

The Auditor-General
Audit Report No.49 2005–06
Performance Audit

Job Placement and Matching Services

Department of Employment and Workplace Relations

Australian National Audit Office

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of Australia 2006

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Canberra ACT
26 June 2006

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Department of Employment and Workplace Relations in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit and the accompanying brochure. The report is titled *Job Placement and Matching Services*.

Following its presentation and receipt, 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 'Ian McPhee', is positioned above the printed name.

Ian McPhee
Auditor-General

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

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Contents

Abbreviations.....	9
Summary and Recommendations	11
Summary	13
Background	13
Audit objective	15
Overall audit conclusion	16
Recommendations	19
DEWR's response to the audit.....	19
Key Findings.....	21
Job Placement services (Chapter 2).....	21
Electronic job matching (Chapter 3).....	24
JobSearch (Chapter 4).....	26
Reporting Job Placement and matching service outcomes (Chapter 5)	28
Recommendations	32
Audit Findings and Conclusions	35
1. Introduction	37
Background	37
The Active Participation Model	37
Job Placement and matching services	38
Internal evaluation and review activity	44
Previous audits.....	45
The audit	45
2. Job Placement Services.....	48
Introduction	48
Authority	48
Implementation of the Job Placement licence	49
Contract management.....	55
Programme assurance projects	62
Conclusion	68
3. Electronic Job Matching.....	72
Introduction	72
Specification of new referral interview services	73
Balancing price and service quality.....	75
Effectiveness of electronic matching.....	78
Notifying job seekers by SMS and email	85
Conclusion	88

4. JobSearch	93
Background and rationale for JobSearch	94
Vacancy growth strategies	96
Impact of vacancy lodgement on employment prospects	102
Quality of vacancy data	105
Conclusion	112
5. Reporting Job Placement and Matching Service Outcomes	116
Introduction	116
Factors that influence the impact of employment programmes	116
Job placements	118
Post assistance outcomes	123
Vacancies available on JobSearch	124
Cost of Job Placement and matching services	126
Service coverage	130
Conclusion	132
Appendices	137
Appendix 1: Job Placement Outcome Payments—Eligibility and Payment Types	139
Appendix 2: Organisations Consulted	141
Appendix 3: Survey of JPOs	142
Appendix 4: Job Placement Services <i>Code of Practice</i>	153
Appendix 5: ANAO Duplicate Vacancy Detection Method	155
Appendix 6: DEWR's Full Response to s19 Proposed Report	156
Index	181
Series Titles	184
Better Practice Guides	188

Tables

Table 2.1	Sources of benchmarks/measures for service commitments.....	54
Table 3.1	Job Search Support new referral interview—DEWR estimation of time and cost	76
Table 5.1	DEWR Job Network Performance Profiles, July 2004 and July 2005.....	117
Table 5.2	Job Placement terms and definitions	118
Table 5.3	DEWR's performance reporting on Job Placements.....	119
Table 5.4	Job Placement service coverage under the APM	131
Table A 1	Outcome payment eligibility.....	139
Table A 2	Job Placement outcome payment types (including GST)	140
Table A 3	JNM response rate and summary data	142
Table A 4	JPLO response rate and summary data.....	143
Table A 5	JPO survey: questions for both JNMs and JPLOs— 1(a)–1(p), 2–3 (per cent).	144
Table A 6	JPO survey: JPLO-specific questions— 1(q)–1(r) (per cent)	150
Table A 7	JPO survey: JNM-specific questions— 1(q), 4(a)–4(m) (per cent) ...	150

Figures

Figure 1	Employment exchange (currently Job Placement and matching services)	13
Figure 2	Job Placement and matching arrangements.....	15
Figure 1.1	Employment exchange (currently Job Placement and matching services)	39
Figure 1.2	Job Placement and matching arrangements.....	42
Figure 2.1	Complaints about Job Placement services received on DEWR customer service line August 2003–June 2005 (number).....	59
Figure 2.2	Job seeker satisfaction with their JNM (per cent satisfied/very satisfied)	61
Figure 3.1	ANAO question for JNMs: Job seeker résumés, not vocational profiles, are the primary record used and up-dated by our employment consultants (per cent)	74
Figure 3.2	ANAO question for JNMs: The services my organisation is contracted to provide to job seekers at the vocational profile interview are adequately remunerated (per cent)	77
Figure 3.3	Ranking by JNM staff members of the effectiveness of various measures for finding people work (per cent)	80
Figure 3.4	ANAO question for JPOs: The overnight matching of job seekers to jobs on JobSearch through their vocational profiles is an effective way of helping job seekers find employment (per cent).....	81
Figure 3.5	Eligible placements resulting from auto-matches, July 2003–August 2005 (number).....	82

Figure 3.6	JPO site usage of the 'FindStaff' functionality (average use per week)	84
Figure 3.7	ANAO question for JPOs: The 'Find-staff' function in the computer system provided by DEWR is a useful tool for finding suitable candidates for our vacancies (per cent)	85
Figure 4.1	ANZ Internet job advertisements series, 2002–2006 (number)	95
Figure 4.2	Vacancies in JobSearch July 1999–June 2005 (number)	98
Figure 4.3	Vacancies lodged by JPLOs, July 2003–June 2005 (number)	99
Figure 4.4	Vacancies lodged by JNMs, July 2003–June 2005 (number)	100
Figure 4.5	Differences between profile of vacancies on commercial job boards and those on JobSearch	101
Figure 4.6	On-line job board vacancies and job seeker preferences (per cent)	103
Figure 4.7	Monthly 'flow' duplication rates, 2004–05 (per cent)	108
Figure 5.1	Eligible job placements, 1999–2000 to 2005–06, by quarter (number)	120
Figure 5.2	ANAO question for JPOs: The Job Placement licence provides us with sufficient incentive to preference Job Network eligible job seekers when we fill our vacancies (per cent)	122
Figure 5.3	ANAO question for JPOs: We place substantially more Job Network eligible job seekers in jobs than we had previously as a result of our involvement in the Job Placement licence (per cent)...	122
Figure 5.4	Expenditure on Job Placement and matching services (\$ million)...	128
Figure 5.5	Number of eligible placements and cost per eligible placement, 1999–2000 to 2004–05	129

Abbreviations

ABSCU	Australian Bureau of Statistics Consultancy Unit
ACCC	Australian Competition and Consumer Commission
ACMA	Australian Communications and Media Authority
APM	Active Participation Model
APS	Australian Public Service
CAS	Contract Administration System
CES	Commonwealth Employment Service
DEWR	Department of Employment and Workplace Relations
EA3000	Employment Assistant 3000
EMC	Employment Management Committee
ESC3	Employment Services Contract 3
ESCAS	Employment Services Contract Administration System
FJNE	Fully Job Network Eligible
FOE	Found Own Employment
IDEA	Interactive Data Extraction for Auditors
IES	Integrated Employment System
IVR	Interactive Voice Response
iM	Instant Messaging
JNM	Job Network Member
JPO	Job Placement Organisation

JPLO	Job Placement Licence Only organisation
JSKA	Job Seeker Account
JSS	Job Search Support
JSSO	Job Search Support Only
MMS	Multimedia Messaging
NESA	National Employment Services Association
NCMF	National Contract Management Framework
PBS	Portfolio Budget Statements
PPM	Post-Programme Monitoring
RCSA	Recruitment and Consulting Services Association
SMS	Short Message Service

Summary and Recommendations

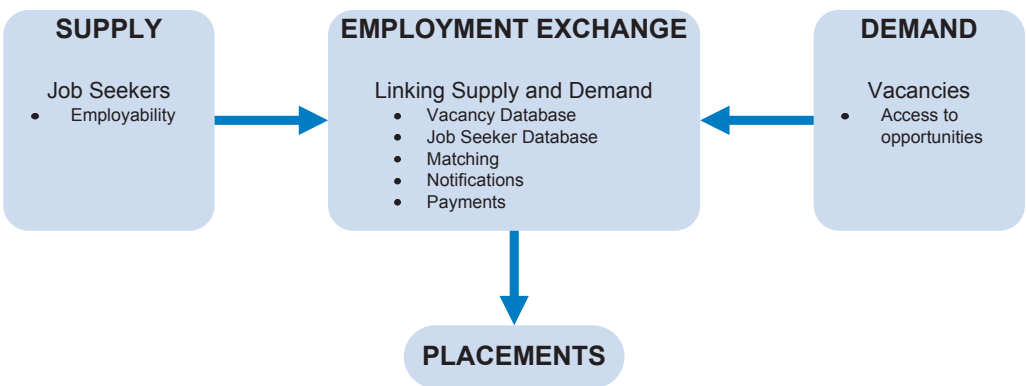
Summary

Background

1. The Department of Employment and Workplace Relations (DEWR) contributes to the Australian Government’s employment outcome to provide efficient and effective labour market assistance by administering working age income support payments, and labour market programmes. Through these activities, DEWR assists people to participate actively in the workforce in order to reduce the social and economic impacts of reliance on income support.
2. The various employment programmes administered by DEWR are delivered under the Active Participation Model (APM), which has been the policy platform for the department’s employment services since July 2003.
3. As part of the APM, DEWR administers Job Placement and matching services, which have a dual purpose of helping job seekers to find work, and employers fill vacancies. Job Placement and matching services is the successor to the employment exchange arrangements under previous Job Network contracts and the former Commonwealth Employment Service. The primary objective of these services is to increase the speed and efficiency with which vacancies are filled in the labour market. Employment exchange through Job Placement and matching services is illustrated in Figure 1.

Figure 1

Employment exchange (currently Job Placement and matching services)



Source: DEWR.

4. Job Placement and matching services are outsourced. Services are provided under contract (known as a 'licence') by around 375 Job Placement Licence Only (JPLO) organisations¹ and 110 Job Network Members (JNMs), which automatically have a Job Placement licence by virtue of their employment services contracts with DEWR.² Collectively, these organisations are known as Job Placement Organisations (JPOs).

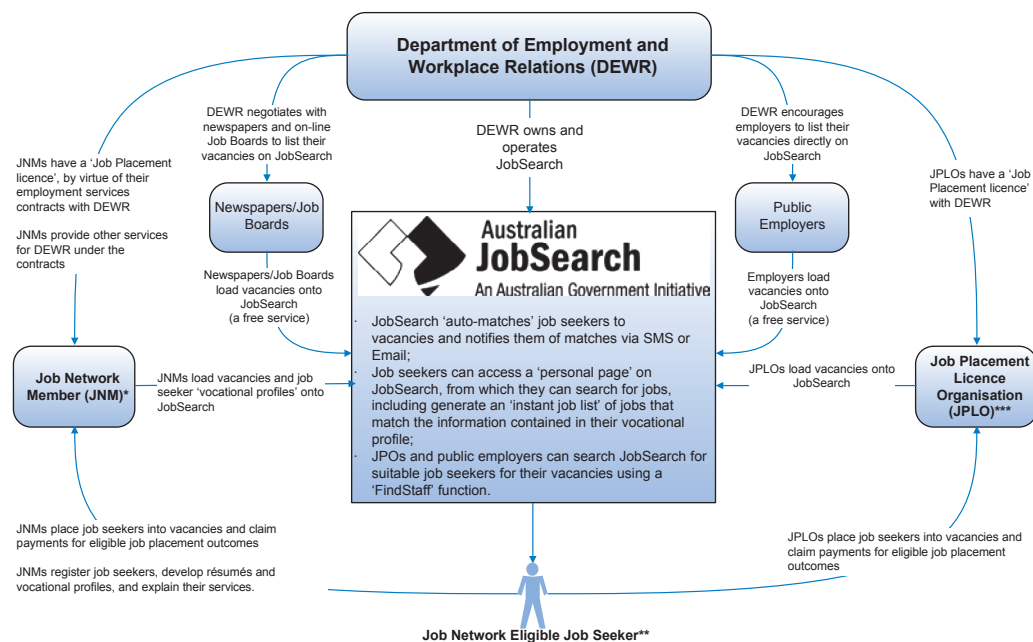
5. JPOs canvass employers for jobs and load the vacancies onto DEWR's national vacancy database, JobSearch. JNMs also load job seekers' particulars, skills and occupational preferences ('vocational profiles') onto JobSearch. This enables electronic job matching of job seekers with vacancies, in addition to traditional job matching activities conducted by JPO staff and job seekers. All eligible job seekers receive Job Placement and matching services for as long as they are registered with Centrelink or a JNM.³ There are two levels of eligibility: job seekers on a specified income support payment who are registered with Centrelink or a JNM are classified as 'Fully Job Network Eligible' (FJNE); other job seekers can register as 'Job Search Support Only'.

6. JPOs can claim Job Placement outcome payments when they have sourced a vacancy from an employer, and placed an eligible job seeker in that vacancy for a specified length of time. The outcome payments range from \$165 to \$385 per placement, depending on the job seeker's characteristics and the length of the placement. The outcome payments are weighted towards FJNE and highly disadvantaged job seekers. A bonus payment of \$165 may also be paid for the placement of FJNE job seekers who work for a longer period. The total cost of Job Placement and matching services in 2004–05 was in the order of \$176 million, comprising outcome payments for JPOs, service fees for JNMs, and DEWR's administrative costs. Figure 2 illustrates the Job Placement and matching arrangements.

¹ JPLOs are mostly private recruitment organisations, but also include organisations contracted to DEWR to provide the New Enterprise Incentive Scheme and Harvest Labour Services. Like JNMs, these latter organisations have a Job Placement licence by virtue of their other contracts with DEWR.

² JNMs also provide a wide range of other services that are not examined by this audit, including job search training, and intensive support customised assistance. The ANAO has examined these in other audits, including ANAO Audit Report No.51 2004–05, *DEWR's oversight of Job Network services to job seekers*.

³ To be eligible for Job Placement and matching services, a job seeker must be registered, and must not be: working in paid employment for 15 hours or more each week; a full-time student; an overseas visitor on a working holiday visa; or prohibited by law from working in Australia.

Figure 2**Job Placement and matching arrangements**

Source: ANAO.

Audit objective

7. The objective of the audit was to assess whether DEWR's management and oversight of Job Placement and matching services is effective, in particular, whether:

- DEWR effectively manages, monitors and reports the performance of JPOs in providing Job Placement services;
- DEWR effectively manages the provision of matching services (including completion of vocational profiles and provision of vacancy information through auto-matching) to job seekers;
- Job seeker and vacancy data in DEWR's JobSearch system is high quality and is managed effectively; and
- DEWR effectively measures, monitors and reports Job Placement service outcomes.

Overall audit conclusion

8. DEWR effectively managed the implementation of Job Placement and matching services. Until mid-2003, the government's employment services were outsourced to Job Network Members (JNMs) that provided these services, then known as Job Matching services. On 1 July 2003, as part of the introduction of the government's Active Participation Model (APM), DEWR contracted around 110 JNMs to provide Job Placement and matching services, and opened up the Job Placement market to an additional 375 commercial recruitment organisations (Job Placement Licence Only organisations—JPLOs), many of which had little or no history of engaging with government agencies in the delivery of employment services. DEWR has been successful in encouraging JPLOs to use their licences—JPLOs now make around 37 per cent of all eligible placements. JPLOs and JNMs are collectively known as Job Placement Organisations (JPOs).

9. As part of the APM, DEWR introduced mandatory interviews for newly registered job seekers to collect information relevant to the provision of employment services, to access a range of self-help services and to include them in electronic matching, a system which facilitates the on-line matching of job seekers to vacancies. DEWR has worked with JNMs to identify and overcome challenges that arose with the implementation of these services, including a lack of support for matching mechanisms from the industry, concerns about the quality of job seekers 'vocational profiles' and the capacity to produce quality résumés for job seekers using supporting information systems. DEWR has substantially streamlined and improved these services, although there are still some difficulties to be resolved.

10. DEWR has been successful in increasing the number of vacancies listed on its on-line national vacancy database, JobSearch. Over 2.2 million vacancies were created on JobSearch in 2004–05, a substantial increase over previous years. This increase was largely the consequence of the inclusion of vacancies from commercial on-line job boards, MyCareer and CareerOne.

11. DEWR's ongoing management and oversight of Job Placement and matching services would be strengthened by improvements in the following areas:

- monitoring of the quality of the services provided by JPOs against the Job Placement services *Code of Practice*;

- clarifying resources requirements and expectations for new referral interview services with JNMs;
- improving the quality of vacancy data on JobSearch, the government-owned on-line vacancy listing enterprise;
- following-up the government's intention to review the costs and benefits of maintaining a national vacancy database, such as JobSearch; and
- more transparently reporting overall service performance, especially by reporting Job Placement outcomes in a manner that is comparable over time.

12. To effectively manage contractual arrangements, the contracting party needs reliable feedback on the performance of the contractor in meeting its contractual commitments. While the quantitative data available to DEWR contract managers on the placement and vacancy lodgement activity of JPOs is sound in itself, it is limited when it comes to the service requirements of the Job Placement licence. Most significantly, there is no systematic monitoring, through a program of site visits, of the compliance of JPOs with service commitments made in the Job Placement licence and the *Code of Practice* (which forms part of the licence).

13. To enable electronic matching, JNMs are required to conduct new referral interviews with job seekers, part of which involves entering job seekers' 'vocational profiles' onto JobSearch. This has been a time consuming and costly undertaking that has, to date, resulted in few job placements. A small proportion of job seekers benefit from electronic matching. Placements attributable to electronic matching accounted for around 1.3 per cent of eligible placements in 2004–05. The ANAO concluded that DEWR should assess the resources required by JNMs to deliver the new referral interview services and clarify its expectations in relation to those services. This would assist DEWR to assure itself that the appropriate balance between price, resource requirements, and outcomes has been struck.

14. DEWR's quality assurance processes provide a reasonable level of assurance that vacancies on JobSearch meet its minimum content requirements. However, vacancies are frequently duplicated, and dated. At any point in time, around 14 per cent of vacancies are duplicated. Over time, the duplication rate is substantially higher, at over 46 per cent, which indicates that re-posting of vacancies on JobSearch is very common. Duplicate vacancies

can be misleading to job seekers, and also substantially distort DEWR's reporting of vacancy numbers. Old vacancies are unlikely to result in a placement. While DEWR has advised that it has now taken steps to reduce the rate of duplication of vacancies sourced from the on-line job boards and to reduce the number of dated vacancies on JobSearch, it needs to take steps to minimise the incidence of duplication more generally and to take duplication into account in its reporting of vacancy numbers.

15. At the time JobSearch was established (1996), the on-line vacancy listing market was immature. As a result, the government accepted that there was a case for JobSearch to be publicly owned and operated. However, the government also anticipated that the on-line vacancy market would mature and considered that public ownership may not be necessary in the long-term. Consequently, the government considered, at that time, that a review should be conducted at a later date of the continued need for DEWR to maintain JobSearch. No such review has occurred. The ANAO concluded that, in light of the government's original intention and the subsequent maturing of the on-line vacancy listing market, a review should be conducted of the costs and benefits of maintaining a government owned and operated on-line vacancy listing enterprise, aside from the necessary business functions, currently within JobSearch, that support contracted employment service providers.

16. Reporting of Job Placement and matching performance is not consistent or transparent. DEWR has reported 'record' Job Placement outcomes for 2003–04 and 2004–05 of 518 350 and 665 868 respectively. In the absence of a substantive evaluation it is difficult to ascertain the extent to which the outcomes reported by DEWR for Job Placement and matching services have been affected by exogenous factors such as macro-economic conditions, the state of the labour market, changes in the way job seeker eligibility is determined, or changes in DEWR's capability to capture data on employment outcomes. DEWR has reported 'outcomes' on the basis of a performance indicator that includes placements for which DEWR is not prepared to pay JPOs, such as placements that have resulted from job seekers finding their own employment. In such cases, it is not clear that the JPO has always made a significant contribution to the job seeker finding work.

17. The ANAO reviewed the available evidence and concluded that Job Placement and matching services under the APM is performing at or around the historical levels for previous Job Matching services in terms of eligible

placements⁴ and post-assistance outcomes, although it is more costly overall—requiring outlays in 2003–04 and 2004–05 between \$67 million and \$100 million per year more than during the first and second Job Network contracts. The additional outlays reflect the cost of upgrading self-help facilities for job search, such as new touch-screen kiosks, as well as the requirement under the APM that all ‘Fully Job Network Eligible’ job seekers attend new referral interviews to register for Job Network services from the date of their receipt of income support payments.⁵ As a result, the cost per eligible placement is around 40 per cent higher than historical levels. The net impact of the APM on employment outcomes for job seekers should become clearer when DEWR has completed its planned evaluations.

Recommendations

18. The ANAO made six recommendations aimed at ensuring that DEWR’s management and oversight of Job Placement and matching services is effective. DEWR agreed with most of the recommendations. However, it disagreed with three parts of the recommendations relating to: developing objective indicators for key service commitments; specifying the quality of résumé it expects JNMs to provide to job seekers; and, assessing the resources required to deliver new referral interview services.

DEWR’s response to the audit

19. DEWR’s full response to the proposed audit report is reproduced at Appendix 6, which also includes the ANAO’s comments on the response. The ANAO took DEWR’s response into account in preparing this report. DEWR’s summary response was:

The Active Participation Model which was introduced in July 2003 is achieving record vacancies, placements, and long-term outcomes. Job Placement Services and the introduction of enhanced self-help facilities have made an important contribution to this result. Significantly, placements for disadvantaged or ‘Fully Job Network Eligible (FJNE)’ job seekers are considerably higher under Job Placement Services than they were under Job Matching (ESC2).

⁴ The ‘eligible placements’ measure excludes placements that had not clearly resulted from the efforts of JPOs.

⁵ New referral interviews include, as the major component, the development of a ‘vocational profile’ for the purposes of electronic matching (including auto-matching).

The ANAO notes that DEWR has successfully engaged around 375 recruitment organisations to complement around 110 Job Network members in gathering vacancies and placing disadvantaged job seekers into work.

While DEWR has appreciated its opportunity to participate in this audit the department does not agree with some of the ANAO's conclusions, particularly the ANAO's comparison of cost and placement outcomes between ESC2 and ESC3. The department has agreed in part with most of the ANAO's recommendations.

Key Findings

Job Placement services (Chapter 2)

20. There is no specific legislation for Job Placement services. Instead, implementation occurred under executive power. The government gave approval for Job Placement services to be introduced in the context of the implementation of the Active Participation Model (APM) in mid-2003, with the government purchasing the services and making fixed payments for specified placement outcomes. Consistent with this approval, DEWR monitored job placements to ensure they stayed within the agreed national cap of 400 000 places, which was not breached. Initially, it was proposed that placement numbers be allocated at the regional level, with Job Placement Organisations (JPOs) within a region drawing down on the regional allocation. This proposal was not implemented. However, the ANAO found that the reasons for this are not clear from departmental documentation.

