ Some JNMs attend the seminar when their referral numbers are low, in order to increase the number of job seekers directly choosing their services. A JNM attended only one of the four information seminars observed by the ANAO. Centrelink has advised the ANAO that average attendance may be lower than one in four.

7.28 The ANAO considers that the presentation by JNMs of information about their services at information seminars provides job seekers with a

¹⁴⁶ 2003–06 Business Partnership Arrangement, Policy guide D 9.4.3. The ANAO found that over the first six months of the third Employment Services Contract, prior to the completion of the Arrangement, there was not a consistent policy and some confusion over Centrelink's obligations with regard to facilitating the participation of Job Network members in the information seminar. However, this has subsequently been resolved.

¹⁴⁷ DEWR draft Job Seeker Omnibus Survey aggregate report, October 2003 to February 2004. Less than 100 job seekers answered this question, therefore, the results should be treated with caution.

¹⁴⁸ DEWR, April 2002, Evaluation of the streamlined Job Network access and referral process pilot, pp. 23–26.

¹⁴⁹ *Report of the appointments working group*, (April 2004). The draft Job Seeker Omnibus Survey aggregate report, October 2003 to February 2004 suggests that 38.9 per cent of information seminars were attended by JNMs in 2003–04.

¹⁵⁰ *Report of the appointments working group*, (April 2004). Previous DEWR research has suggested that both Centrelink and JNM staff generally consider that job seekers benefit from JNM involvement in seminars as it was considered that this helps them to gain a better understanding of the types of services available through the Job Network (DEWR, April 2002, *Evaluation of the streamlined Job Network access and referral process pilot*, pp. 23–26.)

supplement to the factual information provided directly to job seekers by Centrelink on behalf of DEWR—a view that is supported by the results of DEWR’s own research. The ANAO suggests that, in future Job Network contracts, DEWR consider the costs and benefits of requiring its employment services providers to regularly attend information seminars, as part of their contractual obligations.

Provision of Job Network information in information display areas

7.29 Centrelink also displays material about Job Network services and employment assistance, including agreed material provided by JNMs and DEWR in information displays in CSCs.¹⁵¹ In order to be effective, this information needs to be complete, current and easily accessible.

7.30 Under the terms of its Business Partnership Arrangement with DEWR, Centrelink is required to display Job Network related material including: brochures provided by DEWR (‘Job Seekers Your Guide to Job Network,’ ‘Service Guarantee Brochure,’ and ‘Job Network’s Specialist Services—it’s your choice’),¹⁵² and brochures provided by JNMs.

7.31 The ANAO examined materials displayed in information display areas in the four CSCs it visited during fieldwork and found that:

- none of the CSCs were displaying all of the information products they are required to display under the Business Partnership Arrangement and only one of the three brochures was displayed—this brochure was present in just one CSC information display;
- three of the four CSCs were displaying out-of-date brochures about Job Network services; and
- three of the four information displays were not located in areas easily accessible to the public.

7.32 This means that most of the information displays reviewed in visits to four CSCs were not accessible; included out-of-date information; and/or did not contain a complete set of the information products that CSCs are required to display under terms of the 2003–06 Business Partnership Arrangement.

¹⁵¹ 2003–06 Business Partnership Arrangement, *Policy Guide on provision of information to job seekers*, (Section D2, 4.1).

¹⁵² Attachment A to 2003–06 Business Partnership Arrangement, *Policy Guide on provision of information to job seekers*, (Section D2, 4.1).

Conclusion: accessing Job Network services

7.33 The ANAO concluded that, while the sample used to underpin the above findings was indicative only, the nature and level of problems identified raises concerns about the quality of the information that is provided to job seekers to help them make an informed choice of JNM. The provision of information and information products in Centrelink seminars and in CSC display areas was variable, often poor, and did not meet minimum requirements specified by DEWR. Many information seminars were not conducted prior to the job seeker making a choice of their JNM, and some job seekers did not attend a seminar at all.

7.34 The ANAO suggests that, in order to improve the consistency, quality, and accuracy of the information Centrelink provides to job seekers about Job Network services, and thus help job seekers to make an informed choice of JNM and comply with their obligations as income support recipients, DEWR and Centrelink:

- clarify the circumstances where it is acceptable to not provide an information seminar, or vary the order of the information seminar and new claim interview from the preferred sequence;
- develop an alternative design for the new claim interview and/or information seminar, to be used if the seminar is delivered after new claim interviews or arrangements to provide the information in the seminar is not delivered at all;
- review whether information products provided at the seminar meet only the essential information needs of job seekers, to ensure that key issues are appropriately covered and that job seekers are not overloaded with unnecessary information;
- ensure that information products at all CSCs are complete, current and easily accessible; and
- assess the costs and benefits of requiring JNMs to attend information seminars on a rotation basis, in the design of future contracts.

7.35 The ANAO also suggests, in implementing the ANAO's recommendation at paragraph 4.32, that DEWR and Centrelink include mechanisms for directly monitoring the quality of information provided to job seekers through information seminars and information displays.

Intensive Support customised assistance (ISca)

7.36 ISca is a major phase of the Active Participation Model (APM) service continuum of Job Network services. It aims to provide intensive and

personalised assistance tailored to the employment needs and available job opportunities for the most disadvantaged job seekers, in terms of the duration of their unemployment and/or accepted indicators of relative labour market disadvantage. In general, ISca job seekers are likely to have significant barriers to employment, including: lack of recent work experience; low educational attainment; limited English language, literacy and numeracy skills; disabilities; and personal factors affecting their ability to work.

7.37 Job seekers are eligible to commence ISca after 12 months unemployment, or immediately if identified by Centrelink as 'highly disadvantaged'.¹⁵³ As well, special transitional arrangements applied in 2003–04 to move designated categories of job seekers assisted under the ESC2 contract into customised assistance and other service points of the APM continuum.

7.38 The APM also provides for a second period of customised assistance for those job seekers who remain unemployed after 24 months. The level of assistance to be provided in ISca2 may be less intensive for some job seekers. Job seeker entry into this second period of ISca commenced in July 2004.

7.39 The JNM is required under the third Employment Services Contract to assess each job seeker's particular employment needs and barriers, and negotiate a Job Search Plan (JSP) that addresses those barriers and tailors the job seeker's efforts in looking for work. This includes improving their job search skills; motivating them to look for work; and expanding their job search networks.

7.40 Job seekers participate in their first period of ISca for six months, unless they find work or otherwise exit from this assistance earlier. During this time, the JNM is required to meet at least fortnightly with each job seeker; monitor their work preparation activities;¹⁵⁴ and ensure that they are actively participating in activities specified in their JSP. The JNM may also purchase additional assistance relevant to the job seeker's employment needs using the JSKA.

7.41 Some 166 000 job seekers were recorded by DEWR as eligible for, or participating in, customised assistance at the start of July 2004. This was

¹⁵³ Centrelink uses a national assessment tool, the Job Seeker Classification Instrument (JSCI), to identify highly disadvantaged job seekers. The JSCI is designed to measure a job seeker's likely difficulty in getting a job, due to their personal circumstances and labour market skills. About 10 per cent of job seekers are likely to be classified by Centrelink as highly disadvantaged at any point in time.

¹⁵⁴ The JNM is required to engage ISca job seekers in work preparation activities for at least an average of three days a week for at least the first three months of customised assistance. These activities do not need to be supervised directly by the JNM.

approximately 21 per cent of the total caseload of job seekers in Job Network services.

7.42 DEWR estimates for ISca that service fees of \$250 million in 2003–04 reflect the intensity of customised assistance service contact. This represented 48 per cent of total service fees, quarterly payments and one-off payments (excluding outcome payments) to JNMs¹⁵⁵ in that financial year.

7.43 In addition to service fees, JNMs receive outcome payments for intensive support job seekers who commence, and remain in, qualifying employment or education for periods of at least 13 or 26 weeks duration. In 2003–04, the value of intensive support outcome payments totalled \$171 million.

7.44 Under the third Employment Services Contract, JNMs are responsible for the management and delivery of services to job seekers in their referred caseload who are entitled to customised assistance. The JNM has considerable flexibility to determine what particular ISca services and assistance to provide or purchase to best meet the needs of job seekers and to maximise their employment outcomes.

7.45 As purchaser of these services for job seekers, DEWR is responsible for oversight of ISca service performance and service quality. This includes monitoring the Job Network through operational performance reports and JNM site visits; and its engagement with the Job Network to promote quality servicing by various means including dissemination of evidence based good practice.

7.46 While DEWR seeks to foster cooperative relationships with JNMs that promote the provision of high-quality services, the third Employment Services Contract does provide that DEWR may reduce JNMs' share of Job Network business for unsatisfactory performance; may recover invalid claims; and may terminate JNMs' contracts in certain circumstances. The application of sanctions under the Contract is a consideration of other audit activity, focused on the implementation of the third Employment Services Contract.

7.47 The ANAO examined the quality of services provided by JNMs to job seekers during ISca, particularly the:

- timely commencement of job seekers in customised assistance;
- level of service contacts between JNMs and ISca job seekers;
- assessment of ISca job seekers' employment needs and barriers;

¹⁵⁵ Service fees are paid to JNMs for contacts with all ISca job seekers. Higher rates that include a supplement are payable to JNMs for servicing highly disadvantaged job seekers.

- customisation of JSPs to address barriers;
- approval of JSPs; and
- use of the JSKA to provide ISca job seekers with additional assistance.

7.48 The ANAO examined records of customised assistance provided to a selection of 23 job seekers at 12 JNMs in four States.¹⁵⁶

Timely commencement

7.49 Job seekers' last required service contact with their JNM before commencing ISca is held after they have been unemployed for 10 months. Job seekers then continue to be entitled to use job search facilities and to receive assistance from their JNM until they commence ISca. To get the full benefit of the more intensive assistance, job seekers need to commence ISca in a timely fashion. The timely commencement of job seekers in customised assistance, through an initial interview, enables them to access more intensive and personalised assistance without delay. It also maintains continuity of service contact with their JNM across successive phases of the APM continuum.

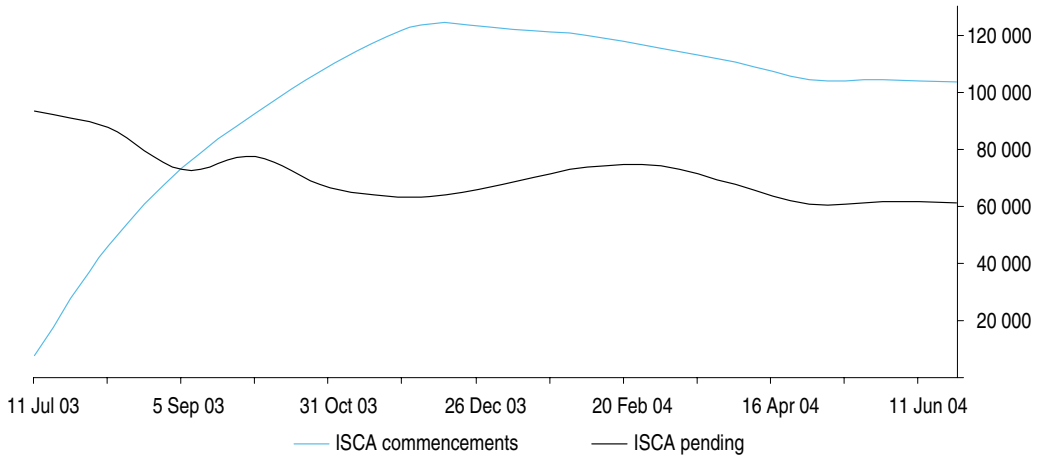
7.50 The transition from the second Employment Services Contract to the third Contract (July 2003 onwards) involved particular risks to service continuity for ISca job seekers. Job seekers who had been serviced under the second Contract were now moved into new service points on the APM continuum, at the same time as the Job Network adjusted to new service requirements, and many JNMs employed new staff, moved premises and changed their work processes.

7.51 Figure 7.1 shows the number of job seekers participating in their first period of customised assistance over the course of the 2003–04 financial year. The number of job seekers awaiting commencement of their first period of customised assistance peaked at 112 000 cases in mid July 2003, shortly after the third Employment Services Contract came into force, reflecting the challenge of timely migration of job seekers to ISca.

¹⁵⁶ During audit fieldwork, the ANAO visited two additional JNMs, but did not include records from these sites in the audit sample.

Figure 7.1

Number of customised assistance commencement and pending cases, 2003–2004



Source: ANAO analysis of DEWR weekly performance information (point-in-time data).

7.52 As well as the delays in commencements at the outset of the third Employment Services Contract, there were variations in levels of commencements between JNMs. The ANAO examined in detail the ISca commencements of the 22 JNMs with the largest caseloads of customised assistance job seekers at end June 2004. These JNMs collectively managed 71 per cent of the ISca caseload of the Job Network.

7.53 Sixty-two per cent of eligible job seekers of these 22 JNMs had commenced ISca at the end of June 2004 but the commencements among these JNMs ranged widely, from 41 per cent to 73 per cent. Five of the JNMs had commenced less than 60 per cent of their caseload into customised assistance at the end June 2004.

7.54 From October 2003 onwards, DEWR internally reported on the length of the period for which that job seekers who were eligible for customised assistance remained ‘pending’ cases.¹⁵⁷ Job seekers were classified by DEWR as pending for less than 28 days; 28 to 56 days; or 57 or more days.

7.55 The ANAO’s analysis of ISca pending statistics at monthly intervals during the period from October 2003 to end June 2004 indicated that, on average, some 41 per cent of job seekers eligible for ISca were recorded as pending for 57 days or more. Another 20 per cent had been pending cases for

¹⁵⁷ JNMs’ pending caseloads also include some cases that may require administrative actions other than the commencement of the job seeker in ISca, as well as some cases for which ISca commencement action cannot be undertaken for the time being.

28 to 56 days. The remaining 39 per cent had been pending for less than 28 days.

7.56 The proportion of job seekers eligible for customised assistance but recorded as pending for 57 days or more increased from 36 per cent to 50 per cent over the ten-month period to the end of 2003–04.

7.57 The ANAO identified three main factors that were affecting timely commencements.

- DEWR has not specified a target time by which JNMs were expected to commence ISca services for eligible job seekers. Instead it advised JNMs that they have 28 days to arrange an appointment with each job seeker, from the date of DEWR's listing of the job seeker as a pending case. This contrasts with DEWR's expectations that JNMs aim to interview all new job seekers (including highly disadvantaged job seekers immediately eligible for ISca) within two days of their registration with Centrelink.
- In line with the provisions of Social Security legislation, DEWR's operational advice to JNMs is that job seekers are to be given 14 to 21 days notice in writing of a requirement to attend an ISca or any other interview depending on their place of residence.
- Delays can be caused by job seekers who may not be able to participate in ISca until they have completed other employment service related requirements. They may also have medical or other exemptions that mean that they cannot engage in customised assistance for a specified time period. Other factors include the job seeker's failure to attend an interview at specified times and JNMs' postponement and rescheduling of the date of initial ISca interviews in response to job seekers' requests to change the appointment date.

7.58 DEWR employment services research suggests that job seekers' attendance rates at interviews can be improved by JNMs taking extra steps to contact job seekers, including making multiple attempts to contact them ahead of their proposed appointments, and by JNMs offering to arrange the interview at a time of the day that would better suit some job seekers.

7.59 The ANAO noted that DEWR has a limited capability to extract and report operational and performance information on the various factors, outlined above, that affect the commencement of job seekers into ISca. In particular, DEWR does not have readily available data on:

- the elapsed time taken by JNMs to schedule initial ISca interviews and the elapsed time until job seekers actually commence ISca services from the date of DEWR's listing of job seekers as pending cases; and

- the number of 'pending' job seekers who cannot reasonably commence ISca immediately, due to their engagement in other employment service related requirements or their temporary exemption from participation in Job Network services.

7.60 This means that at the time of the audit, DEWR did not have the capacity to systematically monitor the extent to which JNMs were actively engaging the job seekers on their caseloads. DEWR advised the ANAO that the development of an enhanced capacity to generate additional operational information on job seeker commencement and pending caseload is under consideration.

7.61 The ANAO considers that DEWR needs to ensure through its monitoring processes, that job seekers are getting the full benefit of intensive assistance through timely commencement.

Service contacts with ISca job seekers

7.62 The third Employment Services Contract stipulates that the JNM will contact and meet face-to-face with each job seeker once every fortnight during their first period of customised assistance. A total of 12 service contacts are required in the course of this six-month timeframe and these must be recorded in DEWR's information systems.

7.63 A total service fee of \$800 is payable to JNMs for the set of 12 service contacts with an ISca job seeker with a supplement of an additional \$400 payable for every highly disadvantaged ISca job seeker. These fees are paid on completion of the first ISca contact. There is no provision for fee adjustment if the job seeker is not provided with all of these services.

7.64 The ANAO examined an indicative sample of 23 job seekers that commenced between October and December 2003 at the 12 JNMs visited during the ANAO's fieldwork. By reviewing records of scheduled and attended appointments, the ANAO found that the full set of ISca service contacts generally was not scheduled for the sampled job seekers. An average of only 6.7 appointments per job seeker, compared to an expected 11 appointments were scheduled.¹⁵⁸ There were variations across the sample of between one and 19 appointments per job seeker. As well, job seekers also missed a number of their scheduled service contacts.