21. Initially, the performance of the Job Placement Licence Only organisation (JPLO) initiative fell short of expectations. To address this issue, DEWR pursued a range of initiatives, including refining licence conditions and making it easier for all JPOs to lodge vacancies onto JobSearch (one of the requirements of the licence) and promoting the licence to JPLOs through its contract managers, peak bodies and other forums. As a result, the performance of JPOs, in particular JPLOs, has improved over time.

22. DEWR has had a longstanding approach to manage Job Placement licences in a manner that involves limited direct contact with JPOs, and minimal direct monitoring through site visits. There is no mandated requirement or target for site visits and no requirement to record the results of site visits. DEWR's assurance about JPO compliance with contractual obligations relies on remote oversight through 'desktop monitoring' and information about JPO performance contained in the department's information systems.

23. Performance information about JPO activity can be readily and reliably extracted from DEWR's mainframe database, known as the Integrated Employment System (IES). Drawing on data contained in IES, DEWR has developed a number of management information reports to manage the delivery of Job Placement services. Generally, these reports provide a sound basis for contract management.

24. DEWR's data does not provide information about the compliance of JPOs with a number of the service requirements in the Job Placement licence. For example, the licence requires that JPOs 'have a complaints process of which job seekers and clients are made aware' and that 'job seekers and clients are advised of the free DEWR customer service line.' In response to previous ANAO audit findings,⁶ DEWR has agreed to establish minimum requirements and targets for site monitoring visits including complaints handling processes of Job Network Members (JNMs). However, DEWR had no process for obtaining assurance about the adequacy of JPLO's complaints handling processes—whether, for example, job seekers were being informed by JPLOs that the service they were receiving was attracting payment from the government and that they had a right to complain, either to the JPLO or to DEWR, if they were not satisfied with the service they have received. There is also no data available on the complaints received by JPLOs from job seekers. In response to the proposed audit report, DEWR advised that from 2006–2009, JPLOs will be required to maintain a complaints register and that it is taking steps to raise job seekers' awareness of the Job Placement *Code of Practice* and associated complaints mechanisms.

25. Shortcomings in the data also reduce DEWR's capacity to monitor compliance of claims for outcome payments with the terms of the Job Placement licence. For example, DEWR relies on JPOs self-disclosing if a placement is being made to a 'related entity' (there are restrictions on a JPO placing a job seeker into a job with an organisation that has a legal association or shared ownership with the JPO). The ANAO found that, from 1 July 2005 to 31 December 2005, around 1.7 per cent of all placements (1 888 out of 111 519) were with related entities. However, JPOs self-identified only around 28 per cent of these placements in the DEWR system, meaning 1 354 probable related entity placements were not appropriately identified.

26. The low level of self-disclosure means that it is likely that some JPOs have exceeded the number of related entity placements they can make under the Job Placement licence (related entity placement cannot exceed 30 per cent of total placements). The ANAO identified 10 JPOs that had exceeded their caps. In total around 100 placement outcome payments or around \$37 000 had been paid for these 'excess' placements. Moreover, the threshold for a non-related entity outcome payment, in terms of hours worked by the job seeker, is half that for a related entity placement. The total hours worked for each

⁶ See ANAO Report No.51 2004–05, *DEWR's Oversight of Job Network Services to Job Seekers*.

placement is not recorded on DEWR's system. For this reason, it is not possible to identify if the undisclosed related entity placements met the higher threshold in terms of hours worked. If all of the undisclosed related entity placements proved not to meet the eligibility requirements, up to \$487 000 may have been paid incorrectly.

27. DEWR conducts regular 'programme assurance' projects that provide assurance about payments made to JPOs. These projects involve structured surveys of job seekers to identify instances where the job seeker's recollection of their employment does not match the data entered into DEWR's system by the JPO. These data are used to identify potentially suspect payments and to initiate checks of these and, where appropriate, recover funds. DEWR's data shows that around 5–6.5 per cent of the programme assurance survey responses result in a 'debt', that is, monies to be recovered from a JPO. In 2004–05, DEWR's programme assurance projects, including random and targeted surveys and State Office activity, identified 1 610 Job Placement outcome payments (approximately \$400 675) for recovery. The ANAO estimates, on the basis of DEWR's programme assurance survey results that, overall, around 15 400 Job Placement outcome payments, amounting to approximately \$4.67 million were potentially recoverable for 2004–05. However, only 10 per cent of this sum was recovered by DEWR through its programme assurance projects.

28. DEWR advised the ANAO that conducting program assurance surveys for all claims would be very resource intensive for both the Department and for service providers, and that in its view, the cost of doing so would outweigh the benefits. The ANAO considers the amount of potentially recoverable payments not currently being recovered is relatively high (amounting to nearly five per cent of total annual expenditure on Job Placement outcomes). In seeking to manage, and minimise, the risk of incorrect payments to JPOs, it is important to consider the costs and benefits of 'post hoc' compliance activity (such as programme assurance projects), and preventative activity that improves the compliance of JPOs with rules governing outcome claims. The latter can be achieved through, for example, improved education of JPOs and their staff, and improved systems controls.

Electronic job matching (Chapter 3)

29. Under their third Employment Services Contract (ESC3) with DEWR, JNMs provide a new referral interview to eligible job seekers, which includes creating and lodging a job seeker's 'vocational profile' through DEWR's information systems, and providing a copy of the resulting résumé to the job seeker. A vocational profile is an electronic record of a job seeker's skills, job preferences and work history. The primary objective of developing vocational profiles was to include all job seekers in electronic matching and, thereby, improve the efficiency of the labour market.

30. JNMs consider that it is job seeker résumés, not vocational profiles, which are the primary record used and up-dated by their employment consultants. DEWR has recognised that the development of quality résumés is an important outcome of new referral interviews. However, DEWR has not specified what constitutes a 'quality résumé', and development of a quality résumé is not currently a requirement of the ESC3.

31. The ESC3 anticipated that JNMs would create a vocational profile, and then generate a résumé from these data. DEWR's IT system was designed with this process in mind. DEWR has since made it possible for JNMs to create vocational profiles from a pre-existing résumé. Over 80 per cent of the JNMs surveyed by the ANAO agreed that these changes had improved the quality of services JNMs can provide to job seekers. However, the changes are not reflected in DEWR's contracts with JNMs. The ANAO considers that, in order to assist JNMs in their service delivery and DEWR in its contract management, DEWR should update its contract to clarify both the quality of the résumés it expects its providers to complete for job seekers (within the time constraints of the interview), and to reflect the ways in which résumés and vocational profiles can be created.

32. Electronic matching of job seekers with vacancies is dependent upon a vocational profile being created at a new referral interview. In developing its proposals for the ESC3, DEWR set prices for the new referral interview on the basis of what the forward budget estimates would allow rather than on the basis of an assessment of the expected time/cost of providing the contracted services. There is a negative perception amongst JNMs of the adequacy of remuneration for new referral interview services. This raises a risk that poor quality vocational profiles may be created, reducing the quality of service delivery and effectiveness of electronic matching. DEWR has not measured the actual time required to provide new referral interview services, including

vocational profiles, although late in the audit, it did estimate the time required to complete vocational profiles from résumés already up-loaded into DEWR's system. These data suggest that the systems changes introduced by DEWR have improved the efficiency with which the contracted services can be delivered. The ANAO considers that DEWR should assess the end-to-end resource requirements for JNMs to deliver new referral interview services. This would assist DEWR to assure itself that the appropriate balance between price and service delivery considerations has been struck.

33. A relatively small proportion of job seekers currently benefit from auto-matching, and the available evidence suggests only a very small number of job seekers are placed as a result—around 1.3 per cent of eligible placements in 2004–05 resulted from auto-matches (4 343 eligible placements). The ANAO estimated, on the basis of the available evidence, that the cost per placement resulting from auto-matching in 2004–05 was between \$2 153 and \$7 834. This compares to a cost of between \$144 and \$231 for placements resulting from other means, such as through traditional job search. The lower figure in the range assumes that all vocational profiles were created from a pre-existing résumé. The higher figure assumes that all vocational profiles were created 'from scratch'. The ANAO considers that these estimates indicate that DEWR should monitor and assess the costs and benefits of its auto-matching operations in order to assure itself that the placements achieved meet the government's intention to match unemployed people to jobs more quickly and efficiently.

34. Electronic matching enables job seekers to be notified of suitable vacancies through, *inter alia*, SMS and email. These job seeker notifications broadly meet the government's anti-spam initiative. However, the ANAO considers that DEWR would more fully conform to better practice if SMS and email notifications to job seekers included a functional unsubscribe facility, about which job seekers were informed. DEWR advised that 'with a 160 character limit on SMS messages, the provision of unsubscribe details in each message would mean that other information provided was virtually useless'. The ANAO notes that this is a constraint faced by all agencies seeking to comply with the anti-spam initiative, and there would be benefit in DEWR consulting the Australian Communications and Media Authority, which administers the *Spam Act 2003*, about how best to keep job seekers informed about how to unsubscribe from SMS messaging. For example, DEWR might consider periodically reminding job seekers of the unsubscription process. The

space constraint does not apply to emails, which do not have a functional electronic unsubscribe facility.

JobSearch (Chapter 4)

35. The Australian Government, through DEWR, runs an on-line job vacancy listing service called 'JobSearch'. JobSearch was the first on-line job board in Australia, and has now been in operation for ten years. Since its establishment, the on-line vacancy listing market has become extremely competitive, with commercial job boards such as 'SEEK', 'MyCareer' and 'CareerOne' vying for market dominance. In this context, and with a limited marketing budget compared to the commercial players, maintaining JobSearch's market position has been a challenge for DEWR. Previously rated the most popular on-line employment site, JobSearch now has around 10–20 per cent of the on-line employment market, depending on the measure used.⁷

36. When the government introduced JobSearch, it recognised the potential for development of a private on-line vacancy listing market and, therefore, considered public ownership may not be necessary in the long-term. The government agreed to review the continued need for the then Department of Employment, Education, Training and Youth Affairs to maintain a National Vacancy Database (JobSearch) as part of the Job Network evaluations. The ANAO found that this review has not occurred.

37. The number of vacancies created in JobSearch has more than doubled since 1999 to over 2.2 million in 2004–05. The growth has largely resulted from vacancy-sharing arrangements with two of the other on-line job boards. JPLOs initially performed below expectations—they did not reach the expected monthly number of vacancy lodgements until the final months of 2004–05. The inclusion of JPLOs in July 2003 has resulted in a slight overall increase in the number of vacancies lodged. Vacancy lodgement by JNMs and direct lodgements by employers has remained static since 1999.

38. DEWR has not assessed the impact that increasing vacancy lodgement on JobSearch has had on improving the employment prospects of registered job seekers. The ANAO found that increasing the number of vacancies on JobSearch does not appear to have translated into a commensurate increase in

⁷ Using a measure from Hitwise (an Internet monitoring company), based on page visits, JobSearch's market share is around 10 per cent. Using a measure from the Nielson Net Ratings (another Internet monitoring company), based on unique browsers, JobSearch's market share is higher, at around 20 per cent.

eligible placements. This is because many vacancies are not appropriate to job seekers' occupational preferences (there is, for example, a misalignment between job seekers with a preference for factory or cleaning work and the number of listed vacancies sourced from the commercial on-line job boards in these areas), and job seekers do not compete for vacancies on an equal footing. The ANAO considers that DEWR should assess the impact of increasing the number of vacancies in JobSearch in achieving job seeker employment outcomes, as this would enable DEWR to ascertain the return on its investment in increasing the number of vacancies lodged on JobSearch.

39. DEWR has a reasonable level of assurance about the appropriateness of the content of vacancies lodged on JobSearch, for example, through the use of a 'blue word' filter that prevents potentially inappropriate vacancies from being lodged on JobSearch. However, the ANAO's analysis has shown that DEWR does not have sufficient assurance about the duplication or age of vacancies listed on JobSearch.

40. The ANAO estimated that on a point in time basis, the level of duplication was approximately 14.4 per cent, while the average level of duplication on a monthly basis, looking at the flow data, was approximately 46.7 per cent.

41. During the audit, DEWR advised that it had taken steps to reduce the rate of duplication of vacancies sourced from on-line job boards, which contributed a substantial proportion of the duplicate vacancies on JobSearch. However, the ANAO also found duplication of vacancies sourced from JPOs increased substantially during 2004–05. To date, DEWR's reporting of vacancy numbers has not taken duplication rates into account.

42. Vacancies created by JPOs on JobSearch do not have an 'expiry' date. The ANAO found that 50 per cent of vacancies on JobSearch were one week old, or less. During 2004–05, the majority of placements were made within three weeks of the vacancy being lodged on JobSearch. However, the ANAO's analysis shows that 17 per cent of vacancies in JobSearch were over eight weeks old and, based on the 2004–05 results, were unlikely ever to result in a paid placement. During the audit, DEWR advised that it was re-instating weekly 'batch inactivation' to remove dated vacancies.

Reporting Job Placement and matching service outcomes (Chapter 5)

43. DEWR has three performance indicators relevant to Job Placement and matching services against which it reports publicly. These are: job placements; post-assistance outcomes; and JobSearch's share of the vacancy listing market.

44. In reporting job placements, DEWR uses a number of different performance measures. With the introduction of the APM in July 2003, DEWR changed the way it measured its performance in terms of job placements. This resulted in a substantial increase in reported performance from 284 825 'placements' in 2002-03, to 518 350 'placements' in 2003-04, and 665 868 'placements' in 2004-05. However, in reporting these 'record' outcomes,⁸ DEWR did not explain in its Annual Reports that it had changed the way it measured job placements to include placements where the job seeker may have obtained employment primarily through their own efforts, for which DEWR is not prepared to pay JPOs. In 2005-06, DEWR clarified its performance indicator. Using the original measure, 'eligible job placements', which excludes placements that had not clearly resulted from the efforts of JPOs, the ANAO found that placements declined with the introduction of the APM, before recovering to slightly higher than historical levels in 2004-05 and 2005-06.

45. DEWR's second indicator relevant to Job Placement and matching services is for 'positive outcomes', that is, the proportion of job seekers that are in employment, education or training three months after having been placed in a job. This indicator is measured using a survey of job seekers. DEWR has reported that Job Placement and matching services achieved 74 per cent against this indicator in 2005-06, against a target of 70 per cent. However, DEWR's data also indicates that the most recently surveyed population was younger, better educated and had been unemployed for a shorter period than previous populations. The ANAO suggests that DEWR assess and report on the extent to which demographic differences account for the increase in positive outcomes.

46. DEWR has not attempted to measure JobSearch's percentage of all advertised jobs in Australia, although there was a publicly stated expectation at the outset of the APM that JobSearch would contain 50 per cent of all advertised jobs. Instead, from 2001-02 to 2003-04 DEWR used the ANZ Bank's Internet job advertisements series to estimate the proportion of on-line

⁸ See DEWR, *Annual Report 2003-04*, pp. 54, 58-59 and DEWR, *Annual Report 2004-05*, p. 48.

advertised jobs on JobSearch. Using this measure, JobSearch's performance showed a steady decline over time, failing to meet its target of 40 per cent. During 2004–05, DEWR changed the way it measures and reports its performance in securing vacancy advertisements for JobSearch. It is too early to judge how JobSearch is performing using the new measure.

47. At the outset of the Job Placement and matching programme, the government announced that it expected that an additional 650 000 'vacancies' would be lodged by JPOs on the JobSearch website over the three year life of the licence. The ANAO found that the number of vacancies lodged by JPOs on JobSearch has been well below expectations. However, DEWR has reported its progress in terms of the number of 'positions' lodged on JobSearch rather than 'vacancies'. The terms 'position' and 'vacancy' have different meanings within DEWR. 'Vacancy' means that a vacancy record has been lodged on JobSearch, while the term 'position' refers to the number of positions vacant for any given vacancy. There may be many positions for a vacancy. For example, on 7 October 2005, there were almost twice as many positions listed on JobSearch as vacancies.⁹ Given the difference between these two terms there is substantial room for confusion, both internally and in DEWR's external reporting, about the numbers presented by DEWR.

48. Under the Outcomes and Outputs framework, DEWR publicly reports on the cost of its 'Employment Services' Output (1.2.2) of which Job Placement and matching services is a part. It does not publicly report the particular cost of Job Placement and matching services, although this is reported and monitored internally.

49. The ANAO found that DEWR's Job Placement and matching arrangements are more costly than the comparable Job Matching arrangements under previous contracts, requiring outlays in 2003–04 and 2004–05 between \$67 million and \$100 million per year more than during the first and second Job Network contracts. This reflects the cost of upgrading self-help facilities for job search, such as new touch-screen kiosks, as well as the requirement under the APM that all 'Fully Job Network Eligible' job seekers attend new referral interviews to register for Job Network services from the date of their receipt of income support payments. Self-help facilities cost \$61.7 million and \$37.2 million in 2003–04 and 2004–05 respectively. New referral interview

⁹ ANAO analysis of DEWR data. On 7 October 2005, there were 50 968 vacancies listed on JobSearch, comprising 98 312 positions. 85 per cent of the vacancies listed only one position. Two vacancies listed 1 000 positions.

services, which include, as the major component, the development of a 'vocational profile' for the purposes of electronic matching (including auto-matching), cost \$65.4 million in 2003–04 and \$34.36 million in 2004–05.

50. As discussed, the APM is performing at or around historical levels for previous Job Matching services in terms of eligible placements (which excludes placements that had not clearly resulted from the efforts of JPOs). Consequently, the ANAO found that, after one-off transitional costs in 2003–04, the cost per eligible placement declined during 2004–05, but was still around 40 per cent higher than the average cost of eligible placements in previous contracts.

51. DEWR advised the ANAO that under the APM, all job seekers were provided with a basic level of service from their JNM, including, at a minimum, ensuring all job seekers have a résumé, and understand and have access to a range of self help services such as interactive JobSearch kiosks, auto-matching and notification services. DEWR considers these basic services provide greater capacity for job seekers to be in control of their own job search activity than under previous arrangements. To support these claims, DEWR provided data from its job seeker survey research that shows that the proportion of job seekers that remember being helped by their JNM with a résumé has increased from 31 per cent under ESC2, to 89 per cent under the APM.¹⁰

52. The ANAO notes that the increase in expenditure that has been required to ensure these minimum service levels are met has not resulted in a commensurate improvement in eligible placements. DEWR's own research has shown that only 54 per cent of job seekers recall completing a vocational profile (résumé),¹¹ and that the frequency of contact between job seekers and their JNMs may have actually declined under the APM, in comparison to previous contracts.¹² The goal should be to strike an appropriate balance between ensuring minimum service levels are maintained, and maximising employment outcomes.

53. With the introduction of the APM, and the licensing of JPLOs, the government announced a major increase in the number of organisations and sites providing employment services compared to previous contracts. DEWR's

¹⁰ DEWR, *Job Seeker Omnibus Survey* reports, March 2003 and August 2005.

¹¹ DEWR, August 2005, *Using the Job Automatch system*.

¹² DEWR, *APM Evaluation Study 1C: Maintaining the Connection—Keeping Job Seekers in Touch with Job Network Services*.

reporting of JPO 'service coverage' (the number of sites) has not distinguished between sites that are active or inactive. DEWR decided early in the APM that in order to maintain the reported number of sites nominally delivering Job Placement and matching services, unused JPLO licences would not be cancelled unless new providers were able to take their place. The ANAO found that the number of sites actively providing Job Placement services is between 20 and 36 per cent less than the number of sites listed on JobSearch, depending on the measure used. The ANAO considers that DEWR's practice of reporting nominal service coverage may lead Parliament and the public to form a mistaken impression that eligible job seekers receive Job Placement services from all reported sites. Job seekers accessing the JobSearch system may also form the mistaken expectation that all the sites listed provide Job Placement services.

Recommendations

Set out below are the ANAO's recommendations aimed at ensuring that DEWR's management and oversight of Job Placement and matching services is effective. Report paragraph references and abbreviated responses from DEWR are included. More detailed responses from DEWR are shown in the body of the report immediately after each recommendation, including ANAO comments, where appropriate.

Recommendation No.1
Para 2.76 The ANAO recommends that, in order to strengthen assurance about the management of Job Placement services, DEWR:

- (a) improves the quality of data relating to contract details, related entity records and employer identity records;
- (b) develops objective indicators and measurable performance standards for the key service commitments in the Job Placement licence and *Code of Practice*; and
- (c) establishes minimum requirements and targets for monitoring visits.

DEWR response:

- (a) *Agree.*
- (b) *Disagree.*
- (c) *Agree.*

**Recommendation
No.2
Para 3.51**

The ANAO recommends that, in order to strengthen assurance about the management of electronic matching services, DEWR should:

- (a) ensure that its contract with JNMs is up-to-date, reflects the importance of résumés as an outcome of new referral interviews, and specifies the quality of the résumés JNMs are expected to complete for job seekers;
- (b) assess the end-to-end resource requirements for JNMs to deliver new referral interview services; and
- (c) monitor and assess the cost of auto-matching operations.

DEWR response:

- (a) *Disagree.*
- (b) *Disagree.*
- (c) *Agree in part.*

**Recommendation
No.3
Para 4.67**

The ANAO recommends that, in light of the government's original intention and the maturing of the on-line employment vacancy listing market, DEWR review the full costs and benefits of maintaining a government owned and operated on-line vacancy listing enterprise.

DEWR response: *Agree.*

**Recommendation
No.4
Para 4.68**

The ANAO recommends that DEWR assess the impact of increasing the number of vacancies on JobSearch on job seeker employment outcomes.

DEWR response: *Agree.*

**Recommendation
No.5**

Para 4.69

The ANAO recommends that, in order to improve client service and ensure accurate reporting, DEWR should:

- (a) take steps to minimise the duplication of vacancies on JobSearch from all sources; and
- (b) take duplication into account in reporting the number of vacancies on JobSearch.

DEWR response:

- (a) *Agree.*
- (b) *Agree in part.*

**Recommendation
No.6**

Para 5.56

In order to improve client service, increase transparency about the performance of Job Placement and matching services, and provide greater assurance about the efficient use of public funds, DEWR should:

- (a) monitor and report on its performance in achieving job placements in a consistent manner over time;
- (b) evaluate the impact of the Job Placement Licence Only organisation initiative in increasing job placements; and
- (c) take site activity into account in reporting aggregate service coverage, and indicate whether a site is active when it is listed on JobSearch.

DEWR response:

- (a) *Agree.*
- (b) *Agree.*
- (c) *Agree in part.*

Audit Findings and Conclusions

1. Introduction

This chapter introduces Job Placement and matching services and the ANAO's performance audit.

Background

1.1 The ways job seekers find suitable employment placements are complex. Job placements occur through a variety of avenues, including self-guided job search with assistance gained from friends and relatives, advertisements in the newspaper or the Internet ('on-line'), and/or employment agencies.

1.2 In addition to these avenues, the Commonwealth Government has provided assistance to unemployed job seekers since 1946. This assistance is administered by the government's employment department, the Department of Employment and Workplace Relations (DEWR). DEWR contributes to the Australian Government's employment outcome to provide 'efficient and effective labour market assistance' through administration of working age income support payments, and labour market programme management and delivery. Through these activities, DEWR assists people to participate actively in the workforce in order to reduce the social and economic impacts of reliance on income support.

The Active Participation Model

1.3 The various employment programmes administered by DEWR are delivered under the Active Participation Model (APM),¹³ which has been the policy platform for the department's employment services since July 2003.

1.4 This audit was conducted during the third year of operation of the APM. The introduction of the APM affected:

- the size of the job seeker population actively being serviced at any point in time. There are no reliable figures on the extent of this change,

¹³ The APM aimed, inter alia, to provide 'simpler and faster access to services with over 2 700 sites which deliver Job Network, Job Placement and other related employment services to job seekers,' and 'easier access to a wider range of job vacancies' (see DEWR *Annual Report 2003–04*, p. 63). Other aims were 'better targeted and continuous service including early intervention for those most in need,' 'a strengthening of linkages between Job Network services and other complementary employment and training programmes,' 'a culture of active job search and participation for the unemployed,' and 'more effective incentives for service providers to focus their assistance on securing outcomes for all job seekers, particularly the most disadvantaged.'

but, both DEWR and the employment services industry have advised that there has been a substantial increase. ANAO analysis of figures supplied by DEWR suggests this increase may be in the order of 40 per cent;

- the number of service providers and sites. During the previous employment services contract, DEWR reported that there were around 200 service providers operating out of over 2 000 sites.¹⁴ Under the APM, DEWR has reported that there are around 480 providers contracted to provide services, covering over 2 700 sites collectively;
- the determination of eligibility. The APM changed the way eligibility is determined, by introducing a service continuum, whereby job seekers' eligibility for services is primarily a function of the length of their unemployment. Previously, DEWR determined the eligibility of job seekers; and
- DEWR's systems and monitoring. As part of the APM, DEWR developed a major new computer application, Employment Assistant 3000 (EA3000), which has changed the way data is captured about the activities of employment service providers, and upgraded its management information systems.

1.5 These changes make performance comparisons between services provided under the APM and previous models of service delivery difficult.¹⁵

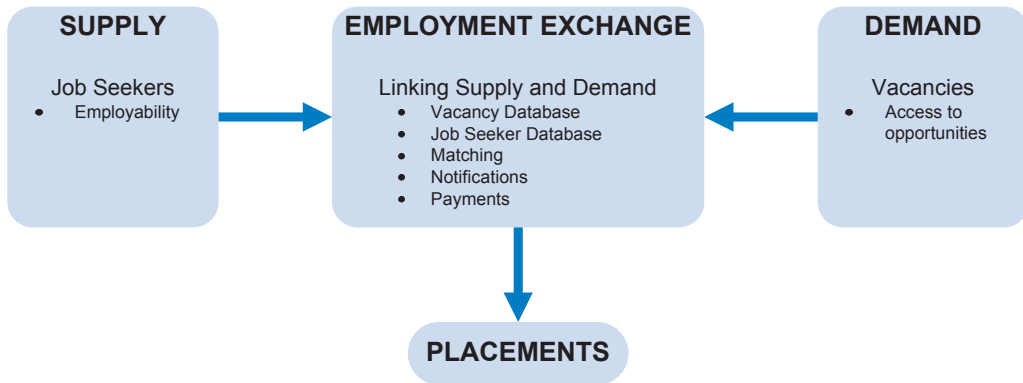
Job Placement and matching services

1.6 As part of the APM, DEWR administers Job Placement and matching, which serve the dual purpose of helping job seekers to find work, and employers fill vacancies. Job Placement and matching services is the successor to the employment exchange arrangements under previous Job Network contracts and the former Commonwealth Employment Service. The primary objective of these services is to increase the speed and efficiency with which vacancies are filled in the labour market.¹⁶ Employment exchange through Job Placement and matching services is illustrated in Figure 1.1.

¹⁴ DEWR 2002, *Job Network Evaluation Stage 3*, p. 16.

¹⁵ DEWR advice to the ANAO dated 18 November 2005.

¹⁶ This was also a primary reason behind the original decision to establish the Commonwealth Employment Service (CES) in 1946. A. Vanstone 1996, *Reforming Employment Assistance*; and DEWR 2002, *Job Network Stage 3 Evaluation*, p. 25.

Figure 1.1**Employment exchange (currently Job Placement and matching services)**

Source: DEWR.

1.7 The introduction of the Job Placement services was ‘aimed at increasing employment opportunities through improving access to a greater number of jobs and better targeting of employment assistance to disadvantaged jobseekers.’¹⁷ While often described as an ‘employer-focused recruitment service’, Job Placement and matching services are both job seeker and employer focused,¹⁸ seeking to meet both the ‘needs of employers and [to] assist eligible job seekers to gain employment through on-line access to a large number of diverse jobs’.

1.8 Arrangements for the delivery of Job Placement and matching services involve both DEWR, as programme owner and manager, and a range of third party organisations contracted to DEWR—principally, Job Network Members (JNMs) and Job Placement Licence Only organisations (JPLOs).

1.9 JNMs provide employment services to job seekers under both the third employment services contract (ESC3), and the Job Placement licence, which they are required to sign as a condition of the ESC3.¹⁹ JPLOs provide services

¹⁷ DEWR advice to the ANAO dated 30 August 2005 and DEWR *Focus and Objectives of Job Placement services*, November 2005.

¹⁸ DEWR advised the ANAO that the description of Job Placement as ‘employer-focused’ was primarily part of a marketing strategy to engage potential JPOs—DEWR advice to the ANAO dated 30 August 2005 and *Focus and Objectives of Job Placement services*, November 2005.

¹⁹ Around 140 organisations were automatically licenced to provide Job Placement services as a condition of providing services contracted by DEWR under the ESC3.

only under the Job Placement licence. They do not provide services under the ESC3. Notwithstanding the title, the Job Placement ‘licence’ is a contract.²⁰

1.10 In this report, the collective term for organisations that deliver services under the Job Placement licence is Job Placement Organisation (JPO). The term JPO is used except where it is necessary to distinguish between the different types of JPO. In these circumstances more specific terms such as JNMs²¹ and JPLOs are used. Around 483 JPOs (108 JNMs and 375 JPLOs) were engaged by DEWR to provide Job Placement and matching services.

1.11 Job Placement and matching services comprise three interconnected forms of assistance. These are:

- (a) *Job Placement services*: DEWR provides payments for JPOs when they place registered job seekers into employment, and requires that they post their vacancies onto the government-owned national vacancy database, JobSearch;
- (b) *Electronic Matching services*: DEWR provides a service fee to JNMs to register eligible job seekers, develop and lodge a ‘vocational profile’, create or upload a job seeker’s résumé, provide access to job search facilities, and provide access to an interpreter where necessary; and
- (c) *JobSearch and JobSearch kiosks*: DEWR provides an on-line vacancy database for all job seekers, called JobSearch <www.jobsearch.gov.au>, as well as access to this database through touch-screen kiosks, which it pays JNMs and Centrelink to provide for job seekers.²²

²⁰ A licence is a permission to do something that would otherwise be unlawful—consequently, it usually takes the form of an exemption to prohibition made by law. With the repeal of the *Employment Services Act 1994*, there is now no legislation specifically covering employment services. DEWR has confirmed that the contract was termed a ‘licence’ primarily for presentational purposes.

²¹ The term JPO can also encompass providers delivering services under a Job Placement licence as well as another DEWR employment service contract, such as Community Work Coordinator Services.

²² Eighty per cent of job seekers regularly use JobSearch (kiosk or Internet) for job searching (see DEWR, *APM Evaluation Study 1C: Maintaining the Connection—Keeping Job Seekers in Touch with Job Network Services*).

Eligibility

1.12 To be eligible for Job Placement and matching services, a job seeker must be registered with Centrelink or a JNM and must not be:

- working in paid employment for 15 hours or more each week;
- a full-time student;
- an overseas visitor on a working holiday visa; or
- prohibited by law from working in Australia.

1.13 There are two broad levels of eligibility:

- ‘non-allowee’ job seekers (job seekers not receiving income support) who meet the criteria set out in paragraph 1.12 can register as Job Search Support Only (JSSO);²³ or
- job seekers on a specified income support who are registered with Centrelink or a JNM as Fully Job Network Eligible (FJNE).²⁴

1.14 All eligible job seekers receive Job Placement and matching services for as long as their registration is current.²⁵ In addition, any Australian job seeker, regardless of their employment status, can register on-line as a ‘public job seeker’ by completing a vocational profile, and uploading a résumé. This will enable them to be notified of electronic matches to jobs on JobSearch by email. This is a free service that attracts no payments from DEWR to JPOs.

1.15 Figure 1.2 illustrates Job Placement and matching arrangements.

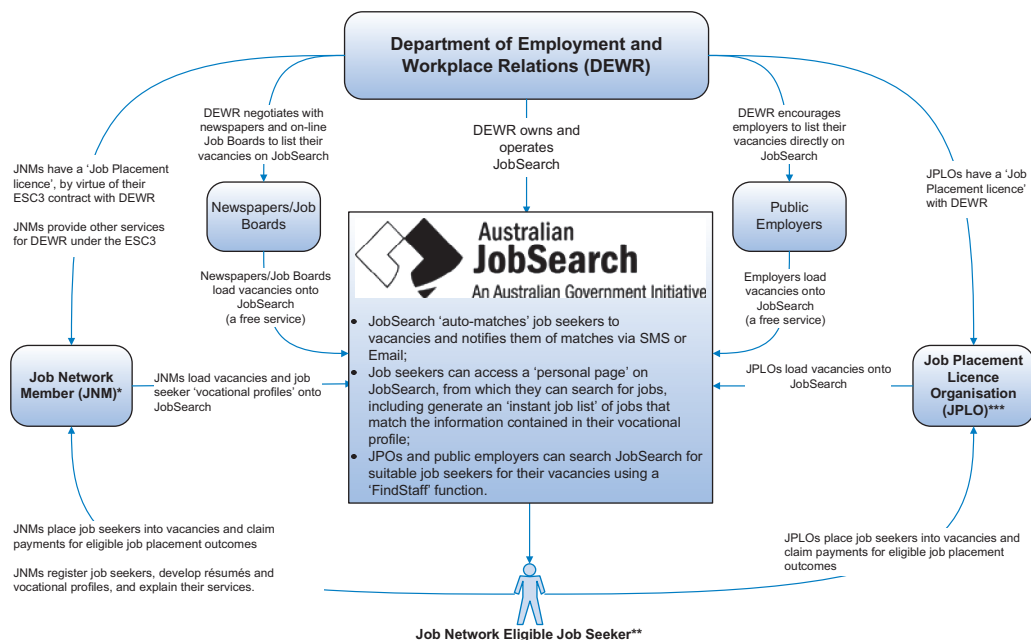
²³ In addition, workers under formal notification of a redundancy can register as JSSO with a JNM, and any person, regardless of their employment status who is seeking employment in an apprenticeship or traineeship only can register as JSSO with a JNM.

²⁴ Recipients of a range of income support payment types are FJNE, including: Bereavement Allowance, Carer Payment, Disability Blind, Disability Support Pension, Parenting Payment, Partner Allowance, Special Benefit, Widow Allowance Mature Age Partner Allowance, Newstart 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 Youth Allowance (other).

²⁵ For JSSO job seekers, the services they receive remain the same regardless of the length of time they have been unemployed, unless their circumstances change (i.e. they either become ineligible or are assessed as being FJNE). Generally speaking, if a FJNE job seeker does not get a job within three months of their initial registration, they go on to receive the full suite of Job Network services, including Job Search Training, and Intensive Support Customised Assistance. Job seekers assessed as highly disadvantaged commence immediately in Intensive Support Customised Assistance.

Figure 1.2

Job Placement and matching arrangements



Source: ANAO.

Notes: * JNMs also provide a wide range of other services that are not examined by this audit, including job search training, and intensive support customised assistance. The ANAO has examined these in other audits, including ANAO Audit Report No.51 2004–05, *DEWR's oversight of Job Network services to job seekers*.

** Public job seekers (i.e. non-Job Network Eligible job seekers) can access most of the functionality of JobSearch, but do not receive SMS notifications of job matches.

*** JPOs are mostly private recruitment organisations, but also include other organisations contracted to DEWR to provide the New Enterprise Incentive Scheme and Harvest Labour Service, that have a Job Placement licence by virtue of these contracts with DEWR.

Programme costs

1.16 Job Placement outcome payments ranging from \$165 to \$385 per placement can be claimed by JPOs, depending on the job seeker's characteristics and the nature of the placement.²⁶ The outcome payments are weighted towards FJNE and highly disadvantaged job seekers (see Appendix 1). A bonus payment of \$165 may also be paid for the placement of FJNE job seekers who work for a longer period.

²⁶ For Job Placement, an 'outcome' is the placement of an eligible job seeker in a job that meets the eligibility requirements set out in Appendix 1.

1.17 Under the ESC3, JNMs also receive up-front payments for providing new referral interviews to job seekers. The services provided at the new referral interview are described in detail in Chapter 3. JNMs are paid under a leasing arrangement to provide self-help facilities, including touch-screen kiosks for job seekers (these are also provided by Centrelink, paid for by DEWR). Other costs are associated with job seeker notifications, IT systems development and administration costs.

1.18 In 2004–05, the total cost of Job Placement and matching services was in the order of \$176.54 million,²⁷ comprising:

- \$91.38 million in Job Placement outcome payments to JPOs;
- \$34.37 million in fees to JNMs for provision of new referral interviews;
- \$37.2 million for self-help facilities, such as the touch-screen kiosks;²⁸
- \$2.88 million for job seeker notifications;²⁹
- \$6.28 million for IT systems development, services and infrastructure costs;³⁰ and
- \$4.43 million for staffing costs, including contract management costs.

Programme restrictions

1.19 There is an overall cap of 400 000 total placements for which a Job Placement outcome payment will be paid, of which no more than 30 per cent are available for placement of JSSO job seekers. This means that individual

²⁷ JNMs also have access to the Job Seeker Account (JSKA), a nominal pool of funds intended for use in purchasing additional assistance for job seekers to help them overcome barriers to employment. The JSKA can be used to pay for wage subsidies as well as the costs associated with 'reverse marketing' (where JNM staff contact potential employers to promote 'job ready' job seekers). DEWR does not consider that JSKA costs should be attributed to Job Placement and matching services. The ANAO notes that such expenditure is associated with activity to achieve employment outcomes, which may be claimable under the Job Placement licence as well as the ESC3. \$21.9 million was paid from the JSKA to support job placement activity, for reverse marketing. If this was included in the cost of Job Placement and matching services, it would rise to around \$198.44 million. The ANAO is presently conducting a separate performance audit of the JSKA.

²⁸ Comprises \$5.49 million in departmental costs for providing self-help facilities at Centrelink sites, and \$31.7 million for self-help facilities at JNMs.

²⁹ Includes infrastructure costs, attributed on a pro-rata basis. For example, one third of the cost of one time installation of Interactive Voice Response (IVR) in 2003–04 has been attributed to 2004–05.

³⁰ Including \$2.07 million for IT systems development (attributed on a pro-rata basis, as above), and \$4.21 million for IT services (minus pro rata costs for data connectivity and annual connectivity charges).

JPOs cannot make claims for placement of JSSO job seekers that exceed 30 per cent of their total Job Placement claims.³¹

1.20 In addition, JPOs cannot be paid an outcome payment for placements with 'related entities' where total placements with these entities exceed 30 per cent for the JPO. Certain types of placement are ineligible for an outcome payment. Appendix 1 sets out the circumstances in which a placement is eligible or ineligible for an outcome payment in more detail.

1.21 There is nothing to prevent a JPO from making placements outside these restrictions. However, under terms of the Job Placement licence, the JPO would not be eligible for an outcome payment or bonus for these placements.

Internal evaluation and review activity

1.22 Consistent with the introduction of the Job Network in 1998,³² the introduction of the APM was accompanied by a formal internal evaluation programme. Most pertinent to this audit are the planned evaluations of auto-matching and JPLOs and of the APM's effect on job search effectiveness. These were initially intended to be completed in May 2005, but are now due for completion in 2006.³³

1.23 DEWR has conducted internal audits of Job Placement Licensing arrangements, Job Placement Performance Information and at the time of the audit was in the process of completing an internal audit of Job Placement performance management and compliance strategies. Operational policy development and internal review activity has been ongoing since the commencement of the APM. During 2005, DEWR decided to conduct formal reviews of its EA3000 IT system and vocational profiles.

³¹ Around 26 per cent of job seekers find employment within the first three months of their unemployment (DEWR estimate advised to the ANAO, based on 2003–04 data). This is reflected in the pattern of Job Placement outcome payments, with around 31 per cent of Job Placement outcome payments being made in respect of job seekers that have been registered for less than three months. As a result of this pattern, it has been government policy over previous contracts to limit the intensity of the service that is provided to job seekers at the early stages of their unemployment, and thus reduce unnecessary expenditure on job seekers capable of finding work as a result of their own efforts.

³² DEWR has conducted three evaluations of the Job Network. These were published in 2000, 2001, and 2002 respectively. The Productivity Commission has also conducted a review of the Job Network—Productivity Commission Report No.21, 2002, *Independent Review of the Job Network*.

³³ DEWR advised that it considers the evaluations to be 'a priority ... however unforeseen research priorities have affected the timing of projects in the evaluation strategy' (DEWR advice to the ANAO dated 18 November 2005).

Previous audits

1.24 There have been no previous ANAO audits of Job Placement and matching services. However, the ANAO has conducted audits of aspects of DEWR's administration of the Job Network, including of: the implementation of the ESC3 in 2005–06;³⁴ the oversight of Job Network services to job seekers in 2004–05;³⁵ the provision of information to job seekers in 2001–02;³⁶ the management of the first round of Job Network contracts in 1999–2000³⁷ and the planning and management of the introduction of the new employment services market in 1998–99.³⁸

The audit

Audit Objective

1.25 The objective of the audit was to assess whether DEWR's management and oversight of Job Placement and matching services is effective, in particular, whether:

- DEWR effectively manages, monitors and reports the performance of JPOs in providing Job Placement services;
- DEWR effectively manages the provision of matching services (including completion of vocational profiles and provision of vacancy information through auto-matching) to job seekers;
- Job seeker and vacancy data in DEWR's JobSearch system is high quality and is managed effectively; and
- DEWR effectively measures, monitors and reports Job Placement service outcomes.

³⁴ ANAO Audit Report No.6 2005–06, *Implementation of Job Network Employment Services Contract 3*.

³⁵ ANAO Audit Report No.51 2004–05, *DEWR's oversight of Job Network services to job seekers*.

³⁶ ANAO Audit Report No.39 2001–02, *Management of the Provision of Information to Job Seekers*.

³⁷ ANAO Audit Report No.44 1999–2000, *Management of Job Network Contracts*.

³⁸ ANAO Audit Report No.7 1998–99, *Management of the Implementation of the New Employment Services Market*.

Audit methodology

1.26 The audit methodology comprised:

- fieldwork in DEWR. The work undertaken included analysing documents and interviewing personnel;
- computer aided audit techniques. Data was extracted from DEWR's computer systems and tested using IDEATM auditing software;³⁹
- visits to four JPOs in Canberra and Melbourne, selected in consultation with DEWR. These visits involved observation of service delivery arrangements and interviews with JPO personnel;
- focus group discussion with four JPOs. The focus group enabled an in-depth discussion of issues affecting Job Placement and matching services;
- consultation with peak bodies representing the employment services industry. A complete list of the organisations consulted is at Appendix 2; and
- a survey of JPOs in November–December 2005. The ANAO invited DEWR to comment on the draft survey instrument and took these comments into account in finalising and conducting the survey. Specific survey results are presented through this report—the complete survey results are at Appendix 3.

1.27 Throughout the audit, the ANAO kept DEWR informed about audit issues and emerging audit findings. Feedback from DEWR, where relevant and when supported by corroborating evidence, was taken into account in preparing the final audit report. The audit was conducted in accordance with ANAO auditing standards at a cost to the ANAO of \$365 000.

³⁹ The Australian Auditing Guidance Statement 1060 *Computer Aided Audit Techniques*, defines it as 'computer programs and data the auditor uses as a part of the audit procedures to process data of audit significance contained in an entity's information systems.'

Interactive Data Extraction for Auditors (IDEA) was first developed in 1985 for the Office of the Auditor-General of Canada. It has since been developed into a software package that is used over 90 countries in 12 languages, by major accounting firms, government, corporations and universities. IDEA enables data files from almost any source to be read, displayed, manipulated, and analysed. IDEA is a registered trademark of CaseWare International Inc.

Audit Report

1.28 This report has five chapters:

- Chapter 2 examines DEWR's management of the delivery of Job Placement services.
- Chapter 3 examines DEWR's management and oversight of the completion of vocational profiles for electronic matching purposes.
- Chapter 4 examines DEWR's management of its national vacancy database, JobSearch.
- Chapter 5 examines DEWR's reporting of Job Placement and matching service outcomes.

2. Job Placement Services

This chapter examines DEWR's management of the delivery of Job Placement services.

Introduction

2.1 This chapter examines DEWR's management of the delivery of Job Placement services, including:

- authority;
- implementation of the Job Placement licence; and
- contract management, including monitoring and programme assurance projects.

Authority

2.2 A key element of sound public administration and accountability is adequate recording or documentation of the business of government.⁴⁰ This is particularly important because, as with the Job Network more generally, there is no specific legislation for Job Placement services.⁴¹ Instead, implementation occurred under executive power.

2.3 The current Job Placement programme is the successor to the employment exchange services that operated under previous Job Network contracts and the Commonwealth Employment Service (CES). Successive governments have considered the nature of employment exchange services including policy settings, fee structures, and administrative arrangements. Government consideration of Job Placement services took place in the context of the implementation of the Active Participation Model (APM) on 1 July 2003. The government gave approval for Job Placement services to be introduced, with the government purchasing the services and making fixed payments for specified outcomes. The move to a fixed payment was seen as likely to be attractive to established recruitment services organisations as an 'add-on' to

⁴⁰ ANAO November 2005, *Audit Focus*, p. 3. The National Archives of Australia has stated that: 'good recordkeeping is essential for accountability. ... The mechanisms for accountability within the Commonwealth Government cannot work properly without good records. Records are the primary means by which government agencies explain their decisions and prove what they have done' (*Recordkeeping: a new approach*, available from <www.naa.gov.au/recordkeeping/overview/new_approach.html>).

⁴¹ Prior to the establishment of Job Network, the then government passed legislation providing for case management services. Previous ANAO audits have considered the risks arising from the existence of the legislation, the *Employment Services Act 1994*, on Job Network. The Act was repealed in 2005.

their existing business arrangements. This was seen as providing an incentive that would enable job seekers to access an increased number of vacancies.