¹⁵⁸ Because the period of customised assistance of the sampled job seekers included the 9-day shutdown period for Christmas 2003–New Year 2004, the ANAO adjusted the expected number of scheduled appointments for these job seekers to 11, from the 12 service contacts stipulated in the third Employment Services Contract.

7.65 A detailed case study of the service experience of five ISca job seekers with very low service contact with their JNM (drawn from the sample above) showed that the selected job seekers were not serviced for an average of 150 days each during their customised assistance period, and four of them attended only one ISca appointment.

7.66 The main factor contributing to the low level of service contact of the job seekers in these five case studies was their exemption from participation in customised assistance, or their placement in a job or an education/training course. As well, JNMs contributed to job seekers' service contact gaps, by not scheduling regular appointments on a fortnightly basis and by not rebooking interviews when job seekers missed appointments.

7.67 DEWR advised the ANAO that the intention had been to allow for the greatest flexibility possible in the provision of assistance to job seekers. However, the third Employment Services Contract currently requires these service contacts and JNMs are paid for them. As well, the Government advised the Productivity Commission that:

The Government believes that unless minimum levels of contact are prescribed some job seekers will receive inadequate levels of service, and that contact is important in maintaining active participation by job seekers.¹⁵⁹

7.68 DEWR needs to clarify its approach to levels of contact between JNMs and Job Seekers, amend the third Employment Services Contract if necessary and align payment arrangements with the arrangements for contacts.

Assessment of job seekers' barriers to employment

7.69 At the initial job seeker interview, the JNM is required to carry out a detailed assessment of the job seeker's job capabilities, barriers to employment and the assistance proposed by the JNM to address those barriers. Ensuring that all relevant information is collected about job seekers could improve their chances of finding employment. The ANAO reviewed Job Network processes for carrying out these job seeker assessments at sites of 12 JNMs visited during audit fieldwork.

7.70 The ANAO found that for the sampled JNMs:

- one in three did not have, or use, a standard assessment form;
- forms were not designed to elicit comprehensive information on job seekers' circumstances and employment barriers—for example, most of

¹⁵⁹ *Government Response to the Productivity Commission Independent Review of Job Network*, p6.

these forms did not ask job seekers about their employment history, educational attainment and job skills;¹⁶⁰

- job seeker capabilities were identified by JNMs in sampled job seeker assessments that used assessment forms but in most cases, the capability of the job seekers to satisfactorily perform their preferred jobs was not addressed;
- the level of labour market demand for particular jobs in which job seekers would like to work generally was not covered in job seeker assessments;
- a narrow majority of sampled job seeker assessments that used assessment forms addressed job seekers' employment barriers but the quality of these assessments varied, in their depth and coverage of employment barriers;
- there were no indications that JNMs had referred to job seekers' JSCI scores as part of their ISca assessment processes although these were available and could assist in customising JSPs; and
- a narrow majority of sampled job seeker assessments that used assessment forms did address assistance required by the job seeker but only three of the eight assessments were considered by the ANAO to be of satisfactory quality because they generally did not cover all the issues identified as affecting the job seeker's employment prospects.

7.71 The ANAO acknowledges the need for flexible arrangements to exist. However, the specification of a minimum data collection requirements (as required for other JNM activities) for JNM assessment forms to ensure all relevant issues are covered, disseminating better practice among JNMs and use of information from other sources such as the JSCI would address the above issues. This would assist JNMs to meet their contractual obligations under the third Employment Services Contract. As well, ensuring that all relevant information is collected for each job seeker could improve the chances of achieving successful outcomes for individual job seekers and contribute to DEWR's overall outcome.

Customisation of job search plans

7.72 JSPs are the key tool for planning job seekers' job search activities and also provide the record of activities that job seekers are obliged to undertake to

¹⁶⁰ Some data relevant to these categories of information are usually collected on JNM registration forms when job seekers commence job support services. However, in most sampled cases, this information was not carried forward into job seekers' ISca case records and, in any event, might no longer be current so would need to be updated.

meet 'Activity Test' requirements. Compliance penalties can only be applied where a job seeker fails to participate in activities that are specified in their JSP.

7.73 There is a specific requirement in the third Employment Services Contract that the JSP prepared at the commencement of customised assistance must be based on the JNMs' assessment of the job seeker's capabilities against potential opportunities available in the local labour market

7.74 The ANAO reviewed Job Network processes for the preparation of JSPs for a selection of ISca job seekers at sites of 12 JNMs visited during audit fieldwork and found that:

- in all sampled cases, JSPs were prepared at the commencement of customised assistance;
- for the majority of job seekers, this initial JSP remained in force for the whole of their period of customised assistance (only one in four job seekers had more than one JSP during their ISca period);
- case notes relating to the sampled job seekers showed that two in every three sampled job seekers had a JSP that was not updated in a timely manner, or at all, following changed circumstances or after the last review date had passed;
- in a quarter of sampled cases, it was not clear to the ANAO whether JSPs were appropriately customised, because there was inadequate documentation of JNMs' initial assessment of job seekers' employment needs; and
- just under half of the sampled JSPs were for the most part, adequately customised to address the employment needs of the job seekers but even in these JSPs details of training courses were not properly recorded.

7.75 The ANAO's review showed that a small number of sampled JSPs that were updated during job seekers' ISca period were adequately customised to meet job seekers' employment needs. This may indicate that the process of updating JSPs leads to the preparation of higher quality plans.

7.76 The findings regarding the limited customisation of the JSPs of ISca job seekers are consistent with a number of issues identified by DEWR in JNM site monitoring visits in 2003–04. These included DEWR concerns about some JNMs' assessment of job seekers' employment needs and the quality of JSPs.

7.77 The currency and the quality of JSPs have been identified by DEWR as one of the priority focus areas for monitoring visits of JNM sites that are undertaken as part of DEWR's contract management framework for Job Network services. The limited extent of updating of the JSPs of the sampled

JSPs suggests that assistance is not being customised in all cases as was intended.

Approval of JSPs

7.78 Non-compliance by a job seeker with the terms of a valid JSP may result in a penalty, administered by Centrelink, such as a reduced rate of payment or a suspension of payment (a 'breach'). To be enforceable, a JSP must be endorsed by the appropriate legal authority. Normally Centrelink exercises this delegation, but for a time in 2003–04, it was exercised by DEWR.¹⁶¹

7.79 DEWR's advice to JNMs was that DEWR and Centrelink would (electronically) process JSPs within two days of receipt. The ANAO found that JNMs and DEWR processed most of the sampled JSPs without delay. DEWR approved all but two of these JSPs within its two day standard with minor delays in two cases.

7.80 However, DEWR documentation indicated that DEWR systems problems stopped Centrelink from endorsing some 30 000 JSPs in the period from January to June 2004. By the end of August 2004, Centrelink had processed 17 000 of these outstanding JSPs, leaving about 13 000 to be endorsed. The length of time taken to identify that Centrelink had not endorsed a substantial number of JSPs indicates that improvements are needed in DEWR's operational reporting on the preparation and approval of JSPs.

7.81 Systematic monitoring would assist to ensure that JSPs are endorsed in a timely fashion so that job seekers are not disadvantaged by inappropriately attracting a breach. The ANAO did not assess whether any breaches occurred as a result of the delayed endorsement of JSPs by Centrelink.

7.82 DEWR advised that:

Whilst the ISca JSPs may not record details of the services being provided to individuals, it does not mean that tailored services were not being provided. Due to the current dual process of approving JSPs resources are mainly focused on ensuring JSPs are approved and Job Network members may leave some activities out that they think may slow down the approval process.

This current dual process for approval of JSPs will be replaced as of the 16th of May 2005 when the delegation for approving JSPs will be given to Job Network members. This change of delegation will result in Job Network having a greater responsibility as delegates of the Secretary for the quality and content of JSPs. In order to assure ongoing quality of JSPs, DEWR Contract Management staff that currently approve JSPs will undertake quality

¹⁶¹ Centrelink advised the ANAO that during this period, DEWR sampled the JSPs for assurance and then requested that Centrelink 'auto-approve' all of the JSPs on the system.

assurance. In addition, DEWR National Office will conduct regular quality checks of JSPs nationally to ensure that there is a high standard of JSP content and that the requirements of the Social Security legislation as being met.¹⁶²

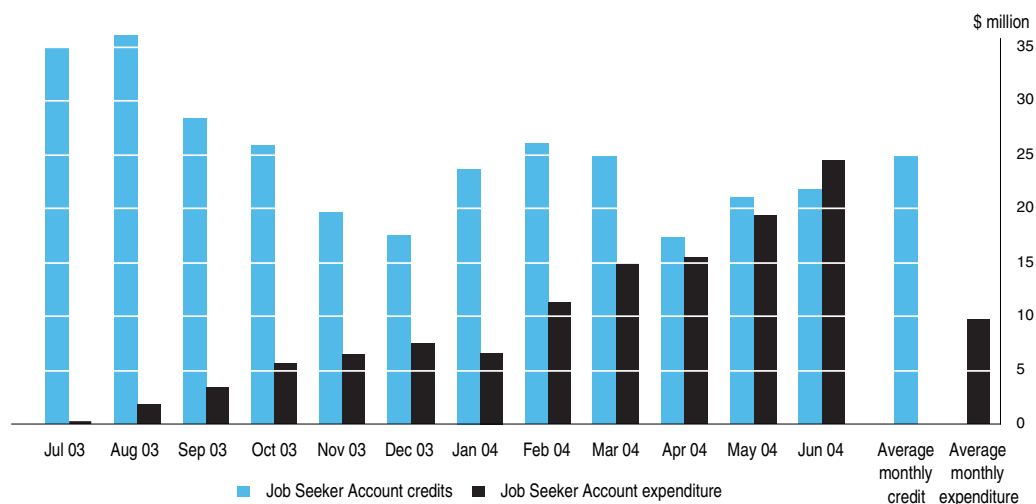
Additional assistance through the Job Seeker Account (JSKA)

7.83 DEWR credits amounts to each JNM’s JSKA based on the profile of job seekers at the provider. The two largest credits, of \$900 and \$500 respectively, are paid when job seekers commence their first and second periods of customised assistance. Additional credits are paid for highly disadvantaged job seekers. JNMs are required to use these funds to provide assistance that is relevant and personalised to the employment needs of individual job seekers.

7.84 In 2003–04, JNMs spent \$117 million on JSKA assistance, equivalent to only 39 per cent of available funds (\$297 million). This low usage was particularly noticeable in the first half of 2003–04 (see Figure 7.2).

Figure 7.2

JSKA monthly credits and expenditure, 2003–2004



Source: ANAO analysis of DEWR performance information.

7.85 Factors that contributed to the low initial usage of the JSKA included uncertainty about the allowable use of these funds and concerns about the high administrative workload of recording and accounting for JSKA expenditure. DEWR advised that it had ‘worked with industry to remove the administrative burden on JNMs’ and that as of April 2005, usage of the JSKA had risen to 67 per cent.¹⁶³ However, as a result of the initial low usage of the JSKA, job

¹⁶² DEWR advice 27 April 2005.

¹⁶³ DEWR advice 27 April 2005.

seekers who participated in customised assistance, particularly during the first half of 2003–04, received less JSKA assistance than is now being provided.

7.86 An examination of the use of the JSKA by the 22 JNMs with the largest caseloads of ISca job seekers at end June 2004¹⁶⁴ found substantial variation in the JSKA use of these JNMs. Their JSKA expenditure ranged from nine per cent to 72 per cent of allocated JSKA funds in 2003–04. Eight of the 22 JNMs spent less than 30 per cent of their JSKA funds, including three that spent less than 20 per cent.

7.87 The variation in JNMs' use of JSKA funds indicates that job seekers participating in intensive support services at some JNMs were provided considerably less additional assistance than at other JNMs. DEWR does not provide information to job seekers on usage of JSKA funds by JNMs.¹⁶⁵

7.88 JNMs are permitted to spend JSKA funds on a wide range of services, activities, facilities and products. DEWR requires JSKA expenditure to be classified and reported against 14 expenditure categories.

7.89 The five largest JSKA expenditure categories of the 112 members of the Job Network in 2003–04¹⁶⁶ were:

- job seeker training (29 per cent);
- clothing and equipment (14 per cent);
- professional services (12 per cent);
- bulk purchases for fares and petrol assistance (10 per cent); and
- employer incentives, including wage subsidies (9 per cent).

7.90 The ANAO examined the pattern of JSKA expenditure of the 22 JNMs with the largest caseloads of customised assistance job seekers at the end of June 2004. The ANAO found that a number of these JNMs had much higher than average use of particular expenditure categories. During 2003–04, one of the 22 JNMs examined, spent 52 per cent of its JSKA expenditure on employer incentives and 41 per cent on professional services. It spent just one per cent on job seeker training and another one per cent on job seeker clothing and equipment.

¹⁶⁴ Their JSKA expenditure in 2003–04 amounted to \$97 million (83 per cent of total JSKA expenditure).

¹⁶⁵ DEWR advised (27 April 2005) that it did not support the provision of information on JSKA usage to job seekers, noting that 'all job seekers have access to JNMs performance information through the Star Ratings which reflect JNMs success in assisting job seekers into employment.' The Star Ratings system is assessed in other ANAO audit activity on the Implementation of the third Employment Services Contract.

¹⁶⁶ The number of JNMs has varied over the life of the third Employment Services Contract. At the time of preparing this report, there were 109 JNMs.

7.91 The ANAO noted that DEWR has identified and raised with particular JNMs their distinctive patterns of JSKA expenditure, such as the high incidence of funds being applied to a limited number of expenditure categories. Should DEWR approaches to relevant JNMs not result in desired changes to their patterns of JSKA expenditure, it would be appropriate for DEWR to consider the conduct of quality audits of their use of JSKA funds. By case sampling of job seeker records, DEWR would obtain greater assurance that the use of JSKA funds by these JNMs is acceptable practice and does not adversely affect service quality for their job seekers.

Job seeker satisfaction with customised assistance

7.92 The measurement and assessment of client satisfaction provides valuable insight into the client experience of services. Client satisfaction is a key measure of service performance for client-oriented agencies.

7.93 DEWR has conducted surveys of job seekers' perceptions and satisfaction with Centrelink and JNM services and their predecessor agencies since the early 1990s. Job seekers' views of intensive support services, including customised assistance, have been covered in surveys undertaken since the third Employment Services Contract commenced in July 2003.

7.94 The surveys covering the period from July to November 2003 indicated that job seeker satisfaction with intensive services recovered from 78 to 85 per cent over the third Employment Services Contract transition and early full implementation period.

7.95 Surveys from October 2003 to February 2004 reported separately on job seeker satisfaction with customised assistance. The survey results indicated a substantial proportion of job seekers were satisfied with customised assistance:

- 84 per cent of job seekers surveyed reported that they were satisfied or very satisfied with the customised assistance they received from JNMs;
- a higher proportion of job seekers were satisfied or very satisfied with customised assistance than with other Intensive Support services (80 per cent) or Job Search Support services (73 per cent); however
- job seeker satisfaction with customised assistance was lower than had been reported for the most comparable service—Intensive Assistance—under the ESC2 contract in October 2002 to February 2003 (88 per cent).

7.96 Overall, the ANAO concluded that job seekers in ISca are generally more satisfied with the services they receive than job seekers in other parts of the service continuum. However, an ANAO assessment of the services

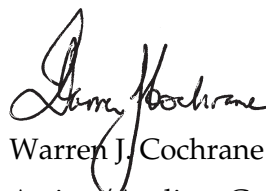
received by an indicative sample of job seekers raises concerns about whether assistance is actually intensive and customised. Problems identified include:

- levels of contact between JNMs and job seekers rarely met contractual specifications, for a range of reasons. The level of contact and associated payment arrangements needs to be clarified;
- documentation of JNM assessment of job seekers' barriers to employment, as required under the third Employment Services Contract, was limited. Better collection of information for each job seeker could improve both their chances of achieving successful outcomes and DEWR's overall outcomes; and
- customisation of job seekers' JSPs through the course of their time in ISca was very limited.

7.97 The ANAO also found while endorsement of most JSPs, which is required to make them legally enforceable, was timely, systems problems resulted in substantial delays in processing some 30 000 JSPs. Systematic monitoring would assist to ensure that JSPs are endorsed in a timely fashion so that job seekers are not disadvantaged by inappropriately attracting a 'breach'.

7.98 JNMs have access to a nominal pool of funds in the Job Seeker Account (JSKA) to assist job seekers. The JSKA is intended to be spent flexibly, and can be used for a wide range of services, activities, facilities and products. The ANAO found that there are substantial variations in JNMs usage of the JSKA overall and the type of uses to which the JSKA is put. The variation in JNMs' use of JSKA funds indicates that job seekers participating in intensive support services at some JNMs were provided considerably less additional assistance than at other JNMs. DEWR does not provide information to job seekers on usage of JSKA funds by JNMs. Further analysis of patterns of JSKA expenditure would provide greater assurance that the use of JSKA funds by JNMs is acceptable practice and does not adversely affect service quality for job seekers.

Canberra ACT
15 June 2005


Warren J. Cochrane
Acting Auditor-General

Appendices

Appendix 1: Previous audits and evaluations relating to the Job Network

Table A1.1

Previous ANAO audits¹⁶⁷

Previous audits	Summary
ANAO Audit report No.39 2001–02, <i>Management of the Provision of Information to Job Seekers</i> .	The audit addressed the information provision aspect of service delivery to job seekers. It examined DEWR's and Centrelink's management of the provision of employment services information to job seekers up to the point where they are referred to organisations that specialise in finding jobs for job seekers (largely but not exclusively JNMs).
ANAO Audit Report No.44 1999–2000, <i>Management of Job Network Contracts</i> .	The audit reviewed the management of the first round of Job Network contracts, which focused on Job Matching, Job Search Training and Intensive Assistance. The objective of the audit was to assess the efficiency and effectiveness of the Department's management of the first round of employment services contracts. A key part of this examination was to assess the department's level of confidence that the programme was meeting government objectives based on performance and management information.
ANAO Audit Report No.7 1998–99, <i>Management of the Implementation of the New Employment Services Market</i> .	The audit determined the extent to which the department implemented the new employment services market effectively and efficiently and in accordance with announced Government policy and timeframe.

Source: ANAO.

Table A1.2

Internal DEWR evaluations¹⁶⁸

Evaluation	Summary
Department of Employment, Workplace Relations and Small Business, Report 1/2000, <i>Job Network Evaluation Stage 1</i> .	The evaluation assessed the implementation of Job Network, and early market experience.
Department of Employment, Workplace Relations and Small Business, Report 2/2001, <i>Job Network Evaluation Stage 2</i> .	The evaluation assessed progress with the new arrangements.
DEWR, Report 1/2002, <i>Job Network Evaluation Stage 3</i> .	The evaluation assessed effectiveness of the new market in improving the sustainable employment outcomes of job seekers assisted and value for money of the new arrangements.

Source: ANAO.

¹⁶⁷ The ANAO has also conducted audits into other employment-related programmes including: ANAO Audit Report No.47 2002–03, *Implementation and Management of the Indigenous Employment Policy*, and ANAO Audit Report No.30 2000–01, *Management of the Work for the Dole Programme*.

¹⁶⁸ The introduction of the Job Network programme was accompanied by a formal strategy to evaluate these arrangements.

Table A1.3**Selected independent external reviews¹⁶⁹**

Review	Summary
<p>Commonwealth Ombudsman, 2001, <i>Own motion investigation into complaint handling in the Job Network.</i></p> <p>Commonwealth Ombudsman, 2003, <i>Own motion investigation into complaint handling in the Job Network.</i></p>	<p>The 2001 inquiry reviewed the Job Network complaints handling process and made 13 recommendations.</p> <p>The 2003 follow-up investigation reviewed progress in complaints handling and made 11 further recommendations.</p>
<p>Organisation for Economic Cooperation and Development (OECD), 2001, <i>Innovations in Labour Market Policies: the Australian Way.</i></p>	<p>The review examined labour market policy in Australia, with attention to both workplace relations and the functions of job-broking, benefit administration and referral to and administration of labour market programmes, which typically make up the Public Employment Service.</p>
<p>Productivity Commission, 2002, <i>Independent Review of the Job Network.</i></p>	<p>The review focused on the policy framework underlying the Job Network in meeting the three key principles identified by the Government (delivering better quality of assistance with better and more sustainable employment outcomes; changing the role of government from provider to purchaser; and the use of competition to improve efficiency and consumer choice). Particular issues in the scope of the inquiry were: the application of a performance-based purchaser-provider model to employment assistance; the roles of service and training providers and the major government agencies involved in the Job Network system; areas where the model could be improved; and the possible scope for the purchaser-provider model to apply, in full or in part, to other types of Commonwealth Government service delivery.</p>

Source: ANAO.

¹⁶⁹ There have been a number of reviews of the social security arrangements affecting job seekers, including the 'breaching' provisions administered by Centrelink. These were beyond the scope of this audit.

Appendix 2: Organisations consulted

Commonwealth Agencies

Centrelink: National Support Office (Canberra), Area Support Offices and Customer Service Centres in Sydney, Melbourne, Adelaide and Perth.

Commonwealth Ombudsman, Canberra.

DEWR: National Office (Canberra), State Offices in Sydney, Melbourne, Adelaide and Perth and Regional Office in Bendigo.

Department of Family and Community Services, Canberra.

Productivity Commission, Canberra.

Peak bodies

National Employment Services Association, Melbourne.

Jobs Australia, Melbourne.

Job Network Members (trading names)

AMES Employment Services, Melbourne.

Caloola Skills Training and Job Placements, Canberra.

CVGT Employment and Training Specialists, Bendigo.

IPC Employment Pty Limited, Sydney.

Job Futures Ltd, Perth.

Job Prospects, Adelaide.

Jobs Statewide Incorporated, Adelaide.

Mission Australia, Sydney.

ORS Employment Solutions, Perth.

PVS Workfind, Perth.

Sarina Russo Job Access, Melbourne.

Status Employment Services, Adelaide.

The Salvation Army Employment Plus, Melbourne.

WorkDirections Australia, Sydney.

Workskil Incorporated, Adelaide.

Appendix 3: Surveys of DEWR, JNM and Centrelink managers and staff

Survey background

1. To identify the client service values and behaviours of staff (client service 'focus'), the ANAO conducted surveys of DEWR, Centrelink and JNM staff and managers. Forum Corporation undertook the surveys during August–September 2004. Forum Corporation has undertaken longstanding worldwide research that has identified the competencies and the underlying practices required by service providers and their managers to deliver high quality client service. Forum has found that service is delivered by a mix of staff working together as a team—inexperienced employees, more experienced employees and seasoned employees—who apply these competencies in different ways and in different contexts, depending on their level of responsibility.
2. For service providers, such as Centrelink and JNMs, Forum has classified the three levels of employee competencies: Foundation, Advanced, and Master (see Table A3.1). In addition Forum's research has identified four management competencies required for service providers to produce high quality client service. These management competencies and their underlying practices relate to all managers of service staff, but they are applied differently depending on the manager's level and area of responsibility.

Table A3.1

Service provider competency groups

Competency	Description
Foundation level	<p>Service staff at the entry level, often beginning this role after participating in an organisation's orientation and training programme. These staff:</p> <ul style="list-style-type: none"> • are expected to handle basic client requests and provide service in line with organisational standards, but usually hand off more complex situations or challenges to others; and • often receive coaching and support from supervisors or more seasoned staff.
Advanced level	<p>More experienced service staff that are able to handle a broader range of clients and situations as a result. These staff:</p> <ul style="list-style-type: none"> • are the people who make up the core of the service staff ranks, deliver most of the routine service, and address most of the challenging situations; but • do not typically require much support or coaching, but neither are they expected to offer support and coaching to others.

Competency	Description
Master level	<p>The most seasoned of all service staff. They have typically worked their way up through the other levels, so they know the organisation, its products, people, and clients well. These staff:</p> <ul style="list-style-type: none"> • often serve as ‘trouble shooters,’ taking on the most difficult or unusual client challenges, working across the organisation to deliver complex solutions, and working to improve delivery processes; but • may not directly manage other service staff, but they are often called upon as formal or informal coaches and sources of information and advice.
Management	<p>Competencies and underlying practices that pertain to all managers of service staff, but are applied differently depending on the manager’s level and area of responsibility. These include:¹⁷⁰</p> <ul style="list-style-type: none"> • manage resources; • motivate people; • build performance; and • improve client-focused processes.

Source: Forum Corporation research.

3. Forum’s research has also identified management competencies for those individuals and organisations whose role it is to manage arrangements to deliver services, but not to actually deliver these services. These are similar to the four service provider management competencies, but with a fifth competency:

- client focused leadership.

4. DEWR expressed reservations about the survey, arguing that:

- the survey’s questions assume a direct relationship between DEWR staff and services provided to job seekers; they fail to recognise that in the outsourced model of employment services, DEWR staff do not directly handle service delivery issues; and
- the survey assumes DEWR has a direct management role in relation to staff, training and internal management issues for Centrelink and Job Network members.¹⁷¹

5. The ANAO noted DEWR’s concerns and took these into account in presenting the survey results in this report. The survey instrument was in fact tailored to reflect DEWR’s role as a purchaser of services and manager of the Job Network programme, with ultimate accountability for the quality of services that job seekers receive. As well, the design of

¹⁷⁰ Forum has identified two relevant managerial roles, namely: function managers—first-line managers who are directly responsible for a group of service staff; and system managers—middle managers who manage one or more function managers.

¹⁷¹ Attachment 2 Comments on ANAO surveys 8 December 2004, WIMS4-116362

the survey was such that it enabled respondents to identify the relevance of each question by ranking how important it was in their workplace. Consequently, if a particular practice were not relevant to a respondent's actual work environment, it would be rated as being of low importance by the respondent, which would be reflected in the ANAO's analysis. This provides assurance about the validity of the questions and the resulting survey responses.

Survey design and implementation

6. Two basic surveys types were prepared, to reflect the separation of purchaser role (DEWR) and provider roles (JNMs and Centrelink).
7. The surveys asked Job Network, Centrelink and DEWR employees and their managers how important each practice identified by Forum's research as underlying the relevant competency is in their workplace (importance scores), thereby establishing each practice's contextual relevance, and the extent to which each practice is actually exhibited in their workplace (performance scores).
8. The surveys used for Job Network and Centrelink were substantively the same,¹⁷² containing:
 - 16 questions relating to the foundation-level practices,¹⁷³
 - nine questions related to advanced-level practices;¹⁷⁴
 - nine questions related to master-level practices;¹⁷⁵ and
 - 12 questions relating to management practices.¹⁷⁶
9. The survey used for DEWR was aligned with the five overall management competencies and reflect its ultimate accountability for the quality of services that job seekers receive.¹⁷⁷ DEWR, NESAs and Centrelink were consulted about the survey questions.

¹⁷² The differences were in some demographic questions.

¹⁷³ Survey questions 1–7,9, 11–18.

¹⁷⁴ Survey questions 19–27.

¹⁷⁵ Survey questions 28–36.

¹⁷⁶ Survey questions 8,10, 37–46.

¹⁷⁷ 20 questions related to specifically to DEWR (questions 1–20); 20 questions related to DEWR's interaction with JNMs (questions 21–41); and 19 questions relation to DEWR's interaction with Centrelink (questions 42–60).

10. A stratified random sample of respondents for the surveys was selected, drawn from data supplied from the Centrelink¹⁷⁸ and DEWR systems.¹⁷⁹ In addition to enabling analysis by functional role and an employee's level of experience, the following strata were selected in consultation with DEWR, NESA and Centrelink:
- for DEWR, the sample was drawn to enable comparison between DEWR National office and DEWR State/Regional office staff;
 - for JNMs, the sample was drawn to enable comparison between:
 - small/medium/large JNMs;¹⁸⁰
 - sites with different job placement and outcome fee claim performance;¹⁸¹
 - metropolitan/non-metropolitan JNMs;¹⁸²
 - for profit/not for profit JNMs; while
 - for Centrelink, the sample was drawn to enable comparison between Centrelink Areas.
11. Selected participants received an e-mail inviting their participation in an on-line survey. The surveys were conducted during August–September 2004.

Precision of survey results

12. The survey results are based on a sample rather than the full population and are, therefore, subject to statistical error. The extent of this error can be described by the 'confidence interval' surrounding the survey estimates. This audit report presents 95 per cent confidence intervals for the whole sample and 90 per cent for each stratum.
- The confidence interval presents upper and lower bounds within which the true population value can be expected to lie.

¹⁷⁸ Centrelink HRM system data.

¹⁷⁹ JNM staff details were obtained from DEWR's EA3000 IT system. DEWR provided contact details for its staff; only staff whose work substantially relates to Job Network (i.e. more than 30 per cent) were included in the DEWR survey population.

¹⁸⁰ Based on the size of the active caseload at a JNM site as a proportion of the national active caseload.

¹⁸¹ Based on the DEWR 'star rating' for the site. The performance measures used to calculate Star Ratings reflect the job placement and longer-term outcome fees that are paid to Job Network members when they place job seekers into employment (DEWR, July 2004, *Job Network Star Ratings*, p5).

¹⁸² Based on DEWR classification of the Labour Market Region in which the JNM site was located.

For example, with a 95 per cent level of confidence, there is only a five per cent chance that the true population value falls outside this range.

Response rates and resulting confidence levels

Provider surveys

13. The survey was administered to 2152 Centrelink and 688 JNM employees and managers who were invited to complete the survey via the internet.
- 925 Centrelink staff responded, including 23 Managers, with the other respondents being frontline staff including Team Leaders.
 - The standard deviations of data around the mean for the importance and performance scores for each practice ranged from 0.6 to 1.1, indicating that the accuracy of the means ranged from +/- (0.039 to 0.071) at a 95 per cent confidence interval for the whole sample. Consequently, the averages of the practice scores for the total sample data can be considered to be highly accurate.
 - As would be expected, when the sample was split into smaller sub-categories down to as low as 38 respondents the accuracy of the means of the practice scores for the sub-categories declined. The accuracy of the means ranged from +/- (0.18 to 0.32) at a 90 per cent confidence interval; still a robust measure producing meaningful data.
 - 362 Job Network staff responded, including 88 Managers and 32 CEOs, with the others being frontline staff.
 - The standard deviations of data around the mean for the importance and performance scores for each practice ranged from 0.5 to 1.1 indicating that the accuracy of the means ranged from +/- (0.05 to 0.11) at a 95 per cent confidence interval for the whole sample. Consequently, the means of the practice scores for the total sample data can be considered to be highly accurate.
 - As would be expected, when the sample was split into smaller sub-categories down to as low as 32 respondents the accuracy of the means of the practice scores for the sub-categories declined. The accuracy of the means ranged from +/- (0.1 to 0.15) at a 90 per cent confidence

interval; still a robust measure producing meaningful data.

DEWR survey

14. The survey was administered to 284 DEWR employees and managers who were invited to complete the survey via the internet.
- 120 DEWR staff responded, including 35 from the National Office and 85 from DEWR State and Regional Offices. There were 21 Managers and 99 employees.
 - The standard deviations of data around the mean for the importance and performance scores for each practice ranged from 0.6 to 2.2 indicating that the accuracy of the means ranged from +/- (0.11 to 0.39) at a 95 per cent confidence interval for the whole sample. The majority of standard deviations for the scores were 1.1 or less indicating that for much of the data the accuracy is +/- 0.2.
 - As would be expected, when the sample was split into smaller sub-categories down to as low as 21 respondents the accuracy of the means of the practice scores for the sub-categories declined. The accuracy of the means ranged from +/- (0.07 to 0.12) at a 90 per cent confidence interval; still a robust measure producing meaningful data.

Relevance of the Questionnaires

15. The survey respondents were asked respectively to indicate for each practice how important they think the practice is in context of their work environment and the extent to which they believe the practice is actually performed. By identifying the importance of a practice in their workplace, respondents were also identifying the practice's relevance. If a particular practice were not relevant to a respondent's actual work environment, it would be rated as being of low importance by the respondent, which would be reflected in the ANAO's analysis. This provides assurance about the validity of the questions and the resulting survey responses.

Provider surveys

16. A substantial majority of the staff of the Job Network and Centrelink considered that all of the 46 practices were highly important and, therefore, relevant.

DEWR survey

17. The DEWR survey contained questions relating to DEWR-specific practices, practices relating to DEWR's interaction with JNMs, and practices relating to DEWR's interaction with Centrelink. Of these:
- most DEWR staff considered that all of the 20 DEWR-specific were highly important and, therefore, relevant; and
 - most DEWR staff considered that a substantial majority of the 49 practices relating to DEWR's interaction with JNMs and Centrelink were highly important and, therefore, relevant;
 - five of these 49 practices were not scored by the majority of the staff of DEWR as very or most important.¹⁸³

Survey results

Shared client service focus

18. The extent to which respondents share a client service focus will be reflected in the pattern of their survey responses. While some variability would be expected, research has shown that an organisation with a shared client service focus would be expected to demonstrate:
- a narrow range of responses to questions, that is little affected by major variables, such as the respondent's role or location; and
 - a consistent and narrow range in the ratings given to the importance of a practice and to its actual performance. That is, one would expect such an organisation to consistently put into

¹⁸³ These practices were:

- Questions 31 and 52: 'We encourage {Centrelink/JNMs} to recognize and reward the efforts of its staff in delivering high quality service that meets or exceeds the expectations of job seekers.'
- Questions 32 and 53: 'We encourage {Centrelink/JNMs} to create a supportive and positive work environment for its staff that enhances employee retention.'
- Questions 33 and 54: 'We encourage {Centrelink/JNMs} to create a supportive and positive work environment that cultivates positive attitudes among its staff towards serving job seekers responsively, fairly and courteously.'
- Question 44: 'We collect and monitor feedback from job seekers about the quality of their interactions with Centrelink using a variety of methods on a continuous basis.' When asked the corresponding version of this practice in relation to JNMs, 77 per cent of DEWR staff rated it as very or most important.
- Question 51: 'Our employees are kept appropriately informed about the service performance of Centrelink.' When asked the corresponding version of this practice in relation to JNMs, 77 per cent of DEWR staff rated it as very or most important.