2.4 The decision to introduce Job Placement services was accompanied by an overall cap of 400 000 paid placements. Maximising the number of placements for job seekers in regional Australia was a priority, and it was also proposed that placement numbers be allocated at the regional level, with JPOs within a region drawing down on the regional allocation. Usage of places was to be monitored closely and reallocated as necessary by contract managers.

2.5 DEWR has monitored placements within the national cap of 400 000 places, which has not been breached. The final model implemented by the Department did not include allocation of placement numbers at the regional level. However, the ANAO found that the reasons for this are not clear from departmental documentation. DEWR considers that the final model accords with government policy, and that the allocation of places at regional level would, ultimately, only be needed if the total number of places available were (or were likely to be) exceeded.⁴² DEWR advised the ANAO that government agreement to this approach was implicit in policy statements that were made following the original proposal.⁴³

Implementation of the Job Placement licence

2.6 The APM opened up the Job Placement market to commercial recruitment organisations. Around 375 recruitment organisations took up Job Placement licences, in addition to the more than 100 employment service providers who automatically became licence holders by virtue of their other contracts with DEWR.

⁴² DEWR advice to the ANAO dated 6 February 2006.

⁴³ See DEWR May 2002, *Employment Services An Active Participation Model Discussion Paper*, p. 29, which states that: 'The arrangements to be applied in managing the allocation of these places to Job Placement organisations will be settled following consultation with industry and other stakeholders. ... At this stage, arrangements under consideration involve the allocation of places to each Labour Market Region for a three month period. Job Placement organisations would make claims for payments against the available places in the labour market region on a 'first come, first served' basis. ... Under this arrangement, the allocation of places to regions would be monitored closely and reviewed on a quarterly basis subject to actual usage.' DEWR advised that 'the Minister signed off on the original Job Placement licence which makes no overt reference to a regional allocation' (DEWR advice to the ANAO dated 6 February 2006).

2.7 Job Placement ‘licences’ are contracts. The Job Placement licence sets out a range of service obligations that a JPO must meet. The main service requirements of the licence are contained in clause three and include:⁴⁴

- searching for vacancies;
- recording all non-executive vacancies on JobSearch;
- matching and referring job seekers to vacancies;
- placing job seekers into jobs;
- being an active provider;
- having safe, suitable premises; and
- complying with the *Code of Practice* (reproduced at Appendix 4).

2.8 The introduction of Job Placement Services involved an influx of a large number of organisations into delivery of employment services on behalf of the government. Many of these organisations (primarily JPLOs) had not previously been contracted to provide government-funded services. DEWR and employment services industry peak bodies advised the ANAO that many JPLOs were wary of dealing with government and cautious about taking up their licences. Consequently, the initial performance of Job Placement services, particularly the performance of JPLOs was much lower than anticipated in terms of lodging vacancies and making placements (see Chapters 4 and 5).

Facilitating uptake and use of the licence

2.9 DEWR has pursued a range of initiatives to facilitate JPLO entry into the Job Placement market and increase use of the licence.

2.10 After canvassing a wide range of options, including substantial changes to licence conditions and potential adjustments to outcome payments, DEWR implemented a general variation to the Job Placement licence in April 2005.⁴⁵ The department described the variation as ‘minor operational changes’ aimed at ‘providing greater clarity for both Job Placement Organisations and State

⁴⁴ Additionally, JPOs are required to record information in DEWR’s systems appropriately (clause 3.2) and have adequate insurance (clause 3.6). JPOs must not charge job seekers a fee for these services (clause 3.8). JPOs are obliged to participate in monitoring or evaluation programmes undertaken by DEWR, or on behalf of DEWR (clause 3.3).

⁴⁵ By contrast, there have been nine general contract variations to the ESC3 over the same period.

Contract Managers regarding the way the programme operates and the services that need to be delivered.’⁴⁶

2.11 Other initiatives pursued by DEWR include:

- DEWR contract managers and National Office staff working with active JPLOs to identify and address a range of issues, primarily relating to the compatibility of DEWR’s systems with JPLO business practices that were impeding the speed with which the licence was being adopted and volume of vacancies being lodged;⁴⁷
 - The ANAO’s survey of JPOs confirmed that a high proportion (80 per cent) considered that they had a good working relationship with DEWR and that DEWR provides effective IT support and assistance about the requirements of the Job Placement licence (see Appendix 3).
- DEWR using its contractual relationship with the peak body for the recruitment services industry, the Recruitment and Consulting Services Association (RCSA), to influence and encourage private recruitment organisations to take up Job Placement licences and for JPLOs to become more active users of the licence; and
- DEWR enabling faster and easier uploading of vacancies to JobSearch by JPLOs by through ‘web services’ technology.

Approach to managing the licence

2.12 DEWR documentation indicates that there has been a longstanding intention to manage Job Placement licences in a manner that involves minimal direct monitoring through site visits. The department called this the ‘light touch’ approach,⁴⁸ and it remained the policy until early 2005.⁴⁹ Instructions

⁴⁶ Minute to the Minister for Employment Services, PCD200500670, *Job Placement update and proposed general licence variation*, 16 February 2005, approved by the Minister on 7 March 2005.

⁴⁷ See: EMC papers dated 30 July 2004.

⁴⁸ See: Active Participation Model Implementation Sub-Committee papers 15 September 2003, and the Employment Management Committee (EMC) meeting 29 September 2003, Item 5(c)). Light touch was again discussed in EMC papers on 8 March 2004.

⁴⁹ DEWR advised that a contract manager’s conference was advised in April 2005 that the term ‘light touch no longer had any status’. DEWR advice to the ANAO dated 21 December 2005.

about the light touch approach were removed from the DEWR contract manager's system in July 2005.⁵⁰

2.13 DEWR documentation indicates that policy staff and contract managers had had concerns about the application of the 'light touch' approach since September 2003.⁵¹ DEWR internal audits in April 2004⁵² and August 2005⁵³ reported very mixed views amongst contract managers about this approach in terms of achieving an appropriate balance between compliance monitoring and developing the relationship between DEWR and JPOs. The 2005 internal audit found that there was a need for the contract approach to 'move with the times' and 'balance compliance and monitoring' with developing relationships with JPOs. A 'great number of positive changes for the management of performance and management information and compliance improvements under the NCMF' had been made, including the variation to the Job Placement licence (implemented in July 2005), which helped ensure clarity and certainty in licence interpretation for JPOs and DEWR staff.⁵⁴ However, the internal audit report concluded that 'the new changes however do not provide complete assurances of contract compliance.'⁵⁵

2.14 DEWR advised that 'the term "light touch" never meant that compliance issues should not be pursued' and that it had 'monitored compliance since the start of the programme.'⁵⁶

2.15 Furthermore, during the audit, DEWR also advised that it seeks to strike a balance 'between cooperation, education and support and the

⁵⁰ *Contract Management Process for Job Placement* (WIMS5-38575 'JPO instructions for CMs') 17 October 2003. In 28 April 2005, the term 'active light touch' was removed from the policy instruction. However the content remained the same (see WIMS5-65171, *JPO_CM_Process portal version*).

⁵¹ For example, senior contract managers and policy staff discussed the need to move away from using the light touch terminology (DEWR internal documents dated 12 September 2003 (WIMS5-37049).

⁵² For example, the 2004 internal audit reported that the light touch approach was a causal factor in the 'little or no monitoring of JPLO's compliance with their licence conditions' that had been occurring. While some contract managers considered this to be an appropriate approach, others felt that there was a tension between the light touch approach to contract management and their quality assurance role. The report noted that the main way that contract managers were addressing compliance issues was through the Programme Assurance survey (see *Job Placement Performance Information Audit*, April 2004, pp. 10–11, and DEWR advice to the ANAO dated 6 February 2006).

⁵³ DEWR, 2005, *Job Placement Audit—NCMF*.

⁵⁴ *ibid.*, p. 1.

⁵⁵ *ibid.*, p. 2.

⁵⁶ DEWR advice to the ANAO dated 21 December 2005.

application of sanctions associated with contractual compliance.⁵⁷ While it is for DEWR to assess the risks in the Job Placement licence requirements, and determine its strategy for balancing encouragement and enforcement of these requirements, it is important that such decisions are clearly documented and communicated to all stakeholders. The ANAO considers that DEWR's approach to assessing contractual compliance would be more transparent if all stakeholders were clearly advised of the approach being taken for all contract requirements, and of its evolution over time.

2.16 The ANAO found, overall, that in introducing JPLOs to the Job Placement market, DEWR has had to strike a balance in its approach to managing compliance with the terms of the licence with facilitating the entry and uptake of the Job Placement licence. Over time, DEWR has developed a greater ability to manage the risks associated with the programme.⁵⁸

Benchmarks/measures of service commitments

2.17 Clear and measurable statements of service commitments assist purchasers and providers to form a judgement about whether or not performance has been satisfactory. Specification of measurable commitments should underpin monitoring and would also assist in minimising disputes between DEWR and JPOs, should they arise.

2.18 The ANAO acknowledges that agencies can sometimes find it difficult to quantify and measure their service commitments.⁵⁹ In this audit, the ANAO found that the Job Placement risk management plan incorporates a 'servicing' risk category, indicators for which include: non-compliance with the *Code of Practice*, legislation, and job seeker complaints. However, DEWR has not set any benchmarks or measures for the service commitments made in clause three of the licence or the *Code of Practice*.

⁵⁷ DEWR advice to the ANAO dated 9 December 2005. DEWR initially advised that it had adopted a 'performance' rather than a 'compliance' approach to some contractual requirements of the Job Placement licence, specifically, the requirement to lodge all non-Executive vacancies on JobSearch, about which it was aware of widespread non-compliance. DEWR later clarified the approach stating that it 'takes both a compliance and performance approach to managing Job Placement services.'

⁵⁸ In its advice to the Minister in February 2005, DEWR noted that one of the objectives of the proposed variation to the Job Placement licence was to 'enhance the department's ability to manage any risk associated with the programme.'

⁵⁹ See ANAO Audit Report No.51 2004–05, *DEWR's oversight of Job Network services to job seekers*, pp. 55 and 60.

2.19 The ANAO considers that key Job Placement service commitments should be supported by explicit explanations that enable DEWR and JPOs to determine what is to be achieved, to what standard and, where applicable, within what timeframe. Table 2.1 illustrates possible sources of benchmarks or measures for some of the service commitments in the *Code of Practice*.

Table 2.1

Sources of benchmarks/measures for service commitments

Code of Practice commitment: 'We will operate our services in a manner that:	DEWR benchmark or measure?	ANAO suggestions for sources of benchmarks or measures
'Upholds the integrity and good reputation of Job Placement services by behaving ethically and professionally.'	X	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. ⁶⁰
'Demonstrates a commitment to job seekers by: employing appropriately skilled and trained staff'	X	In addition to the employment services industry accredited qualifications (see above), measurable standards for staff skills and professionalism can be found in industry self regulation arrangements. For example, the National Employment Services Association has developed an Employment Services Quality Framework for the employment services industry. ⁶¹
'Encourages feedback without prejudice by ensuring that we have a complaints process of which job seekers and clients are made aware.'	X	The Australian Standard Complaints Handling (AS4269-1995) was designed by Standards Australia for large and small organisations. ⁶²
'Encourages feedback without prejudice by ensuring that: Staff seek and appropriately respond to jobseekers' clients' feedback with the aim of continuously improving services.'	X	The National Training Information Service includes: Implement Continuous Improvement Systems and Processes—elements of this competency include monitor, adjust and report performance; Supervise Quality Customer Service; and Promote Innovation and Change. ⁶³

Source: ANAO.

Note: X = no benchmark or measure had been established.

⁶⁰ See: CHC30502 *Certificate III in Employment Services*; CHC40502 *Certificate IV in Employment Services*; and CHC50402 *Diploma of Employment Services*. Also, the Australian National Training Authority has developed a National Training Information Service that details accredited courses as well as national standards that define the competencies required for effective performance in the workplace.

⁶¹ Other sources of better practice in staff skills which could be used to clarify DEWR's service commitment include: 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*.

⁶² Other sources of better practice in complaints handling which could be used to clarify DEWR's service commitment, include: 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*.

⁶³ Footnote 61 identifies other sources of better practice in continuous improvement which could be used to clarify DEWR's service commitment.

2.20 A substantial majority of the commitments in DEWR's *Code of Practice* for JPOs are not easy to measure objectively. The core principles in the Code, for instance, require JPOs to behave ethically, honestly and professionally when dealing with clients and stakeholders.

2.21 The *Public Service Act 1999* has similar values and a code of conduct that underpin the relationship between the Australian Public Service (APS) and the Australian community. The Australian Public Service Commission has indicated that when non-public servants are contracted to provide services to citizens on behalf of the APS, agencies need to consider how the APS values and code might apply and, importantly, how compliance will be monitored.⁶⁴ These values are 'not just aspirational statements, but are embedded in agency systems and procedures through fraud control and risk management procedures, governance systems, performance management and training.'⁶⁵

2.22 Overall, the ANAO considers that it would be possible to more clearly define the principles and commitments in the JPO *Code of Practice*.⁶⁶ This would improve DEWR's ability to track measurable trends in the:

- level of misconduct/ violation of ethical standards;
- willingness of JPO employees to report observed or suspected violations to JPO management; and
- DEWR's satisfaction with management's response, or otherwise.

Contract management

2.23 DEWR manages its contracts, including Job Placement licences through its National Contract Management Framework (NCMF), which operates across the department's national network of State and Regional offices. The NCMF incorporates a structured framework for identifying and managing risks and is supported by information technology tools that provide contract managers with guidance and information, reports on provider activities and performance, as well as tools to support monitoring, including site visits.

⁶⁴ Australian Public Service Commission 2005, *APS Values and Code of Conduct in Practice: A guide to official conduct for APS employees and agency heads*, pp. 55–56.

⁶⁵ id., 2003, *The Australian experience of public sector reform*, p. 171.

⁶⁶ To monitor compliance with 'behaving honestly' for example, DEWR could consider: has each JPO written standards of ethical conduct; is training on these standards conducted; and is there a facility for employees to report misconduct and offences anonymously.

2.24 The ANAO has previously examined DEWR's contract management arrangements in relation to the Job Network, and found that 'the NCMF provides a sound overall basis for the management of service risks associated with Job Network contracts.'⁶⁷

2.25 The ANAO assessed:

- monitoring of Job Placement contracts; and
- programme assurance projects for Job Placement services.

Monitoring Job Placement contracts

2.26 Contract monitoring activity enables validation of risk assessments and assurance about provider compliance with contractual obligations. In DEWR, contract monitoring activity takes a number of forms, including desktop monitoring, site visits, quality audits, and programme assurance.

2.27 The approach taken by DEWR in relation to the Job Placement licence involves limited site visits and limited direct contact with service providers. There is no requirement or target for site visits and no requirement to record the results of site visits.⁶⁸

2.28 DEWR's assurance about JPO compliance with contractual obligations relies on remote monitoring through 'desktop monitoring' and through job seeker feedback, such as complaints, and job seeker surveys. The ANAO examined each in turn.

Desktop monitoring

2.29 Information about JPO activity and performance can be readily and reliably extracted from DEWR's mainframe database, known as the Integrated Employment System (IES). Drawing on data contained in IES, DEWR has developed a number of management information reports to manage the delivery of Job Placement services. These include:

- *Dashboard reports*—which provide consolidated quantitative data on Job Placement service performance, including analysis of expenditure, placements and vacancies;

⁶⁷ See ANAO Report No.51 2004–05, *DEWR's Oversight of Job Network Services to Job Seekers*, p. 69.

⁶⁸ DEWR advised that 'whilst Contract Managers do not conduct regular site visits for Job Placement, site visits are conducted in certain circumstances, for example where a complaint is received from a job seeker, or where training issues have been identified. [The] Business Growth and Development team also visit new and current JPLOs to assist with systems and policy issues and to provide appropriate training to consultants' (DEWR advice to the ANAO dated 21 December 2005).

- *APM weekly report*—which provides consolidated quantitative data on all the service components of the APM, including Job Placement (placements, vacancies/positions);
- *Employment Services Summary report*—which provides qualitative and quantitative data and analysis by programme, including performance against PBS targets⁶⁹ and, for Job Placement, vacancy information; and
- *Health check reports*—which provide information on the comparative performance of JPOs in terms of: lodging vacancies; making placements (total, eligible, verified, paid); the proportion of on-hire placements; and on the placement of FJNE job seekers.⁷⁰

2.30 The ANAO considers that these reports provide a sound basis for programme management. In addition, DEWR can extract data from its information systems to investigate Job Placement issues on an ad-hoc basis. DEWR programme managers also obtain intelligence about Job Placement providers through mechanisms such as regular teleconferences with contract managers and formal arrangements with key stakeholder groups, such as the Recruitment and Consulting Services Association (RCSA) and National Employment Services Association (NESA).

2.31 DEWR has not made the health check reports available to JPOs, but internal documents state that it intends to do so.⁷¹ The ANAO considers that JPOs would benefit from access to the health check reports for their management purposes.

Contract administration system

2.32 DEWR also maintains a Contract Administration System (CAS) to record and manage the details of its employment services contracts, including Job Placement licences. CAS was introduced in March 2005, replacing an earlier contract administration system, Employment Services Contract

⁶⁹ The example provided by DEWR did not include actual performance against the 2004–05 PBS target of 40 per cent of Internet vacancies on JobSearch to ANZ Job Ad series. DEWR advised that this was inadvertent (DEWR advice to the ANAO dated 6 February 2006).

⁷⁰ In addition, the health check reports also provide data on three Indicator comparisons: a) percentage of Positions (less Found Own Employment positions (FOEs)) converted to Total Placements (less FOEs); b) percentage of Total Placements (less FOEs) that are converted to paid placements; and c) percentage of paid FJNE placements that are converted to bonus claims. These data enable comparison between a provider's performance against the national average. DEWR has provided contract managers with guidance on 'why is a below average Indicator percentage not healthy' for use in discussions with JPOs about their performance.

⁷¹ DEWR, National Policy Clearinghouse Document number 1946 *Introducing the Job Placement Health Check Report*.

Administration System (ESCAS), that had been found to be inadequate and not user friendly.⁷² CAS and IES data are not completely integrated, meaning that changes in one dataset may not be reflected in the other.

2.33 The ANAO identified deficiencies in the quality of Job Placement licence data in CAS. For example, the ANAO found that there were errors in:

- JPO physical addresses and email addresses—of the 572 licencees on DEWR's CAS system with an 'executed' Job Placement licence, there were 18 incorrect postal addresses and 10 invalid email addresses; and
- JPO licence status (current or cancelled)—JPOs reported that eight licences showing as 'executed' on DEWR's CAS system had in fact been terminated.

2.34 DEWR advised that IES is a more reliable source of current JPO contact information than its principal contracts system, CAS.⁷³ In addition, it remains difficult for DEWR to readily extract historical site-level information from its contract administration systems. DEWR advised that this was because of the 'complexities associated with migration of data from the old ESCAS which preceded CAS and the need for quality assurance of this migrated data.'⁷⁴

2.35 The ANAO acknowledges the challenges inherent in maintaining an up-to-date contacts list,⁷⁵ but considers that better integration of IES data and historical ESCAS data into CAS would ensure that DEWR's principal contracts system contains reliable data for use by contract and programme managers.

Job seeker complaints

2.36 Effective complaints handling enables agencies to identify and deal with client dissatisfaction with services and can help agencies to identify and overcome systemic problems in the delivery of client services. Complaints

⁷² See for example, See ANAO Report No.51 2004–05, *DEWR's Oversight of Job Network Services to Job Seekers*, p. 72; DEWR 2003 *Job Placement Licensing Processes Internal Audit*; and DEWR 2004, *Job Placement Performance Information Audit*.

⁷³ DEWR advice to the ANAO dated 22 December 2005.

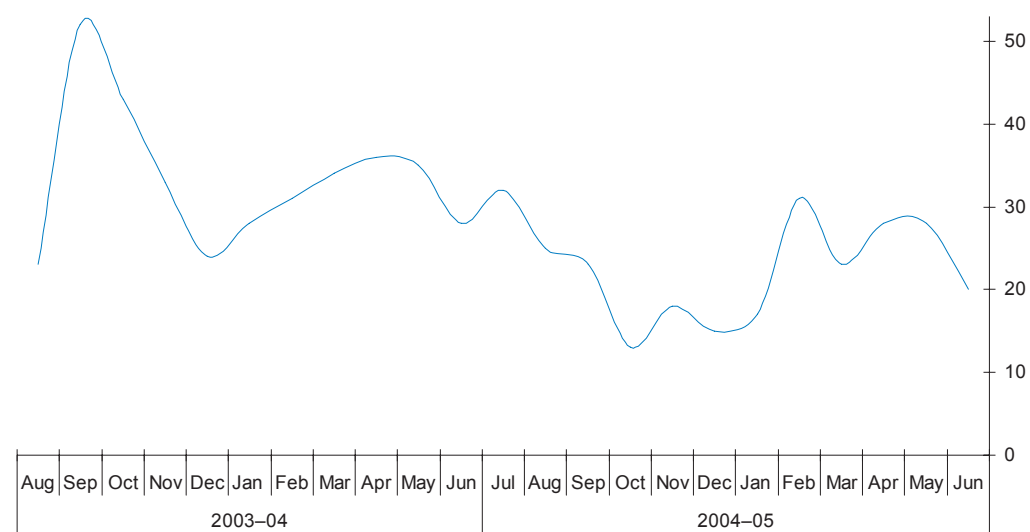
⁷⁴ DEWR advice to the ANAO dated 21 December 2005.

⁷⁵ DEWR advised that 'Contract managers update CAS when they are advised of, or become aware of changes with respect to the Job Placement licence. For example, a Job Placement licence holder may change their email address or physical address and not advise the contract manager. If this was the case then CAS would reflect the last known advice. Once the contract manager becomes aware of this change then CAS would be updated. In reality, while the Job Placement licence holders have a responsibility to advise their contract manager, they may in fact not do this in a timely manner which makes CAS look, on comparison with perhaps surveyed data, as if it was inaccurate' (DEWR advice to the ANAO dated 21 December 2005).

from job seekers about Job Placement services are received by both DEWR, through its customer service line, and by JPOs directly.

2.37 DEWR contract managers have access to feedback from clients (job seekers and employers) that is recorded on DEWR’s customer service line. Data from the customer service line show that after an initial surge in complaints, the number of complaints received about Job Placement services has stabilised at around 20–30 per month (see Figure 2.1).

Figure 2.1
Complaints about Job Placement services received on DEWR customer service line August 2003–June 2005 (number)



Source: ANAO analysis of DEWR ESQIS data.
Note: ESQIS commenced operating in August 2003.