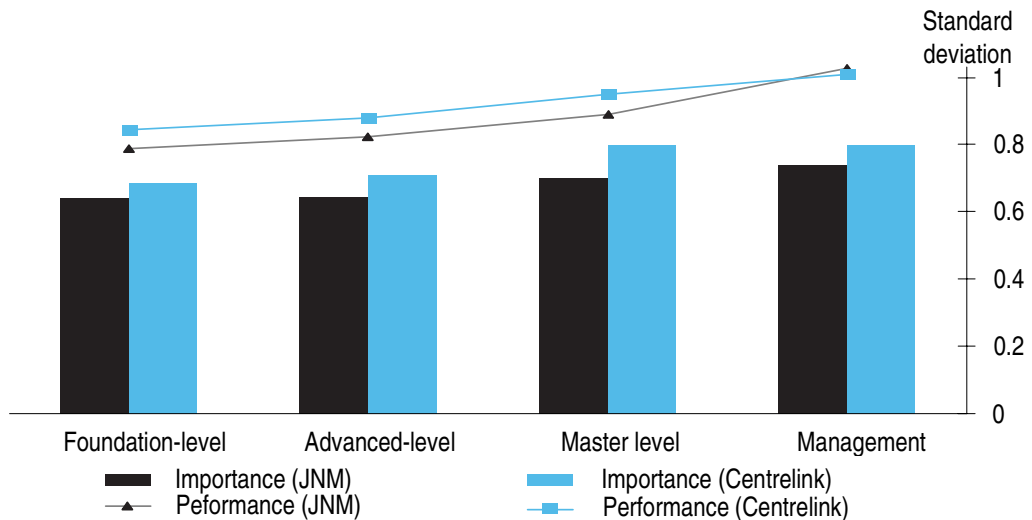
practice the things that are most important to it.

Provider surveys

19. The Centrelink and JNM survey responses were highly consistent. The responses did not vary because of: the role fulfilled by a staff member and geographical location (Centrelink and JNM), and size, ownership status, and performance (JNM). Overall, the range of responses was narrow.¹⁸⁴
20. Consequently, the surveys indicate that both Centrelink and JNMs generally share a strong client service focus. The surveys indicate that quality of client service provided to job seekers is likely to be very consistent across Centrelink offices and JNM offices. There was a strong, consistent view among respondents about the importance of practices. There was a less consistent view on whether these practices were performed. This view also changed according to the competency level (see Figure A3.1).

Figure A3.1

Range of survey responses by competency group—Centrelink and JNMs



Source: ANAO survey data.

¹⁸⁴ Range of responses is measured by the standard deviation to the average response. The standard deviations of the importance and performance scores of each practice indicate the degree of variability with which respondents view a practice’s importance and observe the extent to which that practice is exhibited in their work environment. The JNM/Centrelink surveys showed standard deviation for importance scores around 0.7, and for performance scores it was around 0.9 out of a five-point scale.

DEWR survey

21. The variation in DEWR survey responses was, with some exceptions,¹⁸⁵ little affected by the respondent's location (National or State office) or role (manager or employee). However, the range of responses was wide.¹⁸⁶ Most notably:
- there was stronger alignment among respondents on their views about the importance of each practice than on their views on how each practice is performed; and
 - there was stronger alignment among respondents in respect to DEWR's interaction with Centrelink than its interaction with JNMs. This indicates a difference in respondent attitudes and behaviours in respect of the two organisations.
22. Figure A3.2 illustrates the range in survey responses for importance and performance ratings for the DEWR-specific questions, DEWR–JNM interaction questions and DEWR–Centrelink interaction questions.

¹⁸⁵ There were three questions where DEWR National Office staff rated the performance of a practice substantially higher than State/Regional Office staff.

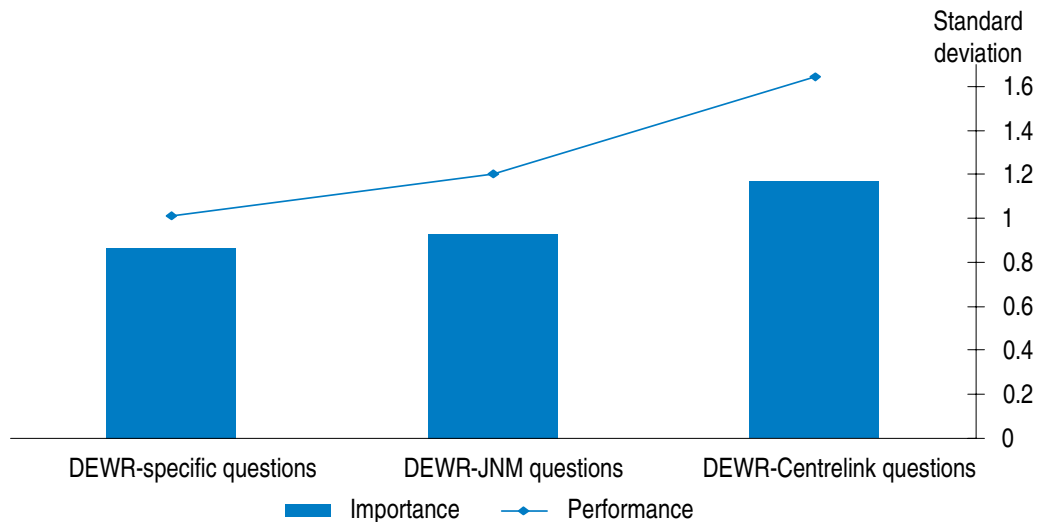
- 38/57: 'Whenever our plans and priorities for service delivery change we work closely with {JNMs/Centrelink} to ensure those changes are workable and implemented by them';
- 39/58: 'We communicate clearly and consistently to {JNMs/Centrelink} our objectives and priorities for the delivery of high quality Job Network services'; and
- 40/59: Our {contractual arrangements with JNMs/BPA with Centrelink} incorporates mechanisms that enable an appropriate level of oversight of the quality of their respective service delivery for job seekers.'

The differences performance rating for these questions ranged between 0.3-0.7. The average difference for all other questions was 0.29 (national office greater than state office).

¹⁸⁶ See footnote 184. In the DEWR survey, the standard deviation for importance scores was around 0.9 and for performance scores it was around 1.3 out of a five point scale. The JNM/Centrelink surveys showed standard deviation for importance scores around 0.7 and for performance scores it was around 0.9 out of a five-point scale. The surveys were closely related but not identical and, therefore, the standard deviations are not precisely comparable. However, indicatively, the DEWR standard deviations were in the order of 30-40 per cent greater than the JNM/Centrelink standard deviations.

Figure A3.2

Range of survey responses by question group—DEWR survey



Source: ANAO survey data.

23. DEWR expressed concern that:

this variation may simply reflect the difficulty facing staff in having to respond to questions in an outsourced environment where staff have specific functions and duties and are not in a position to know the specialised work of others. We do not consider that ANAO recognises the complex nature of work undertaken by DEWR staff in an outsourced environment and the corollary, DEWR staff cannot be expected to know everything happening in that environment.

24. The ANAO acknowledges that some DEWR staff are specialised and that the work involved in managing the Job Network is complex. However the ANAO notes that the survey sample was drawn from a population of staff, identified by DEWR, for whom a substantial component of their duties relates specifically to the Job Network. The survey questions were developed from ones that have been used successfully over many years and were the subject of extensive consultation and refinement with DEWR prior to the despatch of the questionnaire. Importantly, the design of the survey enabled staff who were unsure of a question to lodge a 'don't know' answer—these were excluded from the ANAO's analysis.

25. Consequently, the ANAO's analysis reflects data provided by respondents who felt competent to provide an answer to a question. These data shows that there is room for DEWR to improve its client service focus in terms of the extent to which its staff agree on the

important practices in managing the service delivery arrangements, and more particularly, in ensuring that these practices are consistently performed. A starting point would be the refinement and promulgation to all relevant staff of DEWR's statement on its approach to Job Network service quality discussed in Chapter 2.

Strengths and weaknesses

26. The surveys provide the opportunity to identify where staff perceived that there were strengths (ranked as highly important and frequently performed) and weaknesses (where there was a large gap between the practice's importance and its performance) in workplace practices. The latter, referred to as 'service gaps', are areas where respondents feel that their organisation could do better, and may constitute barriers to higher performance if not addressed.

Provider surveys

Strengths

27. For both Centrelink and Job Network, the areas of relative strength (ranked as highly important and frequently performed) were in practices involving direct interactions with job seekers, in particular:
- 3. We are knowledgeable about and can provide job seekers with accurate and relevant information and advice about our basic services;
 - 5. We are capable of addressing common requests by job seekers promptly and effectively; and
 - 13. We are committed to ensuring job seekers are treated with fairness, respect and sensitivity to their cultural needs and differences.
28. These results were consistent across the management and staff of both JNMs and Centrelink. This is a positive outcome as direct interaction between service provider and job seeker is a crucial element in the overall job seeker experience.
29. The ANAO considers that these results provide a solid platform for delivery of high quality services to job seekers as the practices are required in order for any service delivery organisation to function well.

Weaknesses

30. Respondents from Centrelink consistently recorded substantially larger (i.e. double) service gaps than respondents from JNMs (see Table A3.2).

This indicates that Centrelink respondents had lower perceptions of their performance across all the practices than JNM respondents.¹⁸⁷

Table A3.2

Average service gap for service delivery competency groups

	Foundation competency group	Advanced competency group	Master competency group	Management competency group
JNM service gap	0.3	0.3	0.3	0.6
Centrelink service gap	0.6	0.6	0.7	1.1

Source: ANAO survey results.

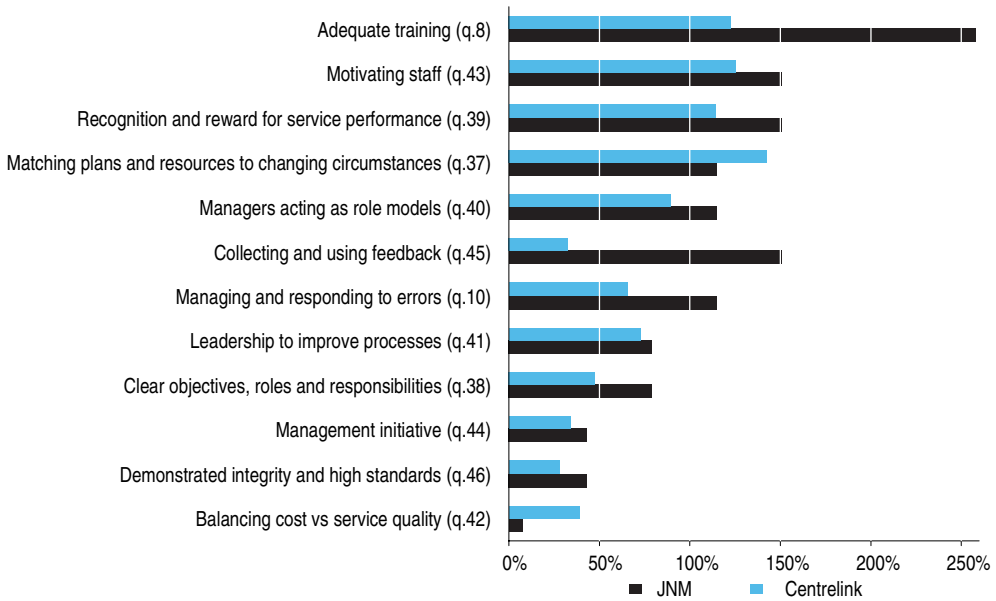
Note: Average service gap calculated as the difference between the average importance rating and average performance rating.

31. The pattern of service gaps was very similar for Centrelink and JNMs, that is, they possessed similar tendencies in being relatively stronger or weaker in each practice. Table A3.2 shows that for both Centrelink and JNMs, the competency areas of relative weakness (ranked as highly important but with larger service gap) were in the management practices grouping, although the respondents identified other specific weaknesses for Centrelink (see below).
32. Analysis of the questions in the management competency group to identify the practices with the greatest influence shows that all management questions recorded a larger service gap than the non-management questions, ranging from seven per cent larger to over 250 per cent (see Figure A3.3).

¹⁸⁷ The average service gap recorded by Centrelink respondents was 0.73, for JNM respondents it was 0.36. It is not possible, from the survey results to determine the cause of the difference. It may, for example, reflect a more self-critical culture in Centrelink than in the JNMs. Centrelink commented that the result may reflect Centrelink's focus on job seeker participation. Conversely, the ANAO considers that it is equally possible that the survey accurately identifies the presence of much larger and more widespread barriers to achieving high quality services in Centrelink than in JNMs.

Figure A3.3

Specific weaknesses in management practices (relative service gaps—per cent)



Source: ANAO survey analysis.

Note: Average service management service gaps calculated as the percentage increase over the relevant average service gaps for non-management questions (JNM 0.28 and Centrelink 0.61). A figure of 100 per cent indicates that the management question service gap was 100 per cent larger (i.e. double) the average service gap for non-management questions. In absolute terms, the management question service gaps were 85 per cent greater for Centrelink than JNM respondents.

- 33. In both Centrelink and JNMs, managers tended to rate their own performance better than staff on some questions.¹⁸⁸
- 34. Overall, the survey results indicate that both Centrelink and JNMs have a strong client service focus and respondents consider that their agencies perform well in direct interaction with job seekers. However the survey respondents consider that their agencies could improve further by focusing attention on the implementation of service practices generally and the more complex service competencies in particular. A number of practices, particularly those in relation to internal management were identified as priority areas where performance should be improved if the overall level of service quality is to be enhanced.

¹⁸⁸ For example, managers tended to rate their performance as role models (question 40) higher than their staff; this was particularly pronounced in Centrelink.

DEWR survey

Strengths

35. For DEWR-specific practices, one statement stands out as an area of relative strength (ranked as highly important and frequently performed):
1. Our organization believes that giving job seekers high quality of service will lead to the successful fulfilment of our mission to help job seekers to find employment opportunities.
36. Similarly, in relation to its interactions with JNMs and Centrelink, one statement stands out as an area of relative strength:
- 22/43. We build trust and confidence with (Centrelink/Job Network members) by acting with integrity and ethically at all times.
37. These are positive results for DEWR, confirming its focus on its employment objectives and intentions to act with integrity and ethics in its relationships with its service providers.

Weaknesses

38. Respondents identified areas of perceived weakness (where there was a large gap between the practice's importance and its performance). There were no areas of perceived weakness that strongly aligned with particular management competencies. There were, however, clear areas of perceived weakness in terms of questions relating to DEWR's internal management practices and its interaction with JNMs and Centrelink. For example,
- Four DEWR-specific questions were ranked as areas of relative weakness. Most notably, the service gap for one question, '14. In DEWR people who demonstrate behaviours that contribute to the achievement of high quality Job Network services are recognised and rewarded' was 80 per cent larger than the average service gap for these questions.¹⁸⁹
 - DEWR commented that in its view, 'this question is so lacking in meaning and relevance that no meaningful result is likely to be derived from it.' The ANAO

¹⁸⁹ Questions 13 (Our managers know what to do to improve job seekers' satisfaction with Job Network services), 15 (We put adequate resources and effort into encouraging effective organisation-wide working relations between DEWR, Job Network members and Centrelink to promote the co-ordination of their work for job seekers) and 17 (In our management of Job Network services, we seek to balance immediate requirements with longer term needs) also showed service gaps 13-35 per cent larger than the average.

considers the question to be unambiguous,¹⁹⁰ and notes that DEWR respondents considered the practice to be important in their workplace.¹⁹¹

- One question relating to the interaction between DEWR and JNMs was ranked as an area of notable weakness: '27. Our mechanisms for overseeing the service delivery of Job Network members give us assurance that they train and develop their staff to build their capability to deliver a high quality of service for job seekers.'
 - The service gap was more than double the average for other questions about DEWR–JNM interactions.¹⁹² Training was also an area of substantial weakness identified by JNM staff.

39. More significantly, the survey results show marked differences in the attitude and behaviour of DEWR in respect of Centrelink and JNMs—responses from DEWR staff and managers tended to express less confidence and capability in managing the performance and behaviour of Centrelink than JNMs. The data shows that DEWR managers perceive that DEWR's competency in the areas of managing resources and building Centrelink's performance could be improved (see Figure A3.4).¹⁹³

¹⁹⁰ No respondents answered 'don't know'.

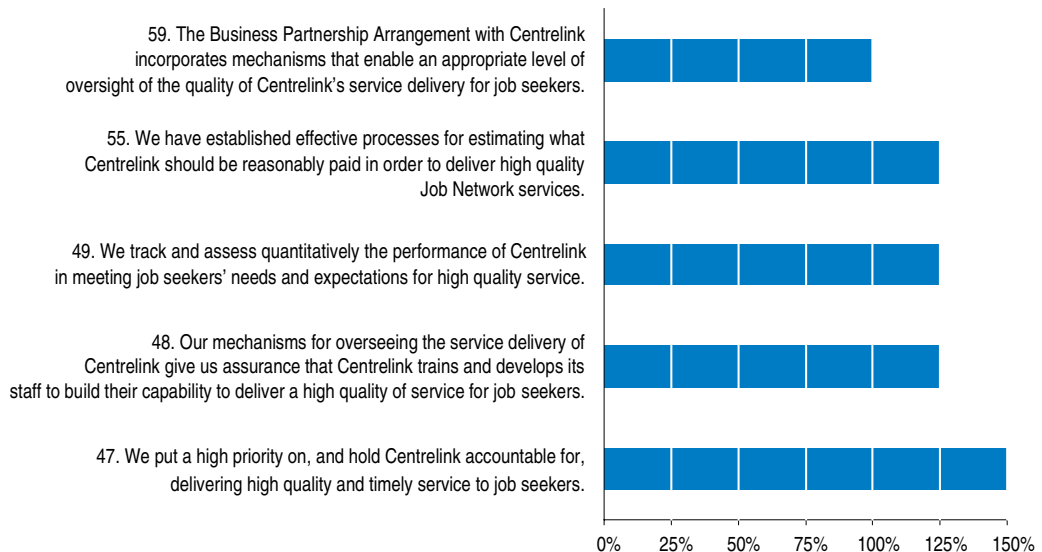
¹⁹¹ Within 1 standard deviation of the average for these questions.

¹⁹² The service gap was more than 130 per cent larger than the average gap for these practices. This was also a practice considered to be more important than the average for these practices. Fewer than average respondents answered 'don't know'.

¹⁹³ DEWR staff also identified a service gap in the area of motivating Centrelink staff.

Figure A3.4

DEWR–Centrelink interaction: largest relative service gaps (DEWR manager views—per cent)



Source: ANAO survey analysis.

Note: Relative size of service gaps calculated as the percentage increase over the relevant average service gaps for other DEWR–Centrelink (average 0.73). A figure of 100 per cent indicates that the question service gap was 100 per cent larger (i.e. double) the average service gap for other DEWR–Centrelink questions

40. Each of the practices in Figure A3.4 was considered to be more important than the average,¹⁹⁴ while the performance was considered to be much lower than the average, resulting in service gaps that were at least double the average.¹⁹⁵
41. The perceived lack of confidence in managing Centrelink's performance is evident in DEWR comments on the service gaps in Figure A3.4. For example:

in relation to Question 48, it is not surprising if DEWR staff when surveyed responded on the assumption that DEWR was not responsible for training and development of Centrelink staff given the extent of control DEWR has had in relation to these areas.¹⁹⁶

¹⁹⁴ Average importance rating for DEWR–Centrelink interaction for DEWR managers was 3.5 (all respondents 3.7) while the importance ratings for the practices for questions in Figure A3.4 for DEWR managers ranged from 3.6-4.1 (all respondents 3.7-4.0).

¹⁹⁵ For DEWR managers, the average service gap for practices in Figure A3.4 was 0.9, compared to an average service gap for all DEWR–Centrelink interaction practices of 0.53.

¹⁹⁶ Training was also an area of substantial weakness identified by Centrelink staff.

42. It is noteworthy that analysis of the 'don't know' answers also indicates much greater uncertainty amongst all respondents in this relation to the DEWR–Centrelink interaction. Of the 17 questions that had a high 'don't know' response rate, 14 (82 per cent) related to DEWR's interaction with Centrelink.¹⁹⁷ Consistent with the survey's findings, the uncertainty was much greater (over 55 per cent) in relation to the performance of DEWR–Centrelink interaction practices than their importance. That is, many respondents who considered particular practices in relation to DEWR's interaction with Centrelink to be important in their workplace, expressed ignorance of the extent to which this practice actually occurs.¹⁹⁸
43. Overall, the survey results confirm DEWR's focus on its employment objectives and intentions to act with integrity and ethics in its relationships with its service providers. However, the results also show that staff consider that DEWR's client service focus could be improved, particularly by ensuring that important practices are consistently performed. The client service focus results are unsurprising, as DEWR had not prepared its corporate statement on Job Network service quality (discussed in Chapter 2) at the time of the survey. Staff also identified areas of weakness, particularly in relation to DEWR's interaction with Centrelink.

¹⁹⁷ The remainder related to DEWR's interaction with JNMs; none related to DEWR-specific practices.

¹⁹⁸ In general, National Office respondents reported higher levels of ignorance than State/Regional Office respondents across all practices.

Survey instrument for DEWR

Welcome Page

Thank you for agreeing to complete our survey on services provided for job seekers.

The Australian National Audit Office ('the ANAO') provides independent, objective reports and advice for the Parliament, the Government and the community. The ANAO is conducting a survey across the Department of Employment and Workplace Relations ('DEWR') to gain insight about the way that services are provided for job seekers. You, along with a cross-section of your colleagues, are asked to assist by completing the survey not later than 19th August 2004.

The survey is being conducted on behalf of the ANAO by Forum Corporation Pty Ltd, an independent consultancy, and administered by Colmar Brunton, a market research firm.

The ANAO, Forum Corporation and Colmar Brunton will treat your responses as strictly confidential: all the data collected will be aggregated for analysis purposes and no individual response will be divulged to any organisation, including other government agencies.

Please respond to every item listed in the three Parts of the survey in a way that honestly reflects your opinion about the way you consider things happen in your work environment.

The words 'we', 'our' and 'our organisation' used in the survey all refer to the DEWR. The words 'Job Network services' refer to the services provided for job seekers by Job Network members and Centrelink collectively.

The survey will take about 30 minutes to complete. If you cannot complete the survey form on your first visit to the Hyperlink site you can SUSPEND the survey and make further visits, however, once the survey is completed your access to the site will cease.

Demographics

Q1. By clicking the appropriate circle below, please indicate the words that best describe your location and role within DEWR

State/Regional Office

1. Manager
2. Account manager/Contract manager
3. Other

National Office

1. SES
2. Section Head or equivalent
3. Other

Q2. By clicking the appropriate circle below, please indicate the words that best describe the extent to which your work is concerned with Job Network services

1. To a very great extent
2. To a great extent
3. To a moderate extent

4. To a small extent
5. Not at all

There are 60 workplace practices shown on the next three screens. Accompanying each practice are two Drop Down boxes, one called Importance and the other Performance.

Please make a selection from each of the Drop Down boxes to indicate for each practice respectively how important you think the practice is in context of the work environment and the extent to which you believe the practice is actually performed.

By using the scroll bar on the right of your screen, please continue scrolling down the page to ensure that all 15 practices have been considered

Importance

- | | |
|-------------------------|-------------------|
| 1. Not at all important | 4. Very Important |
| 2. Slightly Important | 5. Most Important |
| 3. Moderately Important | 6. Don't Know |

Performance

- | | |
|-------------------------|---------------------------|
| 1. Not at all | 4. To a great extent |
| 2. To a small extent | 5. To a very great extent |
| 3. To a moderate extent | 6. Don't Know |

Part I

The following items relate specifically to DEWR:

1. Our organisation believes that giving job seekers a high quality of service will lead to the successful fulfilment of our mission to help job seekers find employment opportunities.
2. Our top leaders are deeply committed to helping job seekers find employment by providing high quality Job Network services and they communicate this vision to our organisation.
3. Our top leaders demonstrate consistently with their actions a deep commitment to ensuring job seekers are provided with a high quality of service.

4. While appreciating that there are many stakeholders with important interests in our work of managing the delivery of Job Network services, our organisation puts the interests of job seekers ahead of other stakeholders.
5. In the interest of fulfilling job seekers' expectations, we try to minimise the bureaucracy of the policies and processes that apply to Job Network services.
6. We work to develop customised services that address the needs of, and are valuable for, different categories of job seekers in finding employment opportunities.
7. We see improvement and innovation in respect to the provision of Job Network services as our responsibility.
8. We identify and evaluate new technology to streamline and simplify processes and procedures to improve services for job seekers.
9. We have created systems and processes that support information and knowledge sharing between and among DEWR, Job Network members and Centrelink offices.
10. We promote collaboration between and among DEWR, Job Network members and Centrelink to deliver high quality service from beginning to end for job seekers.
11. Our managers make sure that we behave in ways that benefit job seekers as they move through the process to find employment.
12. In our communications with Job Network members and Centrelink we set a tone that encourages them to take ownership of service problems and to show initiative in solving these problems to meet or exceed job seekers' needs.
13. Our managers know what to do to improve job seekers' satisfaction with Job Network services.
14. In DEWR people who demonstrate behaviours that contribute to the achievement of high quality Job Network services are recognised and rewarded.
15. We put adequate resources and effort into encouraging effective organisation-wide working relations between DEWR, Job Network members and Centrelink to promote the co-ordination of their work for job seekers.
16. We support actively the development of effective working relations between Job Network members and Centrelink at the local level to foster co-ordination of their work for job seekers.
17. In our management of Job Network services, we seek to balance immediate requirements with longer term needs.
18. As business conditions and Job seeker needs change, we adjust our plans and priorities to maintain the delivery of high quality Job Network services.
19. Our decisions on the location of generalist and specialist Job Network member sites across Australia are based more on the needs of job seekers than the interests of organisations wanting to provide Job Network services.
20. We use market and industry data to identify emerging trends and opportunities to improve service delivery.

Part II

The following items relate specifically to DEWR and the Job Network members:

21. In our dealings with Job Network members we pay as much attention to job seeker satisfaction as to financial/cost issues.
22. We build trust and confidence with Job Network members by acting with integrity and ethically at all times.
23. We collect and monitor feedback from job seekers about the quality of their interactions with Job Network members using a variety of methods on a continuous basis.
24. We seek opportunities to work with Job Network members to try new services and ways of doing things to serve job seekers better.
25. We have established and communicated to Job Network members challenging and achievable service commitments that define the high quality of service that we want them to provide for job seekers.
26. We put a high priority on, and hold Job Network members accountable for, delivering high quality and timely service to job seekers.
27. Our mechanisms for overseeing the service delivery of Job Network members give us assurance that they train and develop their staff to build their capability to deliver a high quality of service for job seekers.
28. We track and assess quantitatively the performance of Job Network members in meeting job seekers' needs and expectations for high quality service.
29. When our assessments require it, we work with Job Network members to improve their service performance.
30. Our employees are kept appropriately informed about the service performance of the Job Network members.
31. We encourage Job Network members to recognise and reward the efforts of their staff in delivering high quality service that meets or exceeds the expectations of job seekers.
32. We encourage Job Network members to create a supportive and positive work environment for their staff that enhances employee retention.

33. We encourage Job Network members to create a supportive and positive work environment that cultivates positive attitudes among their staff towards serving job seekers responsively, fairly and courteously.
34. We support actively the development of effective working relations between Job Network members at the local level to foster co-ordination of their work for job seekers.
35. We have established effective processes for estimating what Job Network members should be reasonably paid in order to deliver high quality Job Network services.
36. Our contractual arrangements with Job Network members provide sufficient funding for them to have the staff and other resources they need to be able to achieve the standards for high quality service for job seekers that we have set for them.
37. Our planning and management of the flow of job seekers to Job Network members is effective in supporting the delivery of high quality service to job seekers.
38. Whenever our plans and priorities for service delivery change we work closely with Job Network members to ensure those changes are workable and implemented by them.
39. We communicate clearly and consistently to Job Network members our objectives and priorities for the delivery of high quality Job Network services.
40. Our contractual arrangements with Job Network members incorporate mechanisms that enable an appropriate level of oversight of the quality of their respective service delivery for job seekers.
41. Our mechanisms for overseeing the service delivery of Job Network members give us assurance that their respective service delivery is aligned to our high service quality commitments.

Part III

The following items relate specifically to DEWR and Centrelink:

42. In our dealings with Centrelink we pay as much attention to job seeker satisfaction as to financial/cost issues.
43. We build trust and confidence with Centrelink by acting with integrity and ethically at all times.
44. We collect and monitor feedback from job seekers about the quality of their interactions with Centrelink using a variety of methods on a continuous basis.
45. We seek opportunities to work with Centrelink to try new services and ways of doing things to serve job seekers better.
46. We have established and communicated to Centrelink challenging and achievable service commitments that define the high quality of service that we want Centrelink to provide for job seekers
47. We put a high priority on, and hold Centrelink accountable for, delivering high quality and timely service to job seekers.
48. Our mechanisms for overseeing the service delivery of Centrelink give us assurance that Centrelink trains and develops its staff to build their capability to deliver a high quality of service for job seekers.
49. We track and assess quantitatively the performance of Centrelink in meeting job seekers' needs and expectations for high quality service.
50. When our assessments require it, we work with Centrelink to improve its service performance.
51. Our employees are kept appropriately informed about the service performance of Centrelink.
52. We encourage Centrelink to recognise and reward the efforts of its staff in delivering high quality service that meets or exceeds the expectations of job seekers.
53. We encourage Centrelink to create a supportive and positive work environment for its staff that enhances employee retention.
54. We encourage Centrelink to create a supportive and positive work environment that cultivates positive attitudes among its staff towards serving job seekers responsively, fairly and courteously.
55. We have established effective processes for estimating what Centrelink should be reasonably paid in order to deliver high quality Job Network services.
56. Our Business Partnership Arrangement with Centrelink provides sufficient funding for Centrelink to have the staff and other resources it needs to be able to achieve the standards for high quality service for job seekers that we have set for Centrelink.
57. Whenever our plans and priorities for service delivery change we work closely with Centrelink to ensure those changes are workable and implemented by Centrelink.
58. We communicate clearly and consistently to Centrelink our objectives and priorities for the delivery of high quality Job Network services.
59. The Business Partnership Arrangement with Centrelink incorporates mechanisms that enable an appropriate level of oversight of the quality of Centrelink's service delivery for job seekers.
60. Our mechanisms for overseeing the service delivery of Centrelink give us assurance that its service delivery is aligned to our high service quality commitments.

Survey instrument for Centrelink/JNMs

Welcome Page

Thank you for agreeing to complete our survey on services provided for job seekers.

The Australian National Audit Office (the ANAO) provides independent, objective reports and advice for the Parliament, the Government and the community. The ANAO is conducting a survey across the Job Network to gain insight about the way that services are provided for job seekers. You, along with a cross-section of your colleagues, are asked to assist by completing the survey not later than 5th August 2004.

The survey is being conducted on behalf of the ANAO by Forum Corporation Pty Ltd, an independent consultancy, and administered by Colmar Brunton, a market research firm.

The ANAO, Forum Corporation and Colmar Brunton will treat your responses as strictly confidential: all the data collected will be aggregated for analysis purposes and no individual response will be divulged to any organisation, including other government agencies.

Please respond to every item listed in the survey in a way that honestly reflects your opinion about the way you consider things happen in your work environment. The words 'we', 'our' and 'our organisation' used in the survey all refer to {Centrelink/the Job Network provider for which you work}.

The survey will take about 30 minutes to complete. If you cannot complete the survey form on your first visit to the Hyperlink site you can SUSPEND the survey and make further visits, however, once the survey is completed your access to the site will cease.

Centrelink demographic questions

Q1 ROLE

Q1. By clicking the appropriate circle below, please indicate the words that best describe your role."

1. Customer Services Officer
2. Start-up/Participation/Customer Support
3. Specialist Role (for example, psychologist, social worker etc.)
4. Team Leader
5. Manager

Q2 WORK WITH JOB SEEKERS

1. Yes
2. No

Q3 SUPPORT OR MANAGE STAFF

Q3. Do you support/manage staff that work with job seekers?"

1. Yes
2. No

Q4 EXPERIENCE IN ROLE

Q4. By clicking the appropriate circle below, please indicate the words that best describe your experience in your role."

1. Somewhat new to my role, with limited knowledge and experience
2. More established in my role, with broad capability and experience
3. Very experienced in my role, with strong knowledge and experience and able to deal with challenging situations.

JNM demographic questions

Q1 ROLE

Q1. By clicking the appropriate circle below, please indicate the words that best describe your role.

1. Operational role (for example, consultant or customer service officer)
2. Specialist role (for example, reverse marketer or psychologist)
3. Manager of a Job Network site or work unit
4. CEO or equivalent of a Job Network provider

Q2 EXPERIENCE IN ROLE

Q2. By clicking the appropriate circle below, please indicate the words that best describe your experience in your role."

1. Somewhat new to my role, with limited knowledge and experience
2. More established in my role, with broad capability and experience
3. Very experienced in my role, with strong knowledge and experience and able to deal with challenging situations.

There are 46 workplace practices shown on the next three screens. Accompanying each practice are two Drop Down boxes, one called Importance and the other Performance.

Please make a selection from each of the Drop Down boxes to indicate for each practice respectively how important you think the practice is in context of the work environment and the extent to which you believe the practice is actually performed.