2.38 The Job Placement *Code of Practice* requires that JPOs ‘have a complaints process of which job seekers and clients are made aware’ and that ‘job seekers and clients are advised of the free DEWR customer service line.’ DEWR’s job seeker research has indicated that job seeker awareness of the avenues through which they can provide feedback, including complaints, is low, and raising awareness about these avenues has proved difficult for the department.⁷⁶

2.39 The ANAO has previously identified a number of shortcomings with the handling of job seeker complaints by JNMs. In response to ANAO findings,

⁷⁶ See ANAO Report No.39 2001–02, *Management of the Provision of Information to Job Seekers*, pp. 43–44, and ANAO Report No.51 2004–05, *DEWR’s Oversight of Job Network Services to Job Seekers*, p. 58. DEWR’s research covers JNMs only and does not extend to JPLOs.

DEWR agreed to establish minimum requirements for monitoring complaints handling by JNMs.⁷⁷ If implemented appropriately, the ANAO considers that this should go some way to improving JNM complaints handling and DEWR's assurance about this.

2.40 By contrast, DEWR has no process for obtaining assurance about the adequacy of complaints handling by JPLOs. There is also no data available on the complaints received by JPLOs from job seekers.⁷⁸ Without systematic site visits, DEWR has little assurance that job seekers are being informed by JPLOs that the service they are receiving is attracting payment from the government and that they have a right to complain, either to the JPLO or to DEWR, if they are not satisfied with the service they have received.

2.41 In response to the proposed audit report, DEWR advised that the 2006–2009 Job Placement Licence will require JPLOs to maintain a complaints register, as is the case for JNMs, and that it will 'also take additional steps to further raise job seekers' awareness of the Job Placement *Code of Practice* (and the complaints mechanism).'⁷⁹

Job seeker surveys

2.42 Assessment of how well an agency meets its service commitments is important not only for performance reporting purposes, but also for identifying areas for improvement.⁸⁰ One way of making such an assessment is through client survey research. Such research is particularly valuable where service commitments are of a qualitative nature, or where objective service standards have not been set.

2.43 DEWR systematically collects data on job seeker views through its regular job seeker satisfaction survey. The ANAO sought to determine the

⁷⁷ See ANAO Report No.51 2004–05, *DEWR's Oversight of Job Network Services to Job Seekers*, pp. 98, 103 and 105.

⁷⁸ DEWR advised that JPLOs that were members of the RCSA are bound, as part of their membership, by the RCSA processes for 'systematic recording of complaints, dispute notifications, and their outcomes and that such data is published in the annual report of the RCSA' (DEWR advice to the ANAO dated 6 February 2006). However, the ANAO found that this process and the reported data relates only to formal complaints made to the RCSA about a particular JPLO, and not to the JPLO's internal complaints handling processes.

⁷⁹ See Appendix 6. In response to the proposed audit report, DEWR also advised that it 'plans to enhance the JobSearch system so that all vacancies from both JPLOs and JNMs are prominently identified on the site through a Job Placement Services logo.'

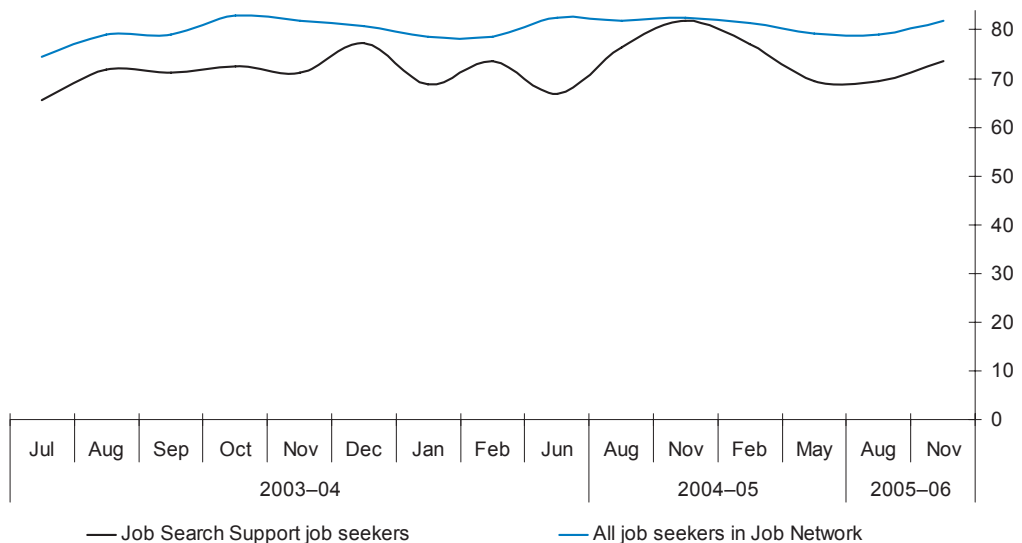
⁸⁰ ANAO, Management Advisory Board 1997, *The Better Practice Guide to Quality in Customer Service*, p. 15.

extent to which the survey instrument collects job seeker views about the performance of JPOs.

2.44 DEWR's job seeker surveys assess general satisfaction with services provided by JNMs. For job seekers in Job Search Support, who primarily receive Job Placement services, satisfaction with their JNM has averaged around 70–80 per cent, lower than the average for all job seekers (Figure 2.2).

Figure 2.2

Job seeker satisfaction with their JNM (per cent satisfied/very satisfied)



Source: ANAO analysis of DEWR data.

2.45 However, DEWR's job seeker surveys do not directly assess satisfaction with Job Placement services provided by JPLOs. Consequently, the ANAO considers that these data are of limited value in contract management, as they do not cover the services provided by JPLOs. DEWR advised, late in the audit, that as part of the internal 'evaluation of Job Placement Services, job seekers will be asked about their satisfaction with JPLOs.'⁸¹

2.46 DEWR considers that its surveys of job seekers for programme assurance projects (see below) provide evidence of JPO servicing behaviours for two of the service requirements in the Job Placement licence.⁸² The ANAO

⁸¹ DEWR advice to the ANAO dated 21 December 2005.

⁸² Specifically: matching and referring job seekers to vacancies (clause 3.1(c)); placing job seekers into jobs (clause 3.1(d)). Other clauses of the licence could also be assessed using data from the surveys, but these do not relate specifically to servicing requirements, but, rather relate to recording of activity and eligibility of claims. See DEWR advice to the ANAO dated 15 November 2005, WIMS 5-73746.

notes, however, that DEWR does not collate the survey responses for the purposes of providing positive assurance about these service requirements.⁸³ The surveys do not provide assurance about the remaining service requirements, including compliance with the *Code of Practice*.⁸⁴

2.47 Overall, while the quantitative data available to contract managers is sound in itself, it is very limited when it comes to the service requirements in the Job Placement licence. Most significantly, there is no systematic monitoring of, and no benchmarks or measures set for the service commitments made in clause three of the Job Placement licence and the *Code of Practice*. Consequently, DEWR can have little assurance that these requirements are being met consistently.

Programme assurance projects

2.48 DEWR conducts ‘programme assurance’ projects that provide assurance about payments made to its contracted service providers. The programme assurance projects are conducted by a specialist area of the department, in conjunction with programme areas and contract managers.

2.49 DEWR’s programme assurance projects draw on data to identify potentially suspect payments and to initiate checks of these and, where appropriate, recover funds. The data sources include, but are not limited to, random and targeted surveys. DEWR advised that the main principles for determining projects include:

- projects focus on programmes with the highest expenditure and risk exposure;
- the need to establish a series of projects that will establish recovery rates and related trends and allow early identification of patterns of ‘sharp’ practice;
- those payments where risks are high and where there is a feasible way of checking to identify possible debt and fraud;
- planned programme assurance projects that are matched to risk treatments identified in risk management plans for employment services; and
- a mix of random and targeted samples.⁸⁵

⁸³ DEWR advised that its compliance system does record and report overall satisfactory survey returns (DEWR advice to the ANAO dated 21 December 2005).

⁸⁴ The main service requirements of the Job Placement licence not addressed in the programme assurance surveys include: recording all non-executive vacancies on JobSearch (clause 3.1(b)); being an active provider (clause 3.4); having safe, suitable premises (clause 3.5); complying with the *Code of Practice* (clause 3.7).

⁸⁵ DEWR advice to the ANAO received July 2005.

2.50 Job Placement services have been the subject of regular national and state office random and targeted programme assurance projects since October 2003.⁸⁶ These projects have drawn on structured surveys of job seekers to identify instances where the job seeker's recollection of their employment does not match the data entered into DEWR's system by the JPO or where the job seeker's recollection indicates that outcome claim fell within one or more of the restrictions imposed by DEWR on allowable claims. For example, a job seeker's recollection may indicate that he or she did not work for the employer at all, or for the requisite number of hours, or that the JPO had no involvement in making the placement.

2.51 Instances where a job seeker's recollection indicates an anomaly are referred to the relevant contract manager for further investigation with the JPO. If a JPO cannot satisfactorily substantiate a claimed payment, the department initiates debt recovery. DEWR's data shows that around 5–6.5 per cent of the programme assurance survey responses result in a 'debt', that is, monies to be recovered from a JPO.⁸⁷ In 2004–05, DEWR's programme assurance projects, including random and targeted surveys and State Office activity, identified 1 610 Job Placement outcome payments (approximately \$400 675) for recovery. The ANAO estimates, on the basis of DEWR's programme assurance survey results that, overall, around 15 400 Job Placement outcome payments, amounting to approximately \$4.67 million were potentially recoverable for 2004–05. However, only 10 per cent of this sum was recovered by DEWR through its programme assurance projects.⁸⁸

⁸⁶ National Office projects are conducted approximately on a monthly basis.

⁸⁷ For the period July 2003 to November 2005, 5.3 per cent of responses to National Office random programme assurance projects resulted in a debt—during 2004–05 this was 6.3 per cent. As would be expected, targeted projects have higher debt rates, for National Office targeted projects during 2004–05, the debt rate was 8.3 per cent and for State Office targeted projects, it was 25.6 per cent.

The debts relate only to the survey responses. DEWR considers the survey to be statistically reliable (DEWR, PARMS papers, 11 July 2005, *Statistical Validity of Programme Assurance (PA) Survey Samples*), meaning that it could be expected that the entire population has a similar error rate—DEWR would not be in a position to identify or recover the incorrect payments made in respect of the non-surveyed population.

⁸⁸ ANAO estimate based on DEWR's random programme assurance project results for 2004–05 which identified 6.3 per cent of all claims being potentially recoverable. Calculation based on the 244 518 claims paid during 2004–05 (excluding bonus claims) multiplied by the average random programme assurance project debt for 2004–05 of \$302.90.

2.52 The most common reasons for debts related to: the length of time worked by a job seeker; the involvement of the JPO in the placement; the date at which the job seeker started work; and whether the job seeker had ever been employed in the job.⁸⁹

2.53 While job seeker surveys are a valuable programme assurance method, they have limitations arising from problems common to all surveys including: recall error, non-response rates, sample size and bias. DEWR recognises these limitations and advised that programme assurance extends beyond the job seeker surveys.⁹⁰ DEWR advised the ANAO that conducting program assurance surveys for all claims would be very resource intensive for both the Department and for service providers, and that in its view, the cost of doing so would outweigh the benefits. The ANAO considers the amount of potentially recoverable payments not currently being recovered is relatively high (amounting to nearly five per cent of total annual expenditure on Job Placement outcomes). In seeking to manage, and minimise, the risk of incorrect payments to JPOs, it is important to consider the costs and benefits of ‘post hoc’ compliance activity (such as programme assurance projects), and preventative activity that improves the compliance of JPOs with rules governing outcome claims. The latter can be achieved through, for example, improved education of JPOs and their staff, and improved systems controls.

Data testing: identifying employers and related entities

2.54 In addition to the job seeker surveys, data entered by JPOs in DEWR systems is an important source of information for identifying ‘suspect’ transactions. As discussed, the Job Placement licence specifies rules about the eligibility for outcome payments. These rules vary according to the classification of the job seeker and the relationship between the JPO and the employer. As well, certain types of placements are ineligible for an outcome payment (see Appendix 1).

2.55 Using auditing software, the ANAO examined data in DEWR’s employment systems to determine the extent to which it could be used to provide positive assurance about claims for outcome payments.

Multiple employer records and placements

2.56 The ANAO found there was no consistent unique identifier for employer records in DEWR’s employment systems. Consequently, the same

⁸⁹ Data from DEWR programme assurance projects, 1 July 2003 to end November 2005.

⁹⁰ DEWR advice to the ANAO dated 10 November 2005.

employer can have multiple DEWR identification numbers and may be described differently in each record (differences can range from minor variations in the name or address of the employer to substantial differences between legal and trading names for the same entity). The risk for DEWR is that some JPOs may deliberately or inadvertently falsify employer information. The existence of duplicate employer records makes it difficult for DEWR to systematically identify instances of serial placements and multiple claims,⁹¹ or to introduce system rules that would prevent these ineligible placements from being claimed.

2.57 The ANAO identified a high number of duplicate employer records in the JobSearch database. Around 22 per cent of employer records were duplicates of existing records. There were a small number of claims⁹² that appeared to have been paid in breach of contractual requirements. These claims resulted from the occurrence of duplicate employer records, which allowed the JPO to make more than four claims for a job seeker by allocating placements to different records for the same employer. DEWR advised that most of these 'serial placements' related to a single provider that was 'already under scrutiny, and that all funds had been recovered.'⁹³

2.58 DEWR has advised the ANAO that it has requested a system change that will 'reduce the creation of multiple employer records by different sites within the same organisation and any potential for serial placements.'⁹⁴ Further, in response to the proposed audit report, DEWR advised that under the new Job Placement Licence, 'serial placement has been simplified as the placement of any job seeker more than four times in any 12 month period. As the test is no longer at the employer level this is easy to monitor using the job seeker ID,' and that a 'system enhancement will be implemented later this year that will also prevent the placement of a job seeker who has already been placed on the same day into a vacancy that is not a full-time permanent position.' DEWR stated that it will increase monitoring of multiple claims by checking the number of claims relating to individual job seekers.⁹⁵

⁹¹ See Appendix 1 for definitions of serial placements and multiple claims.

⁹² 35 claims (worth around \$10 340) in the 2004–05 claims database.

⁹³ DEWR advice to the ANAO dated 21 December 2005.

⁹⁴ DEWR advice to the ANAO dated 21 December 2005.

⁹⁵ See Appendix 6.

2.59 The ANAO considers that these developments should strengthen assurance about JPO compliance with the serial placement and multiple claim restrictions in the Job Placement licence.

Related entity placements

2.60 Under the Job Placement licence, a JPO cannot be paid for placements with a 'related entity'⁹⁶ that exceed 30 per cent of the JPO's total paid placements. Where a placement is made with a related entity, a job seeker must work double the number of hours (in twice the time) in order for the placement to be eligible for an outcome payment.

2.61 Owing to system limitations, DEWR could not readily identify related entity placements that were not disclosed by the JPO, until July 2005.⁹⁷ Moreover, there was no up-to-date record of related entities that could be used to identify related entity placements. DEWR did collect this information through the licence tender process but has not maintained the currency of the data, and has not used these data in its programme assurance projects.⁹⁸ Consequently DEWR has relied on JPOs self-disclosing if a placement is made to a related entity.

2.62 Improvements in DEWR's information system from July 2005 enabled the ANAO to assess the incidence of related entity placements. Using the available data, the ANAO found that, from 1 July 2005 to 31 December 2005, the incidence of related entity placements was low—accounting for around 1.7 per cent of all placements, or 1 888 out of 111 519 placements. However, JPOs identified only around 28 per cent of these placements in the DEWR system, meaning that 1 354 probable related entity placements were not appropriately identified.

2.63 The low level of self-disclosure means that it is likely that some JPOs have exceeded their 30 per cent cap on related entity placements. The ANAO identified 10 JPOs that had, on the basis of the available data, exceeded their

⁹⁶ See Appendix 1 for definition of related entity.

⁹⁷ Many placements appeared to be with a related entity, but in fact were not. Most importantly, DEWR's system was unable to disaggregate placements made on an on-hire basis, where the labour hire company, which was shown on the system as the employer, was not the ultimate employer in practical terms.

⁹⁸ DEWR advised that for practical reasons, an 'informal management decision was taken prior to the initial purchasing process for Job Placement in 2003 not to maintain definitive information regarding related entities' (DEWR advice to the ANAO dated 6 February 2006).

caps. In total around 100 placement outcomes, or around \$37 000 had been paid for these 'excess' placements.⁹⁹

2.64 Moreover, the threshold for a non-related entity outcome payment, in terms of hours worked, is half that for a related entity placement. The total hours worked for each placement is not recorded on DEWR's system. For this reason, it is not possible to identify if any of the 1 354 undisclosed related entity placements met the higher threshold in terms of hours worked. If all of the undisclosed related entity placements proved not to meet the eligibility requirements, up to \$487 000 may have been paid incorrectly.

2.65 The ANAO considers that, given the limited data available, these estimates of related entity placements are likely to be conservative.¹⁰⁰ A more robust approach is needed for DEWR in checking whether JPOs are consistently and accurately identifying related entity placements. The precise approach is for DEWR to decide, taking into account the costs associated with maintaining related entity records and recovering payments and the risk that outcome payments may be paid inappropriately.¹⁰¹

2.66 Overall, the ANAO found that shortcomings in DEWR's data reduce its capacity to monitor the compliance of claims for outcome payments with the terms of the Job Placement licence and increases the reliance on job seeker surveys. These provide some assurance about legitimacy of claims for outcome payments, but the ANAO considers that assurance would be strengthened by improving data quality including employer and related entity records.

⁹⁹ Calculation based on the 2004–05 average outcome payment of \$306.88 plus the average bonus payment of 0.32 bonus payments (\$165) per outcome payment.

¹⁰⁰ DEWR advised the ANAO that program assurance data on related entity placements suggests only a small minority of these placements (1.6 per cent) involve job seekers not working the requisite hours for the JPO to claim an outcome payment. DEWR stated that on this basis, it is not reasonable to say that up to \$487 000 may have been paid incorrectly (DEWR advice to the ANAO dated 4 April 2006). However, the ANAO notes that DEWR's program assurance data relates only to related entity placements that were flagged as such, which makes it more likely that JPO would have logged their claims accordingly. DEWR does not know what proportion of the claims identified by the ANAO, which were not flagged as related entity placements, involved the job seeker working the required number of hours for the JPO to claim a related entity outcome payment.

¹⁰¹ In response to the proposed audit report, DEWR advised that 'a system enhancement is being introduced on 1 July 2006 which will ensure all related entity placements are flagged on the employer record, and not at the time of the job seeker referral' (see Appendix 6).

Conclusion

2.67 There is no specific legislation for Job Placement services. Instead, implementation occurred under executive power. The government gave approval for Job Placement services to be introduced in the context of the implementation of the Active Participation Model (APM) in mid-2003, with the government purchasing the services and making fixed payments for specified placement outcomes. Consistent with this approval, DEWR monitored job placements to ensure they stayed within the agreed national cap of 400 000 places, which was not breached. Initially, it was proposed that placement numbers be allocated at the regional level, with Job Placement Organisations (JPOs) within a region drawing down on the regional allocation. This proposal was not implemented. However, the ANAO found that the reasons for this are not clear from departmental documentation.

2.68 Initially, the performance of the Job Placement Licence Only organisation (JPLO) initiative fell short of expectations. To address this issue, DEWR pursued a range of initiatives, including refining licence conditions and making it easier for all JPOs to lodge vacancies onto JobSearch (one of the requirements of the licence) and promoting the licence to JPLOs through its contract managers, peak bodies and other forums. As a result, the performance of JPOs, in particular JPLOs, has improved over time.

2.69 DEWR has had a longstanding approach to manage Job Placement licences in a manner that involves limited direct contact with JPOs, and minimal direct monitoring through site visits. There is no mandated requirement or target for site visits and no requirement to record the results of site visits. DEWR's assurance about JPO compliance with contractual obligations relies on remote oversight through 'desktop monitoring' and information about JPO performance contained in the department's information systems.

2.70 Performance information about JPO activity can be readily and reliably extracted from DEWR's mainframe database, known as the Integrated Employment System (IES). Drawing on data contained in IES, DEWR has developed a number of management information reports to manage the delivery of Job Placement services. Generally, these reports provide a sound basis for contract management.

2.71 DEWR's data does not provide information about the compliance of JPOs with a number of the service requirements in the Job Placement licence.

For example, the licence requires that JPOs ‘have a complaints process of which job seekers and clients are made aware’ and that ‘job seekers and clients are advised of the free DEWR customer service line.’ In response to previous ANAO audit findings,¹⁰² DEWR has agreed to establish minimum requirements and targets for site monitoring visits including complaints handling processes of Job Network Members (JNMs). However, DEWR had no process for obtaining assurance about the adequacy of JPLO’s complaints handling processes—whether, for example, job seekers were being informed by JPLOs that the service they were receiving was attracting payment from the government and that they had a right to complain, either to the JPLO or to DEWR, if they were not satisfied with the service they have received. There is also no data available on the complaints received by JPLOs from job seekers. In response to the proposed audit report, DEWR advised that from 2006–2009, JPLOs will be required to maintain a complaints register and that it is taking steps to raise job seekers’ awareness of the Job Placement *Code of Practice* and associated complaints mechanisms.

2.72 Shortcomings in the data also reduce DEWR’s capacity to monitor compliance of claims for outcome payments with the terms of the Job Placement licence. For example, DEWR relies on JPOs self-disclosing if a placement is being made to a ‘related entity’ (there are restrictions on a JPO placing a job seeker into a job with an organisation that has a legal association or shared ownership with the JPO). The ANAO found that, from 1 July 2005 to 31 December 2005, around 1.7 per cent of all placements (1 888 out of 111 519) were with related entities. However, JPOs self-identified only around 28 per cent of these placements in the DEWR system, meaning 1 354 probable related entity placements were not appropriately identified.

2.73 The low level of self-disclosure means that it is likely that some JPOs have exceeded the number of related entity placements they can make under the Job Placement licence (related entity placement cannot exceed 30 per cent of total placements). The ANAO identified 10 JPOs that had exceeded their caps. In total around 100 placement outcome payments or around \$37 000 had been paid for these ‘excess’ placements. Moreover, the threshold for a non-related entity outcome payment, in terms of hours worked by the job seeker, is half that for a related entity placement. The total hours worked for each placement is not recorded on DEWR’s system. For this reason, it is not possible to identify if the undisclosed related entity placements met the higher

¹⁰² See ANAO Report No.51 2004–05, *DEWR’s Oversight of Job Network Services to Job Seekers*.

threshold in terms of hours worked. If all of the undisclosed related entity placements proved not to meet the eligibility requirements, up to \$487 000 may have been paid incorrectly.