By using the scroll bar on the right of your screen, please continue scrolling down the page to ensure that all 15 practices have been considered

Importance

- | | |
|-------------------------|-------------------|
| 1. Not at all important | 4. Very Important |
| 2. Slightly Important | 5. Most Important |
| 3. Moderately Important | 6. Don't Know |

Performance

- | | |
|-------------------------|---------------------------|
| 1. Not at all | 4. To a great extent |
| 2. To a small extent | 5. To a very great extent |
| 3. To a moderate extent | 6. Don't Know |

1. We understand that job seekers fall into basic categories with their own typical common needs and expectations.
2. When communicating with job seekers we listen willingly to their concerns and make our points clearly and effectively.
3. We are knowledgeable about and can provide job seekers with accurate and relevant information and advice about our basic services.
4. We are aware of, and understand, how service standards relate to the needs of job seekers and how they apply to each interaction with a job seeker.
5. We are capable of addressing common requests by job seekers promptly and effectively.
6. Through the process of discussing services and obligations with job seekers, we are able to identify possible options and solutions that help to address their needs.
7. We have access to and are capable of using tools and systems that enable us to meet the needs of job seekers in an accurate and timely manner.
8. We are given adequate training so that we are capable to conduct our work in an effective and efficient manner.
9. We are capable of carrying out internal processing on time and correctly the first time.
10. We have effective processes that identify and correct errors and prevent the recurrence of errors.
11. We co-operate effectively and work as a team in serving job seekers.
12. We know when and how to obtain information and assistance in providing service for job seekers and, when required for this purpose, we are able to access others who are more experienced or who have specialist knowledge.
13. We are committed to ensuring job seekers are treated with fairness, respect and sensitivity to their cultural needs and differences.
14. We have in place a clear process for encouraging feedback from job seekers and incorporating their views in the delivery of services.
15. We have in place a clear complaints handling process to ensure that complaints and objections are dealt with in a calm, non-defensive manner.
16. Our complaints handling process distinguishes and acknowledges facts and feelings, and enables job seekers to set appropriate expectations about the resolution of their problems.
17. At the conclusion of each service interaction we ask job seekers if there are any other matters with which we can help them and we check to confirm that their needs have been met satisfactorily.
18. We build trust and confidence by demonstrating integrity and ethics in all our interactions with job seekers and co-workers.
19. We are able to understand and adjust the way we need to deal with each job seeker to accommodate the particular characteristics and needs of that job seeker.
20. We understand how our policies and procedures affect job seekers and can explain their impacts so that job seekers understand their rights, options and obligations.
21. In delivering our services we can apply service standards in a flexible manner to maintain job seeker satisfaction without jeopardising organisational requirements.
22. When confronted with a difficult or unusual request we will work with a job seeker to understand the situation and identify an appropriate solution.
23. We are adept at handling multiple job seekers at the same time and at multi-tasking so that the work keeps flowing efficiently and job seekers are dealt with in a timely and accurate manner.
24. We collaborate with others, including less experienced staff, to provide assistance and contribute expertise and ideas on solutions for job seekers.

25. Our conflict resolution processes ensure we check for understanding of the situation, explore options to achieve a positive solution for the job seeker and our organisation, and, when needed, we will take responsibility to process a formal complaint.
26. When we assess the needs of job seekers we can identify and make appropriate referrals to other services that may be of assistance to them.
27. We follow up problems both internally and with job seekers to ensure that all problem areas have been addressed effectively.
28. When a job seeker has a specialised need, we have available and can access a variety of resources to help us fashion a customised solution that addresses their need.
29. When necessary we will serve as an advocate for a job seeker to have service standards applied with flexibility or to resolve issues with other organisations related to the application of policy and guidelines.
30. We monitor job seeker issues over time and work to refine our services to better anticipate their needs.
31. We review our guidelines, standards, policies and procedures to identify process changes that will improve our efficiency and effectiveness in meeting the needs of job seekers.
32. Senior or more experienced staff provide leadership and support within our service teams that enables us to operate more effectively and efficiently and provide better service for job seekers.
33. We seek to understand the causes of job seeker dissatisfaction and to effectively solve problems.
34. We apply our understanding of the causes of job seeker dissatisfaction to address underlying issues and to design improved services.
35. Using information about the needs of job seekers, we develop, involving colleagues from other parts of our organisation as necessary, a full range of services to meet job seekers requirements.
36. We pay particular attention to each job seeker's expectations and think actively of ways to exceed those expectations.
37. As business conditions and job seeker priorities change, our managers adjust plans and ensure that we have the resources and people available to get the work done.
38. Our managers are clear in defining our objectives and priorities, and the roles and responsibilities of team members.
39. Our efforts to meet and exceed job seekers expectations are recognised and rewarded appropriately.
40. Our team leaders and managers serve as a role model to demonstrate high standards for service provision and support our performance with coaching, mentoring and training.
41. Our managers lead us to improve our processes and procedures systematically to better serve job seekers.
42. Our leaders effectively balance the expectations of job seekers with the need for our organisation to be cost efficient.
43. Our leaders place a high priority on matters in the workplace that are important to employees, thus ensuring that our workplace environment gives us support, security and meets our motivational needs so that we can provide job seekers with quality service.
44. Our managers are encouraged to take ownership of, and to show initiative in, solving problems and addressing service challenges.
45. Our organisation regularly collects and uses information and feedback from job seekers and employees to drive process and service improvements.
46. Our leaders and managers demonstrate integrity and high standards in their interaction with job seekers and employees.

Appendix 4: Analysis of DEWR's Employment Services Code of Practice and Job Network Service Guarantee

1. DEWR has specified the standards of service that job seekers should receive in a number of documents, most particularly the Employment Services Code of Practice (the Code) and Job Network Service Guarantee (the Service Guarantee) that form part of the third Employment Services Contract. The Code was developed over a number of years. For the third Employment Services Contract, the Code was simplified, to focus primarily on the principles by which a Job Network Member (JNM) should interact with all clients, including job seekers. The Service Guarantee is a new feature of the Contract. It is a public document that applies to all JNMs. It specifies the nature of the services job seekers are entitled to expect to receive from their JNM.
2. DEWR has introduced a Quality Key Performance Indicator (quality KPI) for the third Employment Services Contract. This is defined as 'DEWR satisfaction with the delivery of services in compliance with the Code and the Service Guarantee.' The Quality KPI is a binary, pass/fail 'hurdle', assessed by DEWR's contract managers by exception, whereby all JNMs receive a pass, unless a clear reason has been identified for applying a fail.
3. The Code and Service Guarantee are reproduced in this appendix along with the ANAO's assessment of the associated service commitments. In its assessment the ANAO was looking for clear and unambiguous standards that quantify the level and quality of client service expected to be delivered. For performance-based contractual arrangements, such as those between DEWR and JNMs, clear and measurable statements of service commitments would assist the purchaser and provider to form a judgement about whether or not performance has been satisfactory. Clear specification of measurable commitments should underpin monitoring and would also assist in minimising disputes between DEWR and JNMs, should they arise.
4. The ANAO acknowledges that agencies can sometimes find it difficult to quantify and measure their service commitments. In this audit, the ANAO found that a substantial majority of the service commitments in DEWR's Code and Service Guarantee do not have objective indicators and corresponding measurable performance standards against which an assessment of the level of service performance could be made. The core principles in the Code, for instance, require JNMs to behave ethically, honestly and professionally when dealing with clients and stakeholders. While these concepts resonate as ideals and goals for a

JNM to aspire to, they are inherently difficult for DEWR's approximately 200 contract managers to quantify and measure consistently across 109 JNMs (at 1144 sites) that vary in size, complexity, core beliefs and organisational culture.

5. The ANAO considers that key elements of the Code and Service Guarantee should be specified in more objective terms. This could be achieved by supporting the principles and commitments with more explicit explanations that enable DEWR and JNMs to determine what is to be achieved, to what standard and, where applicable, within what timeframe.
6. In relation to ethical behaviour, for example, in the early years of a program, DEWR and JNMs may be primarily concerned about process: has each JNM written standards of ethical conduct, is training on the standards being conducted, is there a facility for employees to report misconduct and offences anonymously? However, DEWR's ultimate purpose in requiring JNMs to behave ethically is more than having a code of practice in place or conducting ethics training. In the long run, the purpose should be reflected in expected outcomes, such as measurable trends in the:
 - level of misconduct/violation of ethical standards;
 - willingness of JNM employees to report observed or suspected violations to JNM management; and
 - satisfaction with management's response.
7. Overall, the ANAO considers that it is possible to more clearly define the principles and commitments in the Code and Service Guarantee. More importantly, the ANAO considers that closer attention should be paid to measuring those service commitments that are identified by DEWR as corporate priorities—for example, complaints handling, staff skills, and continuous improvement. The service commitment related to these priorities and the ANAO's comments are provided below.

Complaints handling

8. Service commitment in the Code:
 - 'We have a complaints process of which clients are made aware.'

ANAO comment:

- DEWR could require JNMs to comply with the Australian Standard *Complaints Handling* (AS4269-1995) that was designed by Standards Australia for large and small organisations.
- There are also other sources of better practice in complaints handling which could be used to clarify DEWR's service commitment, including: International Standards Organisation, 2004, *Quality Management—Customer Satisfaction—Guidelines for Complaints Handling in Organisations*, ISO 10002; and the Commonwealth Ombudsman's Office, 1997, *A Good Practice Guide for Complaints Handling*.

Staff skills

9. Service commitment in the Code:

- 'Behaving ethically and professionally.'

ANAO comment:

- The Australian National Training Authority has developed a National Training Information Service. This service details accredited courses as well as national standards that define the competencies required for effective performance in the workplace. A competency comprises the specification of knowledge and skill and the application of that knowledge and skill at an industry level, to the standard of performance required in employment. Competency standards can be either industry or enterprise based.
 - The ANAO notes that there is a range of nationally accredited qualifications developed for staff at various levels within the employment services industry, covering competencies including, inter alia, the legal and ethical framework for the industry.¹⁹⁹
 - A source of measurable standards for staff skills and professionalism could be found in industry self-regulation arrangements. For example, the National Employment Services Association (NESA) has been developing, since 2002, an *Employment Services Quality Framework* for the employment services industry. The

¹⁹⁹ See: CHC30502 *Certificate III in Employment Services*; CHC40502 *Certificate IV in Employment Services*; and CHC50402 *Diploma of Employment Services*.

proposed model is based on a 'Business Excellence' industry self-regulation framework, encompassing a very broad range of business attributes, including, leadership and management, planning, understanding clients, service provision, staffing issues, and performance information.²⁰⁰

- There are also other sources of better practice in staff skills which could be used to clarify DEWR's service commitment including: ANAO, Management Advisory Board, 1997, *The Better Practice Guide to Quality in Customer Service*; and Management Advisory Board, Department of Industry, Science and Tourism, 1997, *Quality in customer service in the Australian Public Service report*.

Continuous improvement

10. Service commitment in the Code:

- 'Staff seek and appropriately respond to clients' feedback with the aim of continuously improving services.'

ANAO comment:

- The National Training Information Service includes: BSBFLM409A *Implement Continuous Improvement Systems and Processes*—elements of this competency include monitor, adjust and report performance; BSBFLM407A *Supervise Quality Customer Service*; and BSBCMN412A *Promote Innovation and Change*.
- There are also other sources of better practice in continuous improvement which could be used to clarify DEWR's service commitment including: ANAO, Management Advisory Board, 1997, *The Better Practice Guide to Quality in Customer Service*; and Management Advisory Board, Department of Industry, Science and Tourism, 1997, *Quality in customer service in the Australian Public Service report*.

²⁰⁰ See NESA *Annual Conference* papers, 2002, and 2003.

Table A4. 1

ANAO analysis of DEWR’s Employment Services Code of Practice

Service commitment	Clear and unambiguous	ANAO comment	Performance target or benchmark?	ANAO comment
<p>At all times our priority is to assist clients to achieve the best employment outcomes. We will deliver services to clients (including job seekers, employers and other relevant service providers) to the best of our ability and with adherence to contracted requirements, service guidelines and Mutual Obligation</p>	<p>x</p>	<p>The expression ‘Best of ability’ is unclear—i.e. what level of endeavour is expected? It is also unclear what specific aspects of mutual obligation requirements are being referred to.</p>	<p>x</p>	<p>Without clarification, the JNM would have to assume that judgement of performance against this service commitment would be DEWR’s prerogative alone. Clearer specification of measurable performance targets/benchmarks would underpin monitoring and help to minimise future disputes between DEWR and JNMs should they arise.</p>
<p>We operate our services in a manner that upholds the integrity and good reputation of employment services by:</p> <ul style="list-style-type: none"> ● acting with honesty, due care and diligence ● behaving ethically and professionally, and being openly accountable for our actions ● avoiding any practice or activity which could reasonably be foreseen to bring employment services into disrepute ● complying with all relevant Australian laws, including privacy, fair trading, trade practices and anti-discrimination laws 	<p>x x x x</p>	<p>The terms ‘due diligence’, ‘due care’ and ‘honesty’ are unclear—i.e. what level of honest, due care and diligence is expected? The terms ‘ethical’, ‘professional and ‘openly accountable’ not explained—i.e. what level of ethical, professional or accountable behaviour is expected? The expression ‘reasonably be foreseen’ is not explained—i.e. what could or couldn’t be reasonably foreseen? The expression ‘all relevant Australian laws’ is unclear—i.e. what specific laws are key to compliance with this commitment?</p>	<p>x x x x</p>	<p>For all the elements of this service commitment, without clarification, the JNM would have to assume that judgement of performance against this service commitment would be DEWR’s prerogative alone. Clearer specification of measurable performance targets/benchmarks would underpin monitoring and help to minimise future disputes between DEWR and JNMs should they arise.</p>

Service commitment	Clear and unambiguous	ANAO comment	Performance target or benchmark?	ANAO comment
<p>Demonstrates our commitment to clients by:</p> <ul style="list-style-type: none"> being supportive and helpful to clients in their pursuit of employment focusing our assistance to help clients to achieve the best outcome treating clients fairly and with respect considering clients' individual circumstances and backgrounds delivering assistance in accordance with service guarantees 	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>N/A</p>	<p>The terms 'supportive' and 'helpful' are unclear—i.e. what level of support or help would be considered reasonable or appropriate?</p> <p>The expression 'focusing our assistance' is unclear—i.e. what level of focused assistance would be considered reasonable or appropriate.</p> <p>The terms 'fairly' and 'respect' are unclear—i.e. what level of fairness and respect would be considered appropriate.</p> <p>The term 'consideration' is unclear—i.e. what level of consideration would be considered appropriate.</p> <p>N/A</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p> <p>N/A</p>	<p>For all the elements of this service commitment, without clarification, the JNM would have to assume that judgement of performance against this service commitment would be DEWR's prerogative alone. Clearer specification of measurable performance targets/benchmarks would underpin monitoring and help to minimise future disputes between DEWR and JNMs should they arise.</p> <p>N/A</p>
<p>We operate our services in a manner that is accurate and relevant by:</p> <ul style="list-style-type: none"> providing ongoing assistance to clients for the duration of our service to them providing information about programmes or services that may assist in their job search ensuring that we have premises and facilities appropriate to deliver services with privacy and dignity 	<p>x</p> <p>x</p> <p>x</p>	<p>The term 'ongoing assistance' is unclear—i.e. what specific level of assistance is expected.</p> <p>Unclear what specific information needs to be provided.</p> <p>Unclear what kind of premises are 'appropriate' for delivering services with privacy and dignity.</p>	<p>x</p> <p>x</p> <p>x</p>	<p>For all, except one, of the elements of this service commitment, without clarification, the JNM would have to assume that judgement of performance against this service commitment would be DEWR's prerogative alone. Clearer specification of measurable performance targets/benchmarks would underpin monitoring and help to minimise future disputes between DEWR and JNMs should they arise.</p>

Service commitment	Clear and unambiguous	ANAO comment	Performance target or benchmark?	ANAO comment
<ul style="list-style-type: none"> ensuring that the information we collect about clients is relevant and necessary and is kept confidential tailoring assistance to clients with consideration of their individual job search needs and Mutual Obligations demonstrating flexibility in service delivery as clients' circumstances change accurately recording employers' vacancy requirements, including remuneration and contact details, on DEWR's information systems 	<p>x</p> <p>x</p> <p>x</p> <p>✓</p>	<p>The terms 'relevant' and 'necessary' is unclear.</p> <p>The expression 'tailoring assistance' is unclear—i.e. what level of tailoring is expected.</p> <p>The term 'flexibility' is unclear—i.e. what level of flexibility is expected.</p> <p>Can be measured in a binary manner—i.e. records are accurate or inaccurate.</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>While the commitment can be measured, it may not be a meaningful measure without benchmarks.</p>
<p>We operate our services in a manner that is communicated clearly and effectively by:</p> <ul style="list-style-type: none"> ensuring that clients are aware of their rights and obligations providing timely feedback and information to clients about decisions we make that could affect them providing clients with access to relevant records we have about them, on request 	<p>x</p> <p>x</p> <p>x</p>	<p>The term 'ensure' is unclear—i.e. what specific requirements are there to inform job seekers of their rights and obligations.</p> <p>The expression 'feedback and information' is unclear—i.e. what specific feedback and information are JNIMs expected to provide to job seekers.</p> <p>The term 'relevant records' is unclear—i.e. what are relevant records.</p>	<p>x</p> <p>x</p> <p>x</p>	<p>For all the elements of this service commitment, without clarification, the JNM would have to assume that judgement of performance against this service commitment would be DEWR's prerogative alone. Clearer specification of measurable performance targets/benchmarks would underpin monitoring and help to minimise future disputes between DEWR and JNIMs should they arise.</p>

Service commitment	Clear and unambiguous	ANAO comment	Performance target or benchmark?	ANAO comment
<p>We operate our services in a manner that encourages feedback without prejudice by ensuring that:</p> <ul style="list-style-type: none"> we have a complaints process of which clients are made aware staff seek and appropriately respond to clients' feedback with the aim of continuously improving services staff support clients when resolving any issues or concerns they may have we advise clients of the free DEWR Customer Service Line 	<p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>The expression 'made aware' is unclear—i.e. what to what extent and how are JNMs to make job seekers aware of their complaints process.</p> <p>The terms 'seek' and 'appropriately respond' are unclear—i.e. to what extent JNM's are to seek job seeker feedback, and what types or levels of response.</p> <p>The term 'support' is unclear—i.e. to what extent JNM's to support job seekers in resolving issues and what kind of support is to be given.</p> <p>The term 'advise' is unclear—i.e. how should advice be given.</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>For all the elements of this service commitment, without clarification, the JNM would have to assume that judgement of performance against this service commitment would be DEWR's prerogative alone. Clearer specification of measurable performance targets/benchmarks would underpin monitoring and help to minimise future disputes between DEWR and JNMs should they arise.</p>

Source: ANAO analysis of Employment Services Code of Practice.