2.74 DEWR conducts regular 'programme assurance' projects that provide assurance about payments made to JPOs. These projects involve structured surveys of job seekers to identify instances where the job seeker's recollection of their employment does not match the data entered into DEWR's system by the JPO. These data are used to identify potentially suspect payments and to initiate checks of these and, where appropriate, recover funds. DEWR's data shows that around 5–6.5 per cent of the programme assurance survey responses result in a 'debt', that is, monies to be recovered from a JPO. In 2004–05, DEWR's programme assurance projects, including random and targeted surveys and State Office activity, identified 1 610 Job Placement outcome payments (approximately \$400 675) for recovery. The ANAO estimates, on the basis of DEWR's programme assurance survey results that, overall, around 15 400 Job Placement outcome payments, amounting to approximately \$4.67 million were potentially recoverable for 2004–05. However, only 10 per cent of this sum was recovered by DEWR through its programme assurance projects.

2.75 DEWR advised the ANAO that conducting program assurance surveys for all claims would be very resource intensive for both the Department and for service providers, and that in its view, the cost of doing so would outweigh the benefits. The ANAO considers the amount of potentially recoverable payments not currently being recovered is relatively high (amounting to nearly five per cent of total annual expenditure on Job Placement outcomes). In seeking to manage, and minimise, the risk of incorrect payments to JPOs, it is important to consider the costs and benefits of 'post hoc' compliance activity (such as programme assurance projects), and preventative activity that improves the compliance of JPOs with rules governing outcome claims. The latter can be achieved through, for example, improved education of JPOs and their staff, and improved systems controls.

Recommendation No.1

2.76 The ANAO recommends that, in order to strengthen assurance about the management of Job Placement services, DEWR:

- (a) improves the quality of data relating to contract details, related entity records and employer identity records;
- (b) develops objective indicators and measurable performance standards for the key service commitments in the Job Placement licence and *Code of Practice*; and
- (c) establishes minimum requirements and targets for monitoring visits.

DEWR response

- (a) Agree—The department is already improving the quality of data relating to contract details, related entity records and employer records through a number of system enhancements, a suite of new contract monitoring tools and changes to the Job Placement Licence.
- (b) Disagree—DEWR contends that the Job Placement Licence (JPL) and Code of Practice includes objective indicators and measurable performance standards. (Schedule 3). The Department will work with JPOs to increase the understanding of JPOs of what is expected under the JPL.

ANAO comment

DEWR has not set any benchmarks or measures for the service commitments made in the Code of Practice or Job Placement licence. If DEWR was able to better measure the quality of services provided, as illustrated in this report, it would have greater assurance that that JPO understanding of their service expectations was being translated consistently into practice.

- (c) Agree—DEWR already has in place a risk management framework that drives the contract monitoring regime. To further enhance the risk framework, DEWR is currently developing a list of circumstances, where a site monitoring visit to a JPLO would be the appropriate response to mitigate the risk.

3. Electronic Job Matching

This chapter examines DEWR's management and oversight of the completion of vocational profiles for electronic job matching purposes.

Introduction

3.1 For the third employment services contract (ESC3), Job Network Members (JNMs) were required to provide new referral interviews for all job seekers. New referral interview services are designed to collect information relevant to the provision of employment services, to provide access a range of self-help services and to include job seekers in electronic matching, a system which facilitates the on-line matching of job seekers to suitable vacancies. The aim of electronic matching was to improve the efficiency of the labour market by matching unemployed people to jobs faster and more effectively. It would do so by bringing many more relevant job opportunities to job seekers' attention much more quickly and effectively.

3.2 Electronic matching relies on job seeker 'vocational profiles', which are electronic records of job seekers' skills, job preferences and work history that are entered into EA3000, the computer application developed by DEWR to implement the Active Participation Model (APM).¹⁰³ If matched successfully with jobs on JobSearch, these data may enable job seekers to receive electronic messages via Short Message Service (SMS), notification on their personal web-page, or email. The lodgement of vocational profiles also enables JPOs and employers to search on-line for suitable job seekers to fill their vacancies using a function called 'FindStaff'.

3.3 This chapter examines:

- specification of the new referral interview services;
- price setting for the new referral interview;
- the performance of two aspects of electronic matching functionality, 'auto-matching', and 'FindStaff'; and
- the compliance of electronic notification functionality with anti-spam legislation.

¹⁰³ See ANAO report No.6 2005–06, *Implementation of Job Network Employment Services Contract 3*.

Specification of new referral interview services

3.4 In purchaser–provider arrangements, clear articulation of services helps ensure that service providers are aware of their obligations and helps contract managers monitor those services.

3.5 The ESC3 specifies that JNMs are to provide a range of services at the new referral interview. These include:

- explaining the relevant Job Network and Job Placement services;
- creating and lodging a vocational profile through DEWR’s information systems;
- explaining the use and access to job search facilities and JobSearch; and
- providing access to an interpreter, where required.¹⁰⁴

3.6 JNMs can generate a basic résumé from the data contained in a vocational profile using EA3000, but a vocational profile is not a résumé. The primary objective of the services provided at the new referral interview was to include job seekers in electronic matching, by developing and lodging a vocational profile on EA3000, and explaining how electronic matching works.

3.7 The ESC3 anticipated that JNMs would create a vocational profile, and then generate a résumé from these data.¹⁰⁵ DEWR’s IT system was designed with this process in mind. DEWR subsequently recognised that in many cases, a job seeker would have a prior résumé which contained much of the data required to create the vocational profile. Consequently, DEWR introduced system changes early in 2005 that improved the functionality and usability of the vocational profile system by introducing the capability to upload formatted résumés and create vocational profiles by cutting and pasting information from the résumé into EA3000. This functionality resulted in less manual work for employment service consultants.¹⁰⁶ Over 80 per cent of the JNMs surveyed by the ANAO agreed that these changes had improved the quality of services they could provide to job seekers.¹⁰⁷

¹⁰⁴ ESC3, pp. 46–47.

¹⁰⁵ The ESC3 specifies that the JPO must provide Job Search Support Services at the new referral interview to eligible job seekers including: ‘creating and lodging a Vocational Profile through DEWR’s information systems and providing a copy of the resulting résumé to the Eligible Job Seeker’ (ESC3, p. 46).

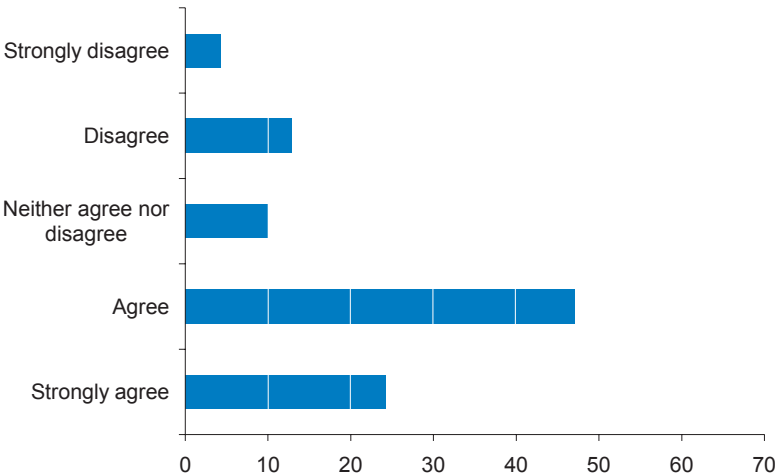
¹⁰⁶ For example, JNMs can now upload job seekers’ résumés and use ‘drag and drop functionality’ to complete most fields. See DEWR, 17 June 2005, Brief to the Minister for Employment and Workplace Relations, *Issues raised by CEOs on 7 June 2005 regarding Vocational Profiles and matching*.

¹⁰⁷ See Appendix 3.

3.8 The ANAO’s survey of JPOs shows that it is job seeker résumés, not vocational profiles, which are the primary record used and up-dated by employment consultants (Figure 3.1), as they rely on it for marketing and referring job seekers to potential employers.¹⁰⁸

Figure 3.1

ANAO question for JNMs: Job seeker résumés, not vocational profiles, are the primary record used and up-dated by our employment consultants (per cent)



Source: ANAO survey of JPOs.

3.9 DEWR advised the ANAO that the new referral interview requires JNMs to ensure each job seeker has a ‘quality résumé,’ and that ‘one of the most important functions of the new referral interview was to provide a résumé to the job seeker.’ However, the ANAO found that DEWR has not specified what constitutes a ‘quality résumé,’ and development of a quality résumé is not currently a requirement of the ESC3.

3.10 The ANAO found that the ESC3 does not reflect the changes to the way in which vocational profiles can be created. Also, the contracts do not reflect the agreed importance of résumés as an outcome of new referral interviews.

¹⁰⁸ DEWR’s own research has concluded that, as a result, the maintenance of vocational profiles is neglected. This has contributed to ongoing concerns within DEWR about the quality of the data contained in vocational profiles, and its impact on the effectiveness of electronic matching (see: Employment Management Committee, *Employment Exchange Business initiatives*, 19 July 2004, Active Participation Model Implementation Sub Committee, Monday, 25 August 2003, Agenda Item 4b–Job Matching–Action item (iii); *Vocational Profiles and Résumés in job matching processes*, paper submitted to DEWR’s Employment Management Committee, 19 July 2004. DEWR advised that it had also conducted a further review in August 2004 and commissioned a subsequent review in November 2005 (see Acumen Alliance, 2005, *Review of Automatching processes*)).

Accordingly, the ANAO considers that, in order to assist JNMs in their service delivery and DEWR in its contract management, DEWR should update the ESC3 to reflect the ways in which résumés and vocational profiles can be created and the importance of résumés as an outcome of new referral interviews, and should specify the quality of the résumés it expects its providers to complete for job seekers (within the time constraints of the interview).

Balancing price and service quality

3.11 DEWR contracts delivery of its employment programmes to third parties, such as JNMs. While it does not deliver the services, DEWR has mandated the use of its IT system (EA3000) by JNMs to deliver the services specified in the contract¹⁰⁹ and, as a purchaser, the department has an interest in the financial viability of the industry as well as the quality of service provided by individual JNMs. In order to manage these considerations, it is important that the price paid for services was set on the basis of a reasonable assessment of the time/cost of providing those services, and actual costs are monitored to ensure that prices reasonably reflect the cost of actual service provision.

3.12 In developing its proposals for the ESC3, DEWR estimated the total time required to deliver new referral interview services would be, on average, 45 minutes. The overall payment for the service was set at either \$60 or \$90, depending of the level of disadvantage of the job seeker being serviced. DEWR has advised the ANAO that the price for the new referral interview was determined primarily by what the forward budget estimates would allow, rather than being set on the basis of an assessment of the time/cost of providing the contracted services (see Table 3.1).¹¹⁰

¹⁰⁹ A recent review of the IT supporting the ESC3 found that while the existing IT enforces all contractual requirements, it has limited functionality to assist JNMs to manage their business efficiently (DEWR/Ascent October 2005, *Review of the IT system supporting the Employment Services Contract*).

¹¹⁰ An initial figure of \$52.50 (\$70 per hour) for the service was revised upwards to a figure of \$60 (\$75 per hour) as a result of consultations with industry.

Table 3.1**Job Search Support new referral interview—DEWR estimation of time and cost**

Summary of activities	DEWR estimate of time to complete	DEWR estimate of cost
Registration of FNE and SSO job seekers for Job Network services	not estimated.	not estimated.
Lodgement of a vocational profile into JobSearch to enable daily auto-matching against new vacancies	not estimated.	not estimated.
Provide access to touch screen kiosks	not estimated.	not estimated.
Provide access to interpreter, where required	not estimated.	not estimated.
Total	45 minutes (avg)	\$60 or \$90

Source: ANAO analysis.

3.13 As Table 3.1 shows, prior to the commencement of the audit, the actual time required to provide contracted services, including vocational profiles had not been measured by DEWR. During the audit, DEWR completed some basic assessments that suggest vocational profiles currently take around five minutes to complete *from an up-loaded résumé*, advising the ANAO that ‘once the résumé is completed, the actual VP data entry is a minimal additional requirement.’

3.14 However, DEWR has not assessed how much time is required to enter vocational profile data in circumstances where no résumé has been uploaded, or the time it takes to complete an appropriate résumé where none has been provided. DEWR has recognised that this cost may be substantial, advising the ANAO that ‘much of the work claimed by JNMs to take up the time in the registration interview is actually to complete an appropriate résumé (usually prior to uploading to EA3000).’ Furthermore, the functionality to upload résumés was introduced in January 2005, 18 months after the commencement of the APM. The time required to complete vocational profiles prior to this change would have been higher than DEWR’s more recent estimates suggest.

3.15 JNMs have consistently claimed since the commencement of the ESC3 that the level of funding is insufficient to allow a quality interview to construct a vocational profile,¹¹¹ and that vocational profiles are time consuming and not user friendly using the IT system provided by DEWR.¹¹² For example, the peak

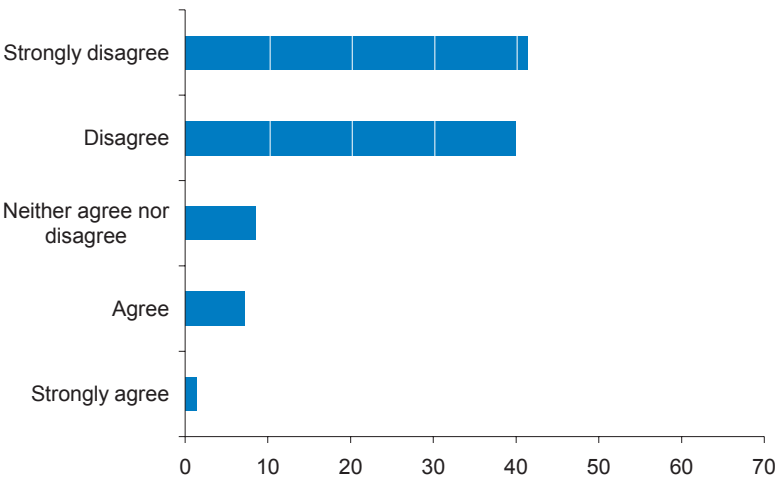
¹¹¹ DEWR 21 June 2005, Brief to the Minister for Workforce Participation, *Job Network Administration Working Group*, (PCD200505588).

¹¹² DEWR 7 June 2005, *Minutes of the meeting of the CEO Working Group on Job Network administration*.

body for employment services providers, the National Employment Services Association (NESA), reported in February 2005 that ‘proficient’ providers were taking around 45 minutes for the registration and lodgement of vocational profiles alone.¹¹³ Responses to the ANAO’s survey show that the majority of JNMs do not think the services they provide at the new referral interview are adequately remunerated (Figure 3.2).

Figure 3.2

ANAO question for JNMs: The services my organisation is contracted to provide to job seekers at the vocational profile interview are adequately remunerated (per cent)



Source: ANAO survey of JPOs.

3.16 DEWR stated that ‘it is hardly surprising that JNMs express this view. Providers would always like to be paid more.’¹¹⁴ The ANAO acknowledges that JNMs have a commercial interest in remuneration levels, but also notes that JNMs would be aware of the actual cost of service provision under the ESC3. Conversely, DEWR has little information on which to judge the veracity of JNM concerns.

3.17 DEWR further advised the ANAO that as JNMs had chosen to enter their contracts with DEWR, they must have considered that any perceived underpayment for vocational profiles is made up for by higher payments in other areas of the contract.¹¹⁵

¹¹³ NESA, 2005, Industry Discussion Paper, *Job Network—Meeting Australia’s demographic challenges*.

¹¹⁴ DEWR advice to the ANAO dated 6 February 2006.

¹¹⁵ DEWR advice to the ANAO dated 21 December 2005.

3.18 There is a risk for DEWR that the negative perception amongst JNMs of the adequacy of remuneration for new referral interview services may lead to poor quality vocational profiles and, consequently, poor quality service delivery and electronic matching outcomes. DEWR advised the ANAO that it manages this risk by providing JNMs and contract managers with reports to assist them to improve the quality of vocational profiles, including reports on the completion of vocational profiles, and on the proportion of job seekers who have not received auto-matches in the previous three months.

3.19 The ANAO considers that DEWR should assess the end-to-end resource requirements for JNMs to deliver new referral interview services. This would assist DEWR to assure itself that the appropriate balance between price and service delivery considerations has been struck.

Effectiveness of electronic matching

3.20 The ANAO examined two forms of electronic matching, 'auto-matching,' and 'FindStaff.'

Auto-matching

3.21 Auto-matching is an automated process occurring each night. It works by matching job seekers' vocational profile information against the requirements of vacancies on JobSearch. Job seekers are notified of matches via email, personal page, IVR or SMS. Around 26 million notifications have been sent to job seekers since the commencement of the APM.¹¹⁶

3.22 The proportion of job seekers that are currently benefiting from the auto-matching system is relatively small. For example, only 54 per cent of job seekers that responded to a DEWR survey on auto-matching in August 2005 said they had used the auto-match system, while only 48 per cent of these job seekers recalled receiving an auto-match in the previous three months (26 per cent of all job seekers). Over 46 per cent of job seekers either did not recall completing a vocational profile, or were not in contact with their JNM.¹¹⁷ Around 50 per cent of vocational profiles never receive a match. The main reason for vocational profiles receiving few or no matches is that they are poor quality—i.e. contain misleading, incorrect or inappropriate data.¹¹⁸

¹¹⁶ Acumen Alliance November 2005, *Review of auto matching processes*.

¹¹⁷ DEWR August 2005, *Job Seeker Use of the Automatch Job System*.

¹¹⁸ DEWR 19 July 2004, Employment Management Committee paper 3c, *Employment Exchange Business Initiatives*.

3.23 Of those job seekers who recalled receiving auto-matches, only a quarter (28 per cent) thought that they were either all or mostly suitable.¹¹⁹ Overall, only about seven per cent of all job seekers receive a clear benefit from auto-matching, that is, they recall receiving matches that were either all, or mostly suitable.¹²⁰ A further 12 per cent of job seekers receive some benefit from auto-matching—that is, recall that up to half of the matches they received were suitable.¹²¹

3.24 An AC Nielson poll of JNM staff conducted by Jobs Australia (the peak body for not-for-profit employment service providers) found that amongst the various services and activities they delivered as part of the Job Network, JNM staff considered those involving vocational profiles and auto-matching were among the least effective of a range of mechanisms for finding job seekers work. Only around 40 per cent of staff ranking these mechanisms as effective (see Figure 3.3). JNM staff members were slightly more positive about the effectiveness of the new referral interview overall, although the level of support (60 per cent) for the interview was only moderate, ranking 13th amongst the various mechanisms (19 in all) in effectiveness.¹²²

¹¹⁹ On the other hand, over half the job seekers (56 per cent) who received auto-matches indicated that only some or none of the auto-matches were suitable (see DEWR August 2005, *Job Seeker Use of the Automatch Job System*).

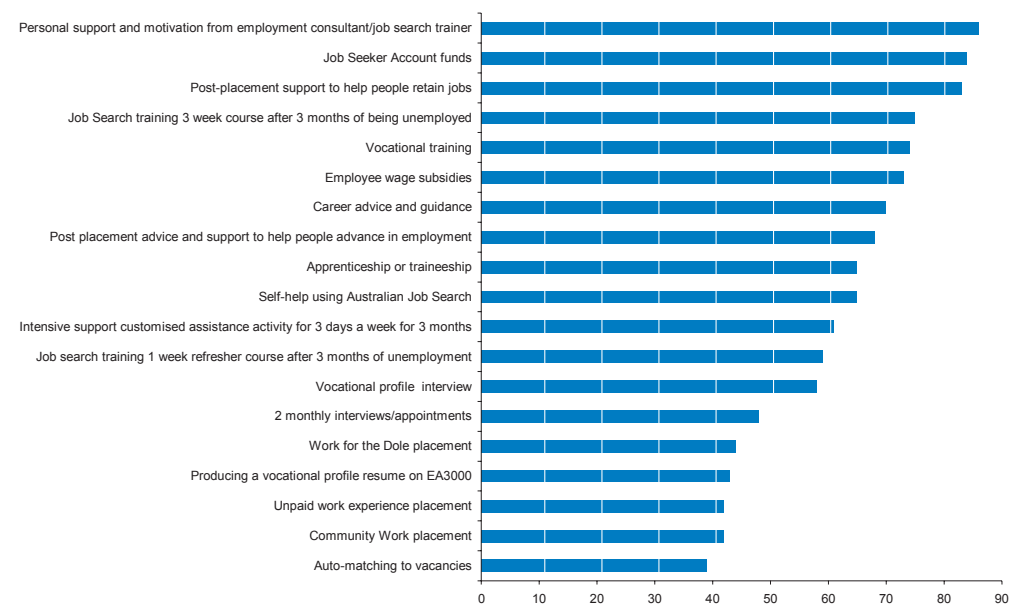
¹²⁰ These results were broadly in line with a previous survey in February 2004, although in the previous survey about 12 per cent of all job seekers recalled receiving matches that were either all, or mostly suitable (see DEWR February 2004, *Using the Job Automatch System*). DEWR advised that seasonal variation needs to be considered in comparing the two surveys (DEWR advice to the ANAO dated 3 March 2006).

¹²¹ DEWR advised that 'a job seeker survey for August 2005, showed that 67.2 per cent of job seekers said that over a three month period, they regarded some, half, most or all the vacancy notifications they had received as suitable matches. Just under 50 per cent of job seekers reported that all, most or half of their matches were suitable' (see Appendix 6). The ANAO notes that this statement refers only to job seekers that recalled receiving vacancy notifications—only around 26 per cent of job seekers recall receiving vacancy notifications (see paragraph 3.22).

¹²² These results are also reflected by the results of the ANAO's survey of Job Placement Organisations. JNMs were generally ambivalent in their views about the outcomes that result from entering vocational profile information into EA3000.

Figure 3.3

Ranking by JNM staff members of the effectiveness of various measures for finding people work (per cent)



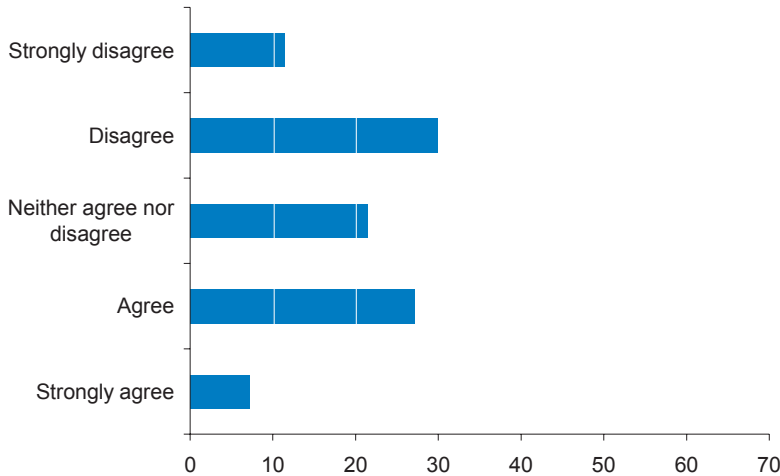
Source: ANAO analysis of AC Nielsen poll data.