Notes: Complaints and survey data can provide an indication of performance against all the commitments above.
 ✓ = satisfies criteria; x = does not satisfy criteria; P = partially satisfies criteria.

Table A4. 2
ANAO analysis of DEWR’s Job Network Service Guarantee

Service commitment	Clear and unambiguous	ANAO comment	Performance target or benchmark?	ANAO comment
<p>You will receive ongoing employment services provided by your preferred JNM. These services will be culturally sensitive to your circumstances and background as well as tailored both to your needs and available job opportunities</p>	<p>x</p>	<p>The terms ‘ongoing’, ‘culturally sensitive’ and ‘tailored’ are unclear—i.e. what level of service is to be given, what is culturally sensitive, and how should services be tailored.</p>	<p>x</p>	<p>Without clarification, the JNM would have to assume that judgement of performance against this service commitment would be DEWR’s prerogative alone. Clearer specification of measurable performance targets/benchmarks would underpin monitoring and help to minimise future disputes between DEWR and JNMs should they arise.</p>
<p>While you are unemployed, your JNM will:</p> <ul style="list-style-type: none"> ● provide you with job vacancy information and job search facilities through JobSearch kiosks ● advise you on job search techniques, career options, employment, training programmes and other services ● give you feedback on job interviews they arrange for you ● help you to meet your Preparing for Work Agreement obligations while you are looking for work 	<p>x x x x</p>	<p>Unclear what kind or quality of vacancy information to be provided. The term ‘advice’ is unclear—i.e. what kind or level of advice is to be given? The term ‘feedback’ is unclear—i.e. what type of feedback is to be given? The term ‘help’ is unclear—i.e. what kind or level of help is to be given?</p>	<p>x x x x</p>	<p>For all the elements of this service commitment, without clarification, the JNM would have to assume that judgement of performance against this service commitment would be DEWR’s prerogative alone. Clearer specification of measurable performance targets/benchmarks would underpin monitoring and help to minimise future disputes between DEWR and JNMs should they arise.</p>
<p>From starting with your JNM, the services will include:</p> <ul style="list-style-type: none"> ● recording your skills and experience on JobSearch—the automated job matching service 	<p>✓</p>	<p>Can measure whether skills and experience were recorded.</p>	<p>x</p>	<p>While the commitment can be measured, this may not be a meaningful measure as there is no requirement that that information recorded be of a particular quality or accuracy.</p>

Service commitment	Clear and unambiguous	ANAO comment	Performance target or benchmark?	ANAO comment
<ul style="list-style-type: none"> ● immediate access to messages about job matches through JobSearch ● establishing a password so you can access your personal page and job matches on JobSearch ● help with new facilities available to you on JobSearch, such as email, Short Message Service, telephone message bank and your personal page on JobSearch 	<p>✓</p> <p>✓</p> <p>×</p>	<p>Can measure whether messages have been sent to job seeker through JobSearch.</p> <p>Can measure whether password was established.</p> <p>The term 'help' is unclear—i.e. what kind or level of help is to be given.</p>	<p>×</p> <p>×</p> <p>×</p>	<p>While the commitment can be measured, this may not be a meaningful measure, as there is no requirement that the messages be a particular quality or accuracy.</p> <p>For these two elements of this service commitment, without clarification, the JNM would have to assume that judgement of performance against this service commitment would be DEWR's prerogative alone. Clearer specification of measurable performance targets/benchmarks would underpin monitoring and help to minimise future disputes between DEWR and JNMs should they arise.</p>
<p>If you have been unemployed for more than three months and are receiving Intensive Support services, your JNM will also:</p> <ul style="list-style-type: none"> ● assess your skills, experience and capabilities and with you, develop job search plan to help you get work ● help you to improve your job search skills by giving you intensive Job Search Training and additional support to help you make better job applications ● your JNM will also contact you regularly, at least every 3 months and more frequently if you have been unemployed for more than 12 months 	<p>×</p> <p>×</p> <p>×</p>	<p>The term 'assess' is unclear—i.e. what kind or level of assessment is to be provided.</p> <p>The term 'help' is unclear—i.e. what type or level of help is to be provided.</p> <p>The term 'regularly' is unclear—i.e. what specific level of contact is to be delivered.</p>	<p>×</p> <p>×</p> <p>×</p>	<p>For all the elements of this service commitment, without clarification, the JNM would have to assume that judgement of performance against this service commitment would be DEWR's prerogative alone. Clearer specification of measurable performance targets/benchmarks would underpin monitoring and help to minimise future disputes between DEWR and JNMs should they arise.</p>

Service commitment	Clear and unambiguous	ANAO comment	Performance target or benchmark?	ANAO comment
<p>Subject to your needs and eligibility, your JNM may also:</p> <ul style="list-style-type: none"> ● provide help with access to employment and training programmes, counselling, work experience and other services ● provide more intensive job search activities and work preparation with fortnightly contact to help you into a job ● provide interpreter services, travel assistance (if you are referred to a job interview by your JNM) and other services ● provide support while you are settling into your new job 	<p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>The term 'help' is unclear—i.e. what level or type of help is to be provided.</p> <p>The term 'more intensive job search activities and work preparation' is unclear—i.e. what kind of activities and work preparation are to be provided.</p> <p>Unclear what level of assistance and in what circumstances assistance is to be provided.</p> <p>The term 'support' is unclear—i.e. what kind or level of support is to be provided.</p>	<p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>For all the elements of this service commitment, without clarification, the JNM would have to assume that judgement of performance against this service commitment would be DEWR's prerogative alone. Clearer specification of measurable performance targets/benchmarks would underpin monitoring and help to minimise future disputes between DEWR and JNMs should they arise.</p>

Source: ANAO analysis of Job Network Service Guarantee.

Notes: Complaints and survey data can provide an indication of performance against all the commitments above.
 ✓ = satisfies criteria; x = does not satisfy criteria; P = partially satisfies criteria

Appendix 5: Types of DEWR monitoring activity of JNMs

Desktop monitoring

Contract managers undertake desktop monitoring on a regular, ongoing basis. Performance reports and desktop reporting functionality enable monitoring of various aspects of Job Network services including:

- site performance in completing vocational profiles, commencing jobseekers, and achieving outcomes relative to ESA, LMR and National averages;
- level and type of usage job seeker account funds relative to ESA, LMR and National averages, and summary of site claims; and
- customer feedback data including number of complaints and compliments received about the site by month, and whether consent was obtained from the complainant to contact the site in order to resolve the complaint.

Monitoring visits to new sites

Monitoring visits are conducted to new Job Network sites and use a standard checklist to check, inter alia:

- that signage and facilities are of a standard that is in accordance with tender undertakings;
- that facilities at the site are suitable in terms of the privacy of disclosure and discussion of personal information;
- the availability of, and access to, self-help and other facilities; and
- the suitability of the space for job seekers to use JNM services.

General monitoring visits

DEWR conducts general monitoring visits to address either general or specific service delivery issues or concerns, as part of a risk management assessment or to identify good (or bad) practice in employment services delivery. Monitoring visits can involve, but are not restricted to, any of the following assessments:

- adequacy of documentation kept by JNM to support outcome claims or claims from the JSKA;
- adequacy of documentation of job seeker attendance in services and/or the existence of appropriate strategies to ensure job seekers are appropriately engaged;
- adequacy of the assessment of job seekers' skills, barriers to employment, or needs; and
- extent to which job search plans are up-to-date and appropriately tailored to job seeker needs.

Quality audits

Quality audits are a formal, in-depth analysis of service quality issues can be initiated for a number of reasons such as:

- to investigate breaches of the Code of Practice, or situations where a JNM has failed to remedy a breach of the code or service guarantee;
- to investigate service delivery concerns to assess whether a breach of the code has occurred;
- to promote continuous improvement; and
- to identify good (or bad) practice in employment services delivery.

Programme assurance monitoring

DEWR conducts programme assurance projects for a range of Job Network payment types.

Source: ANAO analysis.

Appendix 6: Performance information in the DEWR–Centrelink 2003–06 Business Partnership Arrangement

Table A6.1

Performance indicators and reciprocal requirements

Centrelink's Performance indicators	DEWR's Key Reciprocal Requirements (KRRs)
90 per cent of eligible job seekers will have the first suitable available appointment booked with their provider on the day of their registration interview.	90 per cent of JNMs have a diary appointment available within 5 business days.
Satisfactory accuracy of the application of the JSCI tool, as monitored by an agreed business assurance process, including an independent review.	Proportion of job seeker Supplementary Assessments (JSA) flags raised as a result of JNM updates to the JSCI that lead to a return to the Job Network.
67 per cent of JSAs will be completed within 20 business days.	
JSA accurately assesses and refers appropriate job seekers to the relevant form of employment assistance.	
Consistent with the Memorandum of Understanding between FaCS, Centrelink and DEWR for processing of participation reports under the APM for Newstart and Youth Allowance job seekers.	Proportion of participation reports that have sufficient information to enable processing without further contact or clarification.

Source: ANAO summary of DEWR/Centrelink 'Outcomes outputs framework,' 2003–06 Business Partnership Arrangement.

Table A6.2

Business processes identified in the Business Partnership Arrangement as requiring measures

Business processes identified in the Arrangement as requiring measures
Number of referrals made to Job Network members including by special group.
Time between registration interview and the first available appointment with a Job Network member.
Time between registration interview and the first suitable available appointment with a Job Network member.
Percentage of job seekers that have a preference met and those that are randomly allocated.
Number of job seekers referred to Job Network members that subsequently become ineligible for Job Network services.
Percentage of job seekers referred directly to the Customised Assistance component of Intensive Support including by special group.
Number and proportion of JSCIs completed including by special group.
Time taken to complete JSCIs from date of registration interview.
Number and proportion of JSCIs completed at registration interview (excluding those flagging JSAs).
Percentage of job seekers identified by Centrelink as highly disadvantaged including special groups.
Rates of disclosure of non-mandatory personal information.
Age analysis of JSAs completed.
Number of JSAs flagged by type i.e. Disability, Personal Factors, Special Needs and Further JSA.

Business processes identified in the Arrangement as requiring measures
Number of JSAs completed each month by type i.e. Disability, Personal Factors, Special Needs and Further JSA.
Average duration of waiting time (days) for JSAs completed each month by type i.e. Disability, Personal Factors, Special Needs and Further JSA.
Number of JSAs completed using a Better Assessment for people with a disability.
Number of JSAs completed using a file review for the purposes of referral to Job Network, including JSA outcomes.
Number and proportion of JSAs completed by each type of specialist officer i.e. Disability Officer, Social Worker, Psychologist.
Number of JNM-initiated JSAs by type of JSA.
Summary of responses to the PR for Disability Employment Indicators and summary of Disability Officer decisions where they differ from the PR recommendation each month.
Number of penalties imposed on Indigenous job seekers arising from participation reports from Employment Service Providers compared to number imposed on all job seekers.
Number and proportion of participation reports actioned within 7, 10 and 15 working days.
Number and proportion of penalties imposed and the proportion of imposed that are maintained.
Number of participation reports submitted by providers.
Number and proportion of participation reports rejected.
Proportion of activity tested job seekers, that is job seekers receiving Newstart or Youth Allowance (Other), who have signed a Preparing for Work Agreement with Centrelink.
Proportion of activity tested job seekers, that is, job seekers receiving Newstart or Youth Allowance (Other), who have signed a Job Search Plan (JSP) with the Job Network.
Number of Job Network member recommended JSPs that are approved or rejected by Centrelink.
Number of Touch screen unit searches per office by type of search per day (includes a range of possible search attributes).
Number of Touch screen unit searches per office with Job Search Kiosks facilities, by type per day (includes a range of possible search attributes)
Number of inquiries (including data, analysis and comment) to the PC Help Line—by State, by week, by inquiry type, by time to resolve and action taken (for exceptional cases only).
Condition of Employment Self Help/JobSearch Kiosk facilities areas in terms of serviceability of the equipment.
Expenditure related to theft and malicious damage.
The number of TSU/Kiosk equipment faults per month from March 2004.
Proportion of job seekers satisfied with the delivery of services under the Business Partnership Arrangement (including a range of service components).
Proportion of service providers, including JNMs and Community Work Co-ordinators and IEC providers, who are satisfied with the delivery of services specified under the Business Partnership Arrangement (including a range of service components).

Source: ANAO summary of DEWR/Centrelink 'Business Intelligence Framework,' 2003–06 Business Partnership Arrangement.

Appendix 7: DEWR's full response to s19 proposed report

The Department of Employment and Workplace Relations (DEWR) welcomes the opportunity to participate in the performance audits of Job Network. However, DEWR is concerned that many areas do not present findings in an appropriate context. The DEWR response clarifies many aspects of the achievements and management of Job Network and provides this context.

While the final Audit Report places Job Network in the context of its achievement in producing record outcomes, it consistently fails to acknowledge that Job Network members achieve high level outcomes in a competitive market by providing a quality service.

The report pays insufficient regard to the contribution to quality servicing of the Job Network performance framework, Star Ratings, six-monthly Milestone reviews and the bi-annual reallocation of business shares between providers on the basis of performance. The latest Job Network contract introduced a new Active Participation Model (APM) which is achieving record vacancies, placements and long term (13 week) job outcomes, and doing so at a significantly reduced unit cost. Job Network is delivering record job results for highly disadvantaged job seekers, the long term unemployed and diverse groups including people with disabilities, single parents and Indigenous Australians. This is strong evidence of quality of service.

In the 12 months to end March 2005:

- around 963,400 new vacancies were lodged on the national vacancy database—an increase of 26% on the previous year and a new annual record. More than 91,800 new vacancies were lodged in the month of March 2005, an increase of 6% on March 2004 and the best March on record.
- a total of over 651,100 job placements were recorded by Job Network members (JNMs) and other Job Placement Organisations, an increase of 44% on the previous 12 months and a new annual record. Over 66,700 job placements were recorded in the month of March 2005, an increase of 10% on March 2004 and the best month on record.
- over 176,400 long term (13 week) jobs were achieved for disadvantaged job seekers and those unemployed for more than three months—again, a new annual record. Over 11,300 long term jobs were achieved in the month of March 2005. This is an increase of 18% on the number of long term jobs achieved in March 2004 and is also the best March on record.

The department does not accept a number of aspects of the recommendations presented in the report. There appears to be a preoccupation by ANAO with specifying how Job Network members should do their business and a focus on the inputs for Job Network. Quality servicing is inbuilt into Job Network

contracts and its performance management regime. This includes, for example, the introduction, for the first time, of a contracted Job Network Service Guarantee (Service Guarantee) for job seekers. Job Network providers must also conform with a Quality Performance Indicator or face contract penalties or termination of services. A national contract and performance management framework ensures these requirements are policed and applied.

DEWR's role as a purchaser of employment services

DEWR, as a purchaser of publicly funded employment services, has contracted Job Network members and Centrelink to deliver employment and related services. DEWR specifies, purchases and monitors these services through a contract with Job Network members and a Business Partnership Arrangement (BPA) with Centrelink. While DEWR does not provide services directly to job seekers it is accountable for the quality of services provided by Job Network members. Centrelink, as an agency of the Human Services portfolio, is accountable to its portfolio Minister and Parliament.

Employment Services Code of Practice and Job Network Service Guarantee

During the Audit, DEWR explained to ANAO its position that quality servicing was an integral feature of Job Network services under the Active Participation Model. However, ANAO was unable to readily locate a single consolidated reference document and this had lead [sic] them to make the statement in the report. DEWR highlighted that quality Job Network services delivered the best job results for job seekers and that quality was a threshold achievement for Job Network members. DEWR assures the delivery of quality through its contract: specifically adherence to the *Employment Services Code of Practice* (the Code) and the Service Guarantee and adherence to the Key Performance Indicator (KPI) on quality which form part of the Employment Services Contract 2003–2006 (ESC3) for Job Network members. As stated in the Contract, which is a legally binding document, the objective of this indicator is to maximise the delivery of high quality, ethical employment services.