Note: Data for JNM staff perceptions of the effectiveness of various options for finding work for job seekers who have been unemployed for less than 12 months.

3.25 The ANAO’s survey shows that the views of JNMs are relatively evenly split on the benefits of auto-matching (Figure 3.4).

Figure 3.4

ANAO question for JPOs: The overnight matching of job seekers to jobs on JobSearch through their vocational profiles is an effective way of helping job seekers find employment (per cent)



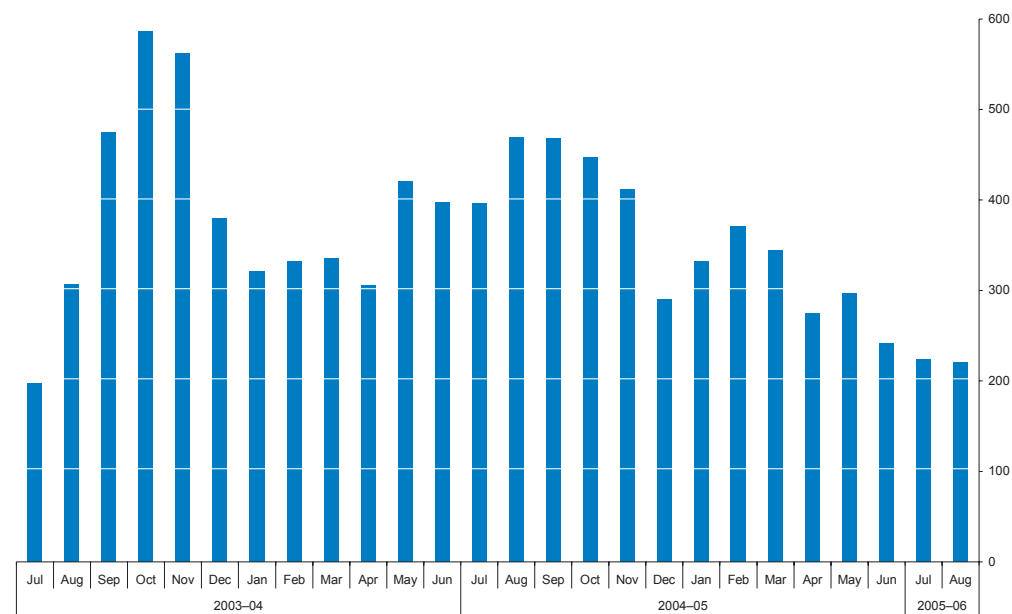
Source: ANAO survey of JPOs.

3.26 Statistics on the number of job placements resulting from electronic notifications indicate it has varied over time.¹²³ The number of placements resulting from auto-matches has been around 360 per month since the commencement of the APM, declining to less than 300 per month in the later half of 2004–05 (Figure 3.5). Overall, 4 618 placements resulted from auto-matches in 2003–04, while 4 343 resulted from auto-matches in 2004–05. Placements from auto-matching constitute 1.6 per cent and 1.3 per cent of all eligible placements respectively.

¹²³ One of the reasons for these statistics is that DEWR has pursued a quality match rather than quantity match strategy in its provision of matching services. Informal mystery shopping exercises conducted by DEWR which compared the auto-matching services provided by each of the major job boards, Seek, CareerOne, MyCareer and JobSearch, found that DEWR's auto-matching provides a smaller number, but more relevant matches between job seeker skills and vacancy requirements.

Figure 3.5

Eligible placements resulting from auto-matches, July 2003–August 2005 (number)



Source: DEWR administrative data.

3.27 These recorded placements do not include the placements that may result from other forms of electronic matching such as FindStaff and instant job list matches, or placements of job seekers into newspaper, Gazette or employer lodged vacancies. This is because DEWR does not have any information on the performance of these other matching functions in achieving Job Placements. DEWR advised the ANAO that it is currently developing measures for placements resulting from electronic matching that are not currently measurable.

Cost of auto-matching

3.28 DEWR has not assessed or reported the cost of placements achieved through auto-matching. The ANAO compared the cost of job placements resulting from auto-matching with those occurring through other avenues. To ensure a fair comparison, the ANAO compared the placements received by Job Search Support (JSS) job seekers, that is, job seekers that had received only registration (vocational profile) services. This comparison excludes job seekers those that may have received additional government-funded services.

3.29 DEWR acknowledged that ‘it is true that technology is not sufficiently advanced such that electronic matching will produce results similar to experienced employment consultants,’ but, notwithstanding the fact that it had not assessed the cost of placements achieved through auto-matching, it considered that, ‘at the low cost of providing such a service in addition to other employment services, even a small number of placements that would not otherwise have occurred, should be seen as a positive outcome.’¹²⁴

3.30 The total cost of new referral interviews for JSS job seekers was \$30.96 million in 2004–05. The proportion of this cost which is attributable to the creation of the vocational profile and, therefore, to resulting matches and placements, varies according to whether the job seeker’s vocational profile had to be created ‘from scratch’ or from a pre-existing résumé. Around:

- eleven per cent of the new referral interview cost would be attributable to resulting placements, if all vocational profiles were completed from an uploaded pre-existing résumé;¹²⁵ however
- forty four per cent of the new referral interview cost would be attributable to resulting placements, if all vocational profiles were completed without the benefit of an uploaded résumé (as was the only option until January 2005).¹²⁶

3.31 The ANAO estimated, on the basis of the available evidence, that the cost per placement for JSS job seekers resulting from auto-matching in 2004–05 was between \$2 153 and \$7 834. This compares to a cost of between \$144 and \$231 for placements resulting from other means, such as traditional job search. The lower figure in the range assumes that all vocational profiles were created from a pre-existing résumé. The higher figure assumes that all vocational profiles were created ‘from scratch’.

3.32 The ANAO considers that these estimates indicate that DEWR needs to monitor and assess the costs and benefits of its auto-matching operations in order to assure itself that the placements achieved meet the government’s intention to match unemployed people to jobs more quickly and efficiently.

¹²⁴ DEWR advice to the ANAO dated 21 December 2005.

¹²⁵ Calculation based on DEWR’s advice that data entry for vocational profiles from uploaded résumés takes approximately five minutes to complete, out of the 45 minutes allocated to the new referral interview.

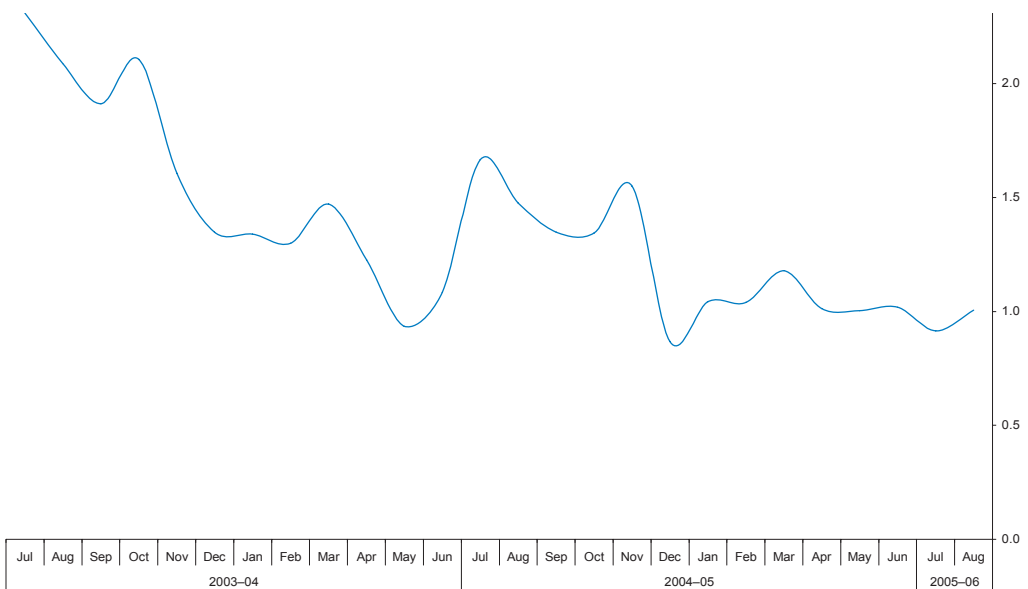
¹²⁶ Calculation based on DEWR’s initial expectation that the Vocational Profile would take around 20 minutes of a 60 minute total registration interview. DEWR later revised its estimate of the total interview time to 45 minutes but did not revise its estimate of the Vocational Profile component.

FindStaff

3.33 FindStaff is an optional tool JPOs and public employers can use to find suitable staff for their vacancies. Alternatively, JPOs can (and do) use their own systems for this purpose. FindStaff was used an average of 17 400 times per month over the APM. Thirty per cent of this use was by public employers looking for job seekers independently of contracted employment service providers. Use of FindStaff by JPOs is not widespread, with the average JPO site using the function around once per week (see Figure 3.6). Furthermore, there has been a decline of over 50 per cent in the use of FindStaff by JPOs over the life of the ESC3, though the rate has stabilised recently.

Figure 3.6

JPO site usage of the ‘FindStaff’ functionality (average use per week)



Source: ANAO analysis of DEWR data.

Notes: DEWR data provided 26 September 2005. The ANAO has used an estimate for the number of active sites (2 145), rather than using DEWR's nominal site figures. This is because, as discussed in paragraphs 5.38 to 5.43, DEWR's data on the total number of sites in the APM includes many sites that are not, and/or have never been active. The number used is the approximate median between the two ANAO estimates of the number of active sites contained in Table 5.4.

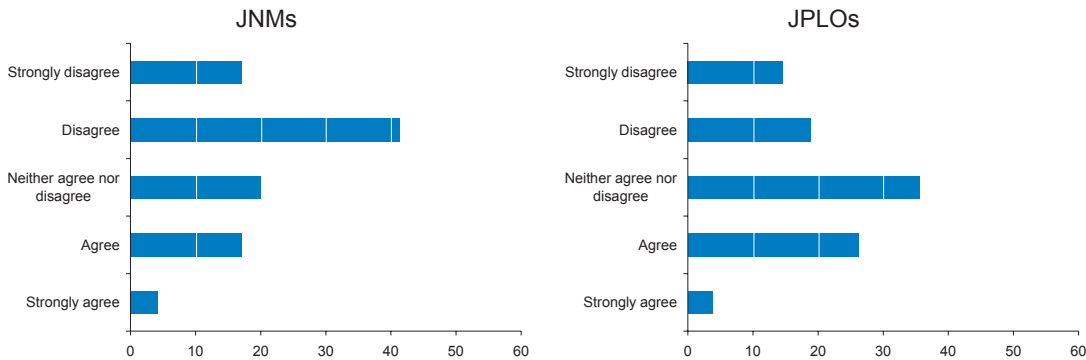
3.34 In addition, around 300 public employers use the FindStaff function per week. However, there are very few regular users of FindStaff amongst employers. Around 80 per cent of the employers that have used the function

have only done so once, and only around six per cent of employers that have used the function have used it more than two times.¹²⁷

3.35 The results of the ANAO’s survey shows many JPOs, particularly JNMs, do not consider that FindStaff is a useful tool for finding job seekers for their vacancies (Figure 3.7).

Figure 3.7

ANAO question for JPOs: The ‘Find-staff’ function in the computer system provided by DEWR is a useful tool for finding suitable candidates for our vacancies (per cent)



Source: ANAO survey of JPOs.

Notifying job seekers by SMS and email

3.36 Short Message Service (also known as SMS or ‘text messages’) and electronic mail (email) are an important part of contemporary business and social life. However, unsolicited SMS and email, ‘spam’, are a serious problem and the Australian Government has taken steps to reduce the amount of spam that originates in Australia.

3.37 The *Spam Act 2003* came into effect on 10 April 2004. The Spam Act makes it illegal to send, or cause to be sent, unsolicited commercial electronic messages that have an Australian link.¹²⁸ The Spam Act covers commercial electronic messages—emails, SMS, multimedia messaging (MMS) and instant messaging (iM).¹²⁹

¹²⁷ DEWR data ‘hits_per_employer_per_mont’ provided to the ANAO 19 October 2005.

¹²⁸ A message has an Australian link if it originates or was commissioned in Australia, or originates overseas but was sent to an address accessed in Australia.

¹²⁹ However, the Spam Act does not cover voice or fax telemarketing. A spam message is not necessarily sent out in bulk to numerous addresses. A single electronic message can also be considered spam.

3.38 To comply with the Spam Act, a commercial electronic message must meet the following conditions:

- *consent*—the message must be sent with the recipient’s consent. A person may give express consent, or under certain restricted conditions, consent may be inferred from their conduct and existing business or other relationships;
- *identify*—the message must contain accurate information about the person or organisation that authorised the sending of the message; and
- *unsubscribe*—the message must contain a functional unsubscribe facility to allow the person to opt out from receiving messages from that source in the future. Unsubscribe requests must be honoured within five working days.¹³⁰

3.39 The Spam Act provides for a limited exemption from the main provisions of the Act for, inter alia, certain messages sent by a government body.¹³¹ For such messages, it may be sent without the addressee’s consent and without an unsubscribe facility. However, the electronic message must contain accurate sender information and must comply with the privacy requirements of the jurisdiction.

3.40 Job seekers receive three types of SMS and email messages comprising:

- *Job matches*—created by the overnight auto-matching process;
- *Employer messages*—generated by an employer after using the ‘FindStaff’ facility; and
- *JNM appointments*—reminders sent to job seekers about upcoming appointments.

Around 23 million SMS and email messages have been sent to job seekers since the commencement of the APM—SMS comprised around three-quarters of the messages.¹³²

3.41 In response to a previous ANAO request, DEWR obtained legal advice that the Spam Act did not apply to the messages sent to job seekers. In essence

¹³⁰ A message that does not meet all three conditions is in breach of the Spam Act. The legislation sets out penalties of up to \$1.1 million a day for repeat corporate offenders.

¹³¹ These ‘designated’ messages must either relate to goods or services and the government body is the supplier or prospective supplier of those goods or services; or be a factual message.

¹³² DEWR data to September 2005. In addition, job seekers received 3.9 million job notifications via their ‘home page’ and IVR, however, these fall outside of the Spam Act.

the legal reasoning was that DEWR was the supplier of the service (i.e. the messages) and that as these message were supplied free of charge to job seekers, employers and JNMs, they should not be considered 'commercial'. Consequently, DEWR's legal advice stated that the department 'is under no obligation to comply with ... the Spam Act ... although it may choose to do so.'¹³³

3.42 The Australian Communications and Media Authority (ACMA) is responsible for the government's anti-spam efforts, including the Spam Act. DEWR did not consult with ACMA prior to obtaining its advice on the Spam Act.¹³⁴ The ACMA manager was not provided with a copy of the request for advice, which contained the background material given to the DEWR legal advisor. However, DEWR did provide ACMA with a copy of the resulting draft legal advice for comment. The draft legal advice paraphrased some of the background material but did not include the detailed document provided to the legal advisor. The ACMA manager did not disagree with the general conclusions drawn by DEWR's legal advisor, but noted that 'I do not know enough about the structures of the relevant entities mentioned. So my following comments may not be of real significance'.¹³⁵

3.43 ACMA advised the ANAO that, irrespective of the legal position, it was of the view that government agencies should, as a matter of good practice, follow the conditions spelled out in the Spam Act. In this respect, the ANAO notes that the standard text used in job seeker SMS and email notifications meets with two of the three conditions. These are:

- *consent*—job seekers provide consent to the method by which they receive communications from DEWR, JNMs and employers; and
- *identification*—the messages sent to job seekers identify the organisation (DEWR, JNM or employer) authorising JobSearch to send the message.

3.44 However, notwithstanding information given to DEWR's legal adviser,¹³⁶ the messages sent to job seekers do not meet the requirements of the

¹³³ DEWR legal advice dated 14 May 2004.

¹³⁴ The Legal Services Directions provides limited exemptions to the prior consultation requirement, including: an urgent request from the Minister, or where disclosure would breach law or national security matters, or by agreement from the Attorney-General, or where the advice is on a 'routine matter which does no more than advise on the application of the law to particular facts, by relying on the settled interpretation of the legislation' (Attorney-General's Department, *Legal Services Directions*, pp. 6–7).

¹³⁵ ACMA email to DEWR dated 21 May 2004.

¹³⁶ DEWR's legal adviser was informed that 'a fully functional unsubscribe facility is in place' for both SMS and email notifications (DEWR legal advice dated 14 May 2004).

Spam Act in relation to a functional unsubscribe facility. The Spam Act requires that each message contain a functional *electronic* address that the job seeker can use to send an unsubscribe message. ACMA documentation notes that, as well as the functional unsubscribe facility, organisations may also provide additional means of withdrawing consent, such as the contact numbers and email addresses of the sender.

- DEWR advised that a 'job seeker who replies to a JobSearch SMS with the word 'unsubscribe' will be removed.'¹³⁷ However, the ANAO found that job seekers were not informed about this unsubscribe facility and the SMS messages do not contain advice about how to unsubscribe.
- DEWR's job match, employer and appointment reminder email messages do provide advice on how to unsubscribe by accessing a personal page,¹³⁸ but this is not in the form of a functional electronic address, and there is a caveat that 'If you are a Centrelink registered Jobseeker you may need to contact your JNM to change your preferred method of notification'.

The ANAO considers that DEWR would more fully conform to better practice, in terms of the government's anti-spam initiative, if SMS and email notifications to job seekers included a functional unsubscribe facility, about which job seekers were informed. DEWR advised that 'with a 160 character limit on SMS messages, the provision of unsubscribe details in each message would mean that other information provided was virtually useless'.¹³⁹ The ANAO notes that this is a constraint faced by all agencies seeking to comply with the Spam Act, and there would be benefit in DEWR consulting ACMA about how best to keep job seekers informed about how to unsubscribe from SMS messaging. For example, DEWR might consider periodically reminding job seekers of the unsubscription process. The space constraint does not apply to the emails sent to job seekers, which do not have a functional electronic unsubscribe facility.

Conclusion

3.45 Under their third Employment Services Contract (ESC3) with DEWR, JNMs provide a new referral interview to eligible job seekers, which includes creating and lodging a job seeker's 'vocational profile' through DEWR's

¹³⁷ DEWR advice to the ANAO dated 21 December 2005.

¹³⁸ The text states that 'to stop receiving [this type of message], log into your personal page, and access the notification options.' No web-link is provided.

¹³⁹ See Appendix 6.

information systems, and providing a copy of the resulting résumé to the job seeker. A vocational profile is an electronic record of a job seeker's skills, job preferences and work history. The primary objective of developing vocational profiles was to include all job seekers in electronic matching and, thereby, improve the efficiency of the labour market.

3.46 JNMs consider that it is job seeker résumés, not vocational profiles, which are the primary record used and up-dated by their employment consultants. DEWR has recognised that the development of quality résumés is an important outcome of new referral interviews. However, DEWR has not specified what constitutes a 'quality résumé', and development of a quality résumé is not currently a requirement of the ESC3.

3.47 The ESC3 anticipated that JNMs would create a vocational profile, and then generate a résumé from these data. DEWR's IT system was designed with this process in mind. DEWR has since made it possible for JNMs to create vocational profiles from a pre-existing résumé. Over 80 per cent of the JNMs surveyed by the ANAO agreed that these changes had improved the quality of services JNMs can provide to job seekers. However, the changes are not reflected in DEWR's contracts with JNMs. The ANAO considers that, in order to assist JNMs in their service delivery and DEWR in its contract management, DEWR should update its contract to reflect the ways in which résumés and vocational profiles can be created and the importance of résumés as an outcome of new referral interviews, and should specify the quality of the résumés it expects its providers to complete for job seekers (within the time constraints of the interview).

3.48 Electronic matching of job seekers with vacancies is dependent upon a vocational profile being created at a new referral interview. In developing its proposals for the ESC3, DEWR set prices for the new referral interview on the basis of what the forward budget estimates would allow rather than on the basis of an assessment of the expected time/cost of providing the contracted services. There is a negative perception amongst JNMs of the adequacy of remuneration for new referral interview services. This raises a risk that poor quality vocational profiles may be created, reducing the quality of service delivery and effectiveness of electronic matching. DEWR has not measured the actual time required to provide new referral interview services, including vocational profiles, although late in the audit, it did estimate the time required to complete vocational profiles from résumés already up-loaded into DEWR's system. These data suggest that the systems changes introduced by DEWR have improved the efficiency with which the contracted services can be

delivered. The ANAO considers that DEWR should assess the end-to-end resource requirements for JNMs to deliver new referral interview services. This would assist DEWR to assure itself that the appropriate balance between price and service delivery considerations has been struck.

3.49 A relatively small proportion of job seekers currently benefit from auto-matching, and the available evidence suggests only a very small number of job seekers are placed as a result—around 1.3 per cent of eligible placements in 2004–05 resulted from auto-matches (4 343 eligible placements). The ANAO estimated, on the basis of the available evidence, that the cost per placement resulting from auto-matching in 2004–05 was between \$2 153 and \$7 834. This compares to a cost of between \$144 and \$231 for placements resulting from other means, such as through traditional job search. The lower figure in the range assumes that all vocational profiles were created from a pre-existing résumé. The higher figure assumes that all vocational profiles were created ‘from scratch’. The ANAO considers that these estimates indicate that DEWR should monitor and assess the costs and benefits of its auto-matching operations in order to assure itself that the placements achieved meet the government’s intention to match unemployed people to jobs more quickly and efficiently.

3.50 Electronic matching enables job seekers to be notified of suitable vacancies through, *inter alia*, SMS and email. These job seeker notifications broadly meet the government’s anti-spam initiative. However, the ANAO considers that DEWR would more fully conform to better practice if SMS and email notifications to job seekers included a functional unsubscribe facility, about which job seekers were informed. DEWR advised that ‘with a 160 character limit on SMS messages, the provision of unsubscribe details in each message would mean that other information provided was virtually useless’. The ANAO notes that this is a constraint faced by all agencies seeking to comply with the anti-spam initiative, and there would be benefit in DEWR consulting the Australian Communications and Media Authority, which administers the *Spam Act 2003*, about how best to keep job seekers informed about how to unsubscribe from SMS messaging. For example, DEWR might consider periodically reminding job seekers of the unsubscription process. The space constraint does not apply to emails sent to job seekers, which do not have a functional electronic unsubscribe facility.

Recommendation No.2

3.51 The ANAO recommends that, in order to strengthen assurance about the management of electronic matching services, DEWR should:

- (a) ensure that its contract with JNMs is up-to-date, reflects the importance of résumés as an outcome of new referral interviews, and specifies the quality of the résumés JNMs are expected to complete for job seekers;
- (b) assess the end-to-end resource requirements for JNMs to deliver new referral interview services; and
- (c) monitor and assess the cost of auto-matching operations.