DEWR's approach to delivering high quality services through Job Network is already clearly articulated through a variety of materials, and through existing performance management processes. The department does not consider that it is necessary to publish a "corporate statement on Job Network service quality".

The Code and Service Guarantee require that Job Network members deliver a guaranteed set of services in accordance with specified principles and processes in a manner that is sensitive to the job seeker's culture, circumstances and background. To secure continuing and future business, a Job Network member must be able to meet this Key Performance Indicator. In the event that a Job Network member fails to reach this quality hurdle, they face a sanction including re-allocation of business or being precluded from securing future business at the end of 2006.

The department notes that the ANAO acknowledges that the introduction of the Employment Services Code of Practice and Job Network Service Guarantee is positive. Fundamentally, the key tests in the Code concern the Job Network member's honesty, integrity and professional dealings with clients and stakeholders. However, in the commentary and recommendations the ANAO contends that some elements of the Code and Service Guarantee should be specified in more objective terms to facilitate their more consistent assessment. DEWR does not agree that it would be productive to attempt to develop an itemised list of actions by which to measure performance against the Code and Service Guarantee, where the concepts being tested do not lend themselves to such an approach. This could lead towards a lowest common denominator approach being implemented in service delivery, thereby inadvertently weakening DEWR's capacity to respond to and manage poor practice.

Nevertheless, DEWR accepts that there is scope to work towards further increasing the awareness amongst job seekers of the Code and Service Guarantee. In addition, ANAO have proposed that DEWR specify and provide to job seekers information on the manner in which job seekers should conduct themselves. Formal job seeker obligations are best dealt with under the provisions of the *Social Security Act 1991*; that is, through Job Search Plans, and these documents are already negotiated with and provided to job seekers. DEWR sees little merit in providing additional statements to job seekers about their behaviour. DEWR will also review its job seeker survey research to explore the scope to monitor Job Network member's achievements in delivery of the services set out in the Code and Service Guarantee.

'Exceptions based assessment' of the quality of service delivery

The ANAO, following extensive discussions with DEWR, characterises the application of the quality KPI as an 'exceptions based assessment'. DEWR agrees that both its pre-contract expectations and subsequent implementation demonstrate that failure of the quality KPI is likely to occur in exceptional circumstances. However, DEWR does not accept that assessment of the quality KPI only occurs in exceptional circumstances, rather assessment of the quality of performance forms an ongoing component of DEWR's monitoring and performance management regime.

Continuous Improvement

ANAO places importance on DEWR's approach to driving continuous improvement. DEWR considers that it has an array of mechanisms in place to drive improved performance of Job Network. These include:

- Star Ratings;
- Business Reallocation processes;
- monitoring and the provision of feedback;
- engaging with the industry via NESAs; and

- disseminating the findings of better practice studies.

DEWR does not accept that it should focus on inputs or the day-to-day activity of Job Network members, but on the outputs or the outcomes achieved for clients. An outputs focus places importance on the provision of quality services that leads to quality outcomes. Similarly, ANAO argues that one way to monitor continuous improvement is to monitor skills and training provided to Job Network member staff. In DEWR's view this would also create too strong a focus on inputs rather than outputs. Nevertheless, DEWR can examine the scope for releasing the findings of survey data to Job Network members.

Complaint management by Job Network members

DEWR already collects complaints data about Job Network services and is reluctant to impose additional detailed requirements on Job Network members whereby DEWR would collect complaints made to them about their services. In DEWR's view, ensuring that Job Network complaints mechanisms are operating properly should be the focus of attention and therefore it will reinforce this focus in monitoring activity and by promoting good practice. In addition, consistent with the ANAO's comments that complaints made to DEWR should be properly recorded and classified, DEWR has reinforced with its complaints staff the need for accuracy in categorising complaints.

Sample Size

ANAO has drawn conclusions regarding complainants [sic] handling and monitoring by DEWR based on a very small sample. ANAO reviewed the complaints registers of 14 Job Network members and examined documentation related to monitoring at 11 sites. There are 109 Job Network organisation [sic] operating from over 1000 sites across Australia. While ANAO acknowledge the sample size, it still draws unwarranted conclusions based on a less than representative sample.

Centrelink service delivery

The ANAO focuses at some length on Centrelink service delivery issues, including the time taken to generate effective management information and settle the current Business Partnership Arrangement between DEWR and Centrelink. While, in DEWR's view, the ANAO commentary overstates the difficulty associated with implementing the Business Partnership Arrangement and measuring performance, DEWR agrees with the underlying proposition that future arrangements with Centrelink should aim to more strongly articulate and manage performance. Work on future arrangements arising from the machinery of government changes in October 2004 is well advanced and will have regard to the ANAO's recommendations. This work includes a focus on a consistently high standard of quality service by Centrelink through appropriate business assurance strategies.

Intensive Support customised assistance

A number of issues arise from ANAO's consideration of Intensive Support customised assistance (ISca).

Paras 47 and 7.68 levels of contact specification inadequate

ANAO states that 'The level of contact and associated payment arrangements needs to be clarified' (47) and 'DEWR needs to clarify its approach to levels of contact between Job Network members and Job Seekers, amend the third Employment Services Contract if necessary and align payment arrangements with the arrangement for contacts' (7.68).

DEWR believes that the existing provisions for job seeker contacts during ISca should not be separated from the services to be provided. Together they represent a framework that provides appropriate incentives focusing on optimum jobseeker outcomes and servicing flexibility across different labour markets, rather than simply focusing on processes.

ISca fees are principally based on the provision of services tailored to job seeker's needs and labour market conditions.

Para 55 customisation and individualisation of services

ANAO's concerns about the customisation and individualisation of ISca services received by an extremely small sample of ISca job seekers overlooks that each Job Network member is under contractual arrangement to meet the needs of each individual job seeker. Only by doing so effectively will a JNM achieve outcome fees and Star Rating performance credit, with consequent implications for business share. It is the responsibility of each Job Network member, at the local level, to determine the information to record on their assessment forms. Job Network members have flexibility in servicing each unique job seeker. DEWR will investigate best assessment practices with the purpose of promoting best servicing approaches.

Job Seeker Account

ANAO's comments and recommendations in relation to the Job Seeker Account (JSKA) do not take account of:

- the link between the APM of employment services delivery and the JSKA. That is, the provision of assistance by one Job Network member for the duration of a job seeker's period of unemployment enables Job Network members to get to know job seekers and their barriers to employment. This puts Job Network members in a better position than DEWR to determine the best assistance to provide to individual job seekers that will best help them secure work;
- the objective of having a principles-based, rather than a prescriptive, approach to the JSKA is to ensure flexibilities are available to address the many different barriers job seekers face in securing employment;

and so that assistance can also vary depending on the labour market opportunities available in particular locations;

- a prescriptive approach restricting Job Network members to providing limited assistance to job seekers based on DEWR's perception of need rather than industry expertise and familiarity with individual job seeker needs would stifle innovation and negatively impact on job seekers as they may not necessarily have gained employment without the wide variety of assistance they receive which is funded by the JSKA. Since the JSKA was introduced as part of the APM, the Job Network has achieved record outcomes for job seekers;
- the fact that the JSKA is not a static tool. It has evolved and continues to evolve. For example, an update of principles and prohibits list and additional guidance materials were issued in March 2005; and
- it would have been virtually impossible for DEWR to prescribe the multiplicity of assistance Job Network members have subsequently provided to job seekers using the JSKA. Additionally, for every type of assistance, there are many different scenarios impacting on its purchase and use, which even if DEWR did manage to prescribe the type of assistance, it may not be appropriate or standard for different situations.

Para 2.38 consolidation of guidance

Advice on JSKA has been consolidated on the Employment Contract Service Network (ECSN) site since the beginning of ESC3. The JSKA principles were communicated throughout the training and in communication with Job Network CEOs. The principles have also been posted on the National Policy Clearing House (NPC) in numerous advices, including as early as July 2003. The principles were republished on the ECSN site in a separate JSKA operational advice in February 2004. Further guidance was issued in March 2005 through the normal communications channels.

ANAO's comment about restricting advice to DEWR staff does not acknowledge the role that Contract Managers have in managing DEWR's relationship with Job Network members. To ensure a consistent approach to advice, Job Network members are encouraged to discuss JSKA matters with their Contract Manager. National Office provides advice and support to Contract Managers in relation to JSKA as they require. Again, as the nature of inquiries and replies are often related to very specific situations, it would not necessarily be appropriate or helpful to Job Network members to publish every advice. More general advices are published more widely.

Para 7.90 variations in JNMs' JSKA expenditure

This paragraph discusses variations in JSKA expenditure and types of assistance by different Job Network members. DEWR recognises there are variations in expenditure under the different categories across Job Network. This reflects the fact that different Job Network members will have different

strategies for assisting job seekers, and also confirms the need for a flexible tool which takes account of the different needs and barriers facing individual job seekers in their search for work. The APM is about tailoring to suit individuals' needs rather than a one size fits all approach.

Para 7.91 quality audits

DEWR already conducts quality audits and has done so for a number of years, undertakes contract monitoring (including both scheduled and ad hoc basis), and targeted and random programme assurance projects to ensure that JSKA is being used by Job Network members appropriately and in line with the principles and contract.

Para 7.98 variation in JSKA expenditure on different job seekers

As already stated, there will be variations in the amount of JSKA expenditure on different job seekers. This does not necessarily mean that some job seekers are being disadvantaged. The flexibility of the JSKA takes into account that some job seekers will need significant assistance and some, very little, depending on the barriers to employment they face. Differences in expenditure patterns also reflect different labour markets, and different business approaches of Job Network members. Providing a standard type of assistance to every job seeker is not a sensible approach to addressing the different needs of job seekers.

DEWR does not support the ANAO's suggestion to provide job seekers with information on JSKA usage by each Job Network member. This information on its own would not be a true reflection of each Job Network member's performance and may lead to false expectations on behalf of the job seeker in terms of the amount of funding that may be directed to them. For example, if the individual is highly disadvantaged they may receive more assistance. All job seekers have access to Job Network members performance information through the Star Ratings which are available on the Australian WorkPlace web site. The Star Ratings reflect Job Network members success in assisting job seekers into employment, and this is what is important to job seekers when making their choice of Job Network member.

Job Search Plans

Three issues arise from ANAO's consideration of the customisation and approval of Job Search Plans (JSPs).

Para 7.74 Sampling of JSPs

While the sample of JSPs used for the audit was small (12 ISca job seekers) it is important that the quality of JSPs is maintained and that the activities contained within the JSP are current and relevant. The ANAO notes that an enhanced approval process for JSPs will be implemented on 16 May 2005 resulting in Job Network having a greater responsibility as delegates of the Secretary for the quality and content of JSPs.

DEWR is currently reviewing activity agreements with the objective of providing employment service providers with a more refined, seamless process and better practice model which both underpins the legislation and a job seeker's activity requirements as well as offering a tool that can be used to help motivate job seekers and tailor their job seeking needs. The new process should achieve a balance between a job seeker's legislative requirements and tailored servicing of job seekers to help them achieve sustainable work opportunities. The new agreements are intended to be in place for the next Employment Services Contract in July 2006.

Para 7.80 Systems error

A systems problem did stop some JSPs (Youth Allowance (YAL)) from being forwarded to Centrelink for endorsement. The fix for this problem resulted in Centrelink receiving around 30 000 JSPs (YAL) with DEWR approval dates ranging from January to June 2004.

The implications for job seekers were not significant. Participation reports for any JSPs unendorsed after 1 March 2004 would have been rejected by Centrelink.

Centrelink needed to capture the JSP data for the period prior to 1 March 2004 that DEWR had delegation to approve JSPs, so that they could view each job seeker's Preparing for Work Agreement and Job Search Plan together. This resulted in all JSPs approved by DEWR prior to 1 March 2004 being subsequently endorsed by Centrelink. Given this, it is logical to assume that many of the 30 000 unendorsed JSPs sent to Centrelink when this systems problem was identified were, in fact, already approved by DEWR and did not require Centrelink endorsement.

Para 7.81 Timeliness of JSP Endorsements

The enhanced approval process effective from 16 May 2005 should result in more immediate processing of JSPs as well as tailoring of those agreements.

DEWR Contract Managers will be responsible for quality assurance of Job Search Plans. Resources that DEWR Contract Managers now use to approve or reject the Job Search Plan will be used to provide quality assurance for the content of JSPs. DEWR National Office will, in addition, conduct quality checks to ensure overall quality of JSPs nationally.

Operational and performance information

As part of its consideration of ISca, ANAO states in paragraph 7.59 that DEWR 'has a limited capability to extract and report [certain] operational and performance information' relating to ISca which it then identifies.

DEWR has given the highest priority to developing reports that are essential to the operational needs of Job Network members and the department's management of the employment services market. New reports are continuously being developed in line with Job Network members' needs as identified in regular consultations with the National Employment Services

Association. Reports for internal departmental use are also under continuous development, including reports providing detailed information on the various factors that may impact on the commencement of job seekers in Job Network services as identified by the ANAO.

The department has developed and made available extensive on-line performance information reports for Job Network members. These reports include data for each individual Job Network site and data aggregated at the Employment Services Area (ESA), Labour Market Region and national levels. In addition, providers have access to “data-cubes” and “CSV files” that allow them to compile and cross-tabulate referral, commencement and job placement data to suit their specific management needs. The department is further developing and refining these reports and data analysis tools in line with requests from Job Network members and changing business needs; for example, the recent initiatives to increase access to Job Network services by those receiving non-activity tested income support payments.

The department’s regular weekly internal reports, with data to the ESA level and for individual Job Network members, include details of the numbers of job seekers who are ‘Pending’ - that is who have been referred but are yet to commence in the specific phase of assistance to which their referral applies. The department has also conducted detailed analyses of the various factors that may influence the time between referral and the commencement of job seekers in the relevant phase of the Active Participation Model: for example, the proportions of job seekers subject to medical or other temporary exemptions from job search activity. Reports providing data on a weekly basis are being implemented and may be subject to further extensive development as relevant business management priorities are identified.

ANAO comment

In preparing this report, the ANAO took into account DEWR’s full response to the s19 proposed report and the evidence collected throughout the audit, including documentation, systems data, survey results and statements by DEWR management. In assessing the evidence, the ANAO considered both its relevance to forming an opinion against the audit objective and the extent to which it could be independently corroborated.

In its response to the audit, DEWR outlined its reported performance data for the Job Network. There is a range of factors that influence the outcomes of publicly funded employment services, some of which can be influenced by DEWR. While DEWR’s reported performance data on the Job Network was largely outside the scope of this audit, the ANAO’s audit of the implementation of the latest Contract will include an analysis of the

performance information provided by DEWR and the use of the 'Star Ratings' system²⁰¹ and business re-allocation process.

DEWR has stated 'that there appears to be a preoccupation by the ANAO with specifying how Job Network members should do their business and a focus on the inputs for Job Network'. However, in forming an opinion against the audit objective, the ANAO was mindful of the objective of the Job Network programme and the Government's statements linking the goal of achieving employment outcomes through high and better quality of service delivery.²⁰² DEWR has policies, procedures, contractual arrangements, Codes and Guarantees that provide it with a level of assurance that JNMs and Centrelink are providing specified services to job seekers. The ANAO's focus was on DEWR's information about the practices of JNMs and Centrelink in providing these services to job seekers, and whether this information was sufficient to enable the department to assess whether its service quality expectations were being met, and whether the services being provided were improving.

In its overall conclusion the ANAO noted that:

a critical issue for DEWR in administering the delivery of Job Network programme services is striking an appropriate balance between the degree of purchaser oversight and the operational flexibility afforded to JNMs. While DEWR's overall approach has been not to interfere with internal decisions of JNMs in placing job seekers in jobs, it has put in place a 'quality hurdle'.

In this regard, the ANAO concluded that DEWR, as the purchaser of Job Network programme services, required additional assurance that job seekers were being provided with key aspects of employment services as intended by the department.

DEWR describes the Job Seeker Account policy framework in some detail. While not central to this audit, the ANAO agrees that the features of the Job Seeker Account are worthy of attention and has, therefore, included the Job Seeker Account in its forward *2005-06 Audit Work Program* as a potential performance audit.

²⁰¹ Star Ratings are DEWR's system of setting a comparative order of merit among Job Network providers, reflecting its assessment of their performance. DEWR uses star ratings as an incentive to improve provider performance through competitive pressure.

²⁰² In developing its proposals for introducing Job Network, the Government was guided by the consideration: 'first and foremost, to deliver a better quality of assistance to unemployed people, leading to better and more sustainable employment outcomes.' See: Senator the Hon Amanda Vanstone Minister for Employment, Education, Training and Youth Affairs, 20 August 1996, *Reforming Employment Assistance - Helping Australians Into Real Jobs*, Chapter 3.

The objectives of the Job Network programme, reflect the key role of quality service, and include, inter alia: 'deliver a better quality of assistance to unemployed people, leading to better and more sustainable employment outcomes.'

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