DEWR response

- (a) Disagree—the current contract with JNMs clearly states that a résumé is a required output of the initial registration interview. The new contract (effective from July 2006) also clearly states that JNMs are required to ensure each job seeker has a résumé. The department has already provided software and guidance on how to create a résumé and will work to augment this guidance.

ANAO comment

The ANAO notes DEWR's advice about the revised wording of the new ESC3 contract, which better reflects the way résumés and vocational profiles are created. However, neither the current or new version of the ESC3 (effective from July 2006) set a clear standard for the quality of the résumés DEWR expects JNMs to complete, or a process for monitoring the quality of job seeker résumés.

- (b) Disagree—An end-to-end assessment of resources for only one small aspect of JNM services would be artificial. It would ignore linkages and overlaps between services and would not allow flexibility in delivery methods between JNMs. Having said that the department will continue to work with JNMs to identify efficiencies in the provision of new referral interview services.

ANAO comment

The ANAO considers it is in DEWR's interests to understand the costs of delivering new contracted services, as this would assist it to manage and, maximise, performance.

- (c) Agree in part—The department will continue to monitor and assess the cost of its auto-matching operations and the value for money they offer. However, as noted in the Section 19 response, DEWR does not agree with the ANAO's assessment of the cost of auto-matching and vocational profiles.

ANAO comment

In its response to the proposed audit report, DEWR has stated that there are some benefits from auto matching that the ANAO's estimates have failed to take into account (see Appendix 6). The ANAO acknowledges that there are some placements that may result from other electronic matching functions, such as the 'FindStaff' and 'Instant Job List' functions in JobSearch, or placements of job seekers into newspaper, Gazette or employer lodged vacancies. DEWR does not have information on the performance of these other matching functions in achieving job placements.

4. JobSearch

This chapter examines DEWR's management of its national vacancy database, JobSearch.

4.1 The Australian Government, through DEWR, runs an on-line job vacancy listing service called 'JobSearch'.

4.2 JobSearch <www.jobsearch.gov.au> is a national database of vacancies and résumés of job seekers, which facilitates matching of labour supply to demand. It does so by providing all Australians with access to information on job vacancies, careers, and government employment services,¹⁴⁰ enabling employers to access labour. The service is available on-line, through the Internet, and through a network of 2 973 touch-screen kiosks in Centrelink and JNM offices throughout Australia. The government provides this service to employers and job seekers free of charge. As well as being an information portal, JobSearch provides business functions and support to contracted employment service providers.¹⁴¹

4.3 DEWR advised the ANAO that the version of JobSearch used in third employment services contract (ESC3) cost \$6.2 million to develop, and costs \$4.9 million to operate per annum. In addition, self-help facilities including touch-screen kiosks at JNMs and Centrelink offices cost \$37.2 million in 2004–05. JobSearch is the second most popular public sector web site in Australia after the Bureau of Meteorology.¹⁴² Among Job Network registered job seekers that are computer literate, and use computers to look for work, 80 per cent use JobSearch regularly through either the Internet, or through touch-screen kiosks.¹⁴³ This amounts to around 40 per cent of all Job Network registered job seekers.

¹⁴⁰ Such as information about apprenticeships and self employment, a directory of Job Network providers, careers information on over 400 occupations and the details of vocational and higher education courses. 'Harvest Trail' gives information to job seekers wanting to undertake seasonal work as they travel.

¹⁴¹ DEWR June 2005, Brief to the Minister for Workforce Participation, *Enhancements to the Australian JobSearch (JobSearch) web site and JobSearch Kiosks to be introduced as part of the July 2005 software release*.

¹⁴² DEWR Employment Management Committee, 11 July 2005, *The present and the future....*

¹⁴³ DEWR, *APM Evaluation Study 1C*.

Background and rationale for JobSearch

4.4 JobSearch, introduced in 1996, was the first on-line job board.¹⁴⁴ The predecessors of JobSearch were the physical job boards that were provided to job seekers by the network of Commonwealth Employment Service (CES) sites throughout Australia. The initial purpose for introducing JobSearch (at that time referred to as the 'Automated Job System') was to increase efficiency in the provision of labour exchange services. Though the content, functionality and look and feel has been up-dated a number of times since its inception, the original purpose has not fundamentally changed.¹⁴⁵

4.5 When the government introduced JobSearch, it recognised the potential for development of a private on-line vacancy listing market and, therefore, considered public ownership may not be necessary in the long-term. The government agreed to review the continued need for the then Department of Employment, Education, Training and Youth Affairs to maintain a National Vacancy Database as part of the Job Network evaluations.

4.6 DEWR advised that it 'has formally considered the outsourcing of its IT systems, whole or in part, on several occasions' since the mid 1990s, most substantively from 1997–99, when the Whole of Government Outsourcing Initiative promoted moves to outsource all of DEWR's IT services, including JobSearch.¹⁴⁶ Neither the Job Network evaluations nor the IT outsourcing activity reviewed the continued need for the government to maintain a national vacancy database.¹⁴⁷ On this basis, the ANAO found that the review required by government has not occurred.

4.7 The government is required to maintain a 'free public employment service' under its commitment to the International Labour Organisation

¹⁴⁴ See <www.agimo.gov.au/publications/2003/05/e_govt_case_studies/jobsearch>.

¹⁴⁵ In 1994, the then Prime Minister announced the development of more: 'efficient delivery through more sophisticated technology and coordination. For instance, job boards and job cards in CES offices will be replaced with computerised vacancy systems featuring user-friendly technology to encourage self-help job searches.' The objective of JobSearch remains the same, providing 'a free public labour exchange to both job seekers and employers' (DEWR advice to the ANAO dated 1 December 2005).

¹⁴⁶ Following a review of the Initiative in 2000, the proposed outsourcing did not occur (see: Richard Humphry AO 2000, *Review of the Whole of Government Information Technology Outsourcing Initiative*).

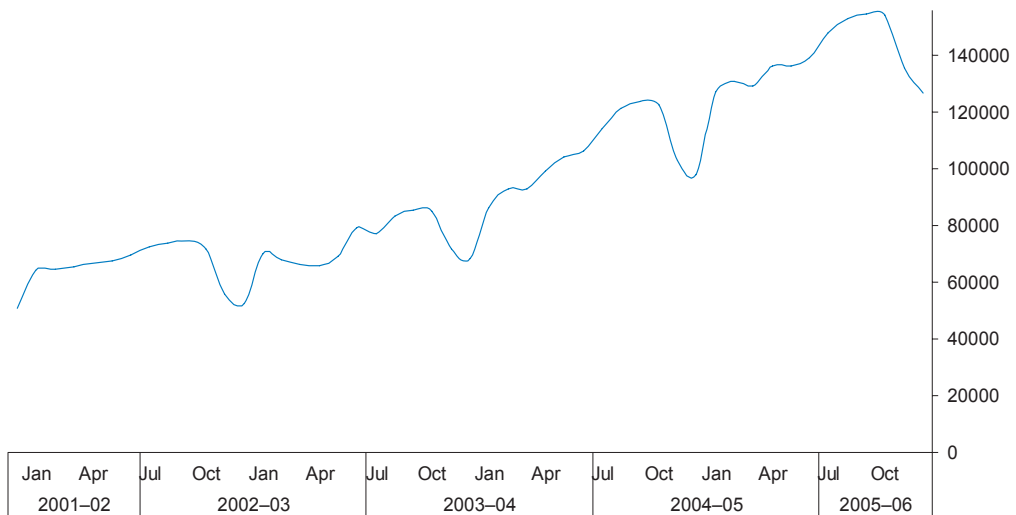
¹⁴⁷ DEWR advised that it considered that its internal evaluations (see footnote 32) 'implied and ongoing role for the National Vacancy Database.' In its 2002 *Independent Review of the Job Network: draft report*, the Productivity Commission noted that 'there is still a possible case for government subsidisation of a centralised vacancy database, availability of touchscreens and certain self-help facilities for all job seekers. This is because small increases in the efficiency of job matching for large numbers of job seekers may be sufficient to exceed the small cost of providing such facilities.' However, subsidisation is separate from ownership and operation of a database and the final report did not canvass this issue.

Convention 88. However, this commitment does not require that JobSearch be government owned, although DEWR advised that 'JobSearch appears to enhance our compliance with Convention 88.'¹⁴⁸

4.8 Since 1996 there has been dramatic growth in the listing of vacancies on on-line job boards (Figure 4.1) and the listing market has become more competitive. The Australian Bureau of Statistics has reported that the number of job seekers using on-line job boards through their home computers and touch-screen kiosks to search for work has doubled since 2002.¹⁴⁹

Figure 4.1

ANZ Internet job advertisements series, 2002–2006 (number)



Source: ANZ.

4.9 JobSearch has been a market leader in on-line recruitment since its inception, ranking consistently in the top four on-line recruitment sites. However, with the recent growth in on-line advertising, it has been increasingly challenging for DEWR to maintain JobSearch's market position. DEWR advised that it did not have competitive levels of advertising resources to market JobSearch when compared with the marketing strategies of the commercial job boards such as Seek, CareerOne or MyCareer (see also paragraph 4.19). This may have contributed to JobSearch falling back in popularity. Previously rated the most popular on-line employment site,

¹⁴⁸ DEWR 14 September 2005: *ANAO audit of Job Placement and Matching Services: ILO Obligations*.

¹⁴⁹ ABS July 2002, July 2003, July 2004, *Job Search Experience*, 6222.0.

JobSearch now has around 10–20 per cent of the on-line employment market, depending on the measure used.¹⁵⁰

4.10 DEWR considers that JobSearch's strongest advocates are job seekers receiving government payment and using the site because they are able to access the site through touch-screen kiosks in Centrelink and JNM offices, the suitability of the skill level of the positions on offer, and because they are able to search for vacancies in their local area.¹⁵¹

4.11 The ANAO's survey of JPOs indicates that they consider JobSearch to be an effective tool for advertising vacancies to Job seekers, with 76 per cent using it as their preferred tool for advertising vacancies to job seekers. However, survey results indicate that around half of all JPOs considered that other sites such as SEEK, MyCareer and CareerOne compared favourably to JobSearch as a means of advertising vacancies to job seekers.¹⁵²

Vacancy growth strategies

4.12 When the Minister for Employment Services took forward his proposal on the third employment services contract (ESC3) for government consideration in March 2002, he referred to increasing the number of vacancies as 'an important part of our election commitment.'¹⁵³ To meet this commitment, DEWR has worked to increase the number of vacancies available to jobseekers through its National Vacancy Database and lift the proportion of all advertised jobs listed on JobSearch.¹⁵⁴ It has done so by working with:

- JPOs—DEWR has contractual arrangements with its service providers, including JNMs and JPLOs to lodge vacancies on JobSearch. In particular, DEWR has streamlined vacancy lodgement and claiming functions via web services and worked with low or non-performing providers to identify and resolve operational barriers to using the Job Placement licence;

¹⁵⁰ In 2001, JobSearch had around 25-30 per cent of the on-line employment market (DEWR, 'Brief on the Australian JobSearch site (JobSearch).'. However, in 2005 its market share had fallen to around 10-19 per cent (based on Hitwise Weekly Competitive report for the week ending 20 August 2005 and Nielsen/NetRatings for October-December 2005 respectively).

¹⁵¹ DEWR, *Future Directions Paper*, p. 71.

¹⁵² See Appendix 3. DEWR advised that a favourable comparison did not necessarily mean that the other on-line sites were considered to be superior (DEWR advice to the ANAO dated 21 December 2005).

¹⁵³ *More Jobs, Better Future*, 2001, p. 11.

¹⁵⁴ DEWR's performance and public reporting against this commitment is examined in Chapter 5.

- *On-line job boards*—DEWR has negotiated with on-line job boards to load their job advertisements onto JobSearch. DEWR has successfully negotiated arrangements with MyCareer and CareerOne, and has been encouraging SEEK to enter into a similar arrangement; and
- *employers*—DEWR conducts ongoing, targeted marketing of JobSearch and roll-out of vacancy web services to employers. For example, DEWR has successfully negotiated with the Commonwealth Public Service Gazette, the Department of Defence, and the Northern Territory Government to lodge their vacancies on JobSearch.¹⁵⁵

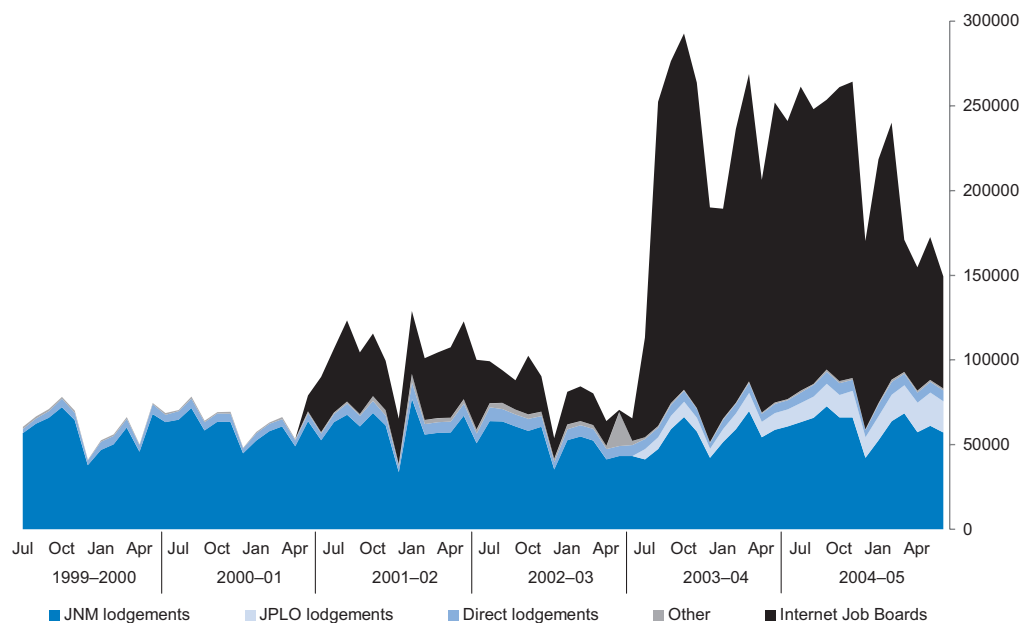
4.13 Figure 4.2 shows the number of vacancies in JobSearch over time since 1999. As can be seen in Figure 4.2, the number of vacancies in JobSearch has more than doubled since 1999. Growth of vacancies has largely resulted from vacancy sharing arrangements with the on-line job boards.¹⁵⁶ The inclusion of JPLOs in July 2003 has resulted in a slight increase in the number of vacancies lodged. Vacancy lodgement by JNMs and direct lodgements by employers has remained static since 1999.

¹⁵⁵ DEWR advised that it had also made arrangements with other government agencies to include graduate employment opportunities and vacancies relating to the Commonwealth Games and the ABS Census. It also has 'niche' arrangements with Sydney Water Board, Coles Myer, the Western Australian government and Benchmark recruitment (DEWR advice to the ANAO dated 21 December 2005).

¹⁵⁶ DEWR advised its Minister that JobSearch is the largest on-line job board in terms of vacancies lodged on the site (DEWR 11 February 2005, Brief to the Minister for Employment Services, *Background for possible meeting between Minister Andrews and SEEK*, KJA200500684). However, the ANAO's analysis of JobSearch indicates this is the result of high levels of duplication of vacancies sourced from the on-line job boards. DEWR also advised the Minister that it sources 'approximately 90 000 vacancies from CareerOne each week' (see DEWR briefing to the Minister, PCD200500257). However, over the life of the Job Placement licence, DEWR has sourced a maximum total of 50 000 vacancies from CareerOne and MyCareer per week.

Figure 4.2

Vacancies in JobSearch July 1999–June 2005 (number)



Source: DEWR administrative data.

Notes: 'Direct lodgements' includes vacancies lodged by employers through the Internet, teleservicing, and Recruitment and Consulting Services Association members.

'Other' includes jobs from the Commonwealth Public Service Gazette, Defence, and JobNET.

Lodgement of vacancies by JPOs

4.14 An important component of DEWR's vacancy growth strategy has been the inclusion of jobs from private recruitment agents as Job Placement Licence Only organisations (JPLOs). The Minister for Employment Services announced just prior to the commencement of this initiative, that 'it is estimated that the new Job Placement Organisations will list an additional 650 000 vacancies on the JobSearch website ... over the next three years.'¹⁵⁷ This assessment was based on the number of vacancies JPOs indicated during the application process that they expected to lodge on JobSearch.

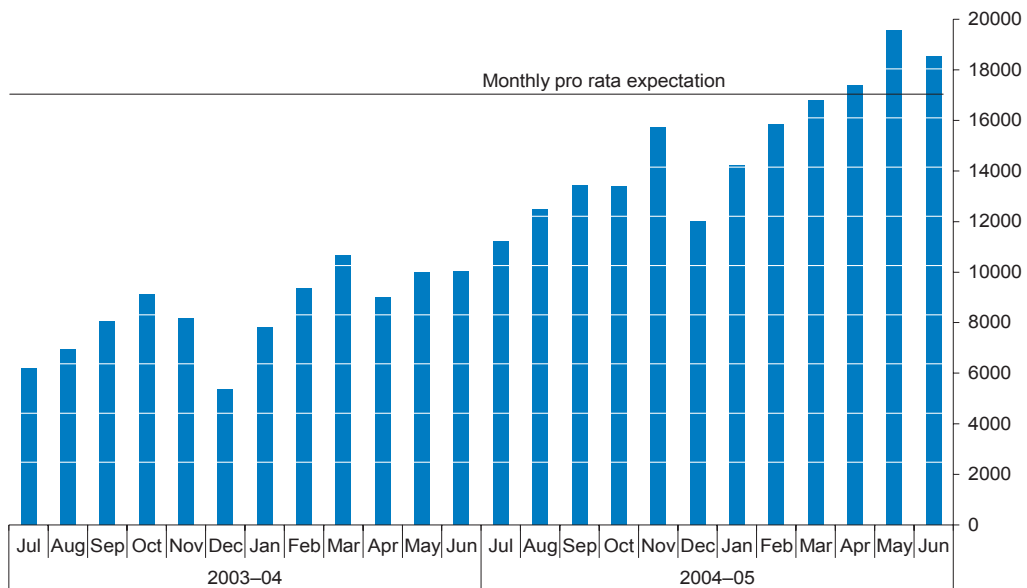
4.15 JPLOs have performed below expectations in terms of lodging vacancies. Figure 4.3, shows the lodgement of vacancies by JPLOs over the first two years of the Job Placement licence did not reach the pro rata for the vacancy lodgement numbers anticipated by the Minister until the final months

¹⁵⁷ DEWR May 2003, Brief to the Minister for Employment Services, *Media event for JobSearch Facilities and Job Placement*.

of 2004–05. This was for a number of reasons, including that JPLOs wanted to limit the number of job seeker enquiries directed towards them or their employers about vacancies, and because of the administrative cost of entering vacancies on JobSearch, which many JPLOs had not anticipated. As a result of this slow start, DEWR is unlikely to achieve the vacancy lodgement levels expected of JPLOs over the three year life of the Job Placement licence.

Figure 4.3

Vacancies lodged by JPLOs, July 2003–June 2005 (number)



Source: DEWR administrative data.

4.16 Under the Job Placement licence JPOs are required to lodge all their non-executive vacancies on JobSearch.¹⁵⁸ In spite of their contractual requirements, results from the ANAO's survey illustrates that a large number of JPOs do not lodge all of their non-executive vacancies, including around 48 per cent of JPLOs and 33 per cent of JNMs. This is partly the outcome of the fact that, for a large proportion of vacancies, JPOs have no need to advertise, as they already have a ready source of suitable employees on their books.¹⁵⁹

4.17 As a result of intensive efforts to streamline the lodgement of vacancies for JPLOs (by providing a 'web services' tool that facilitates automatic upload

¹⁵⁸ DEWR advised that this requirement was 'essentially a lever [sic] to increase the number of vacancies on JobSearch' (DEWR advice to the ANAO dated 21 December 2005).

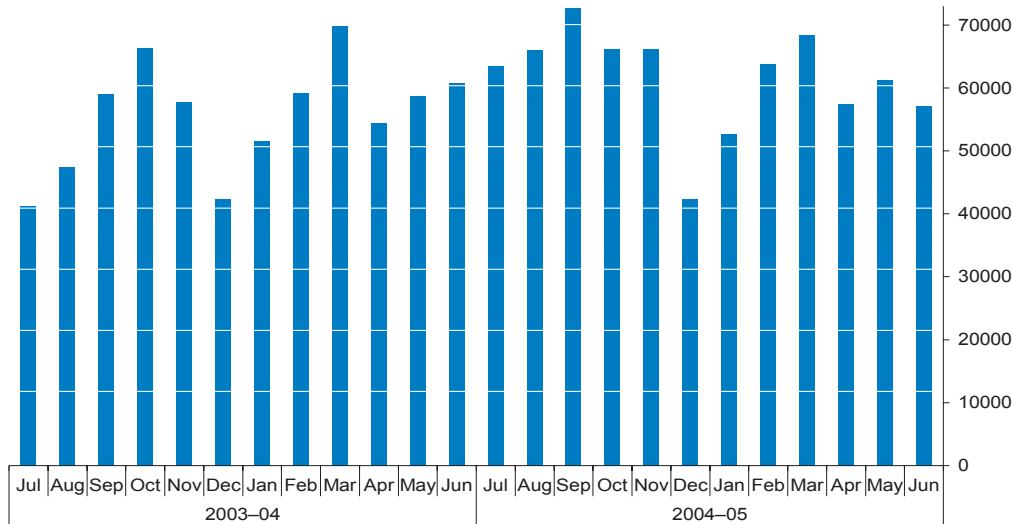
¹⁵⁹ See DEWR internal email, 23 March 2004.

of vacancies from providers' computer systems to JobSearch), DEWR succeeded in securing a substantial number of vacancies from JPLOs. By the end of the 2004–05 financial year, JPLOs monthly vacancy lodgements were at around the level expected by the Minister in his announcement of the Job Placement licence. The proportion of total vacancies lodged by JPLOs on JobSearch (excluding vacancies sourced from on-line job boards) grew to around 29 per cent by the end of 2004–05.

4.18 In contrast to the behaviour of the JPLOs, JNMs have lodged vacancies at fairly consistent levels since the commencement of the Job Placement licence (see Figure 4.4). While many JPLOs were slow to start using their licence, the overwhelming majority of JNMs were active from the commencement of the licence. This may also be partly because JNMs are more used to the requirements of government contracts than JPLOs, and were prepared to lodge vacancies from the initiation of their contracts.

Figure 4.4

Vacancies lodged by JNMs, July 2003–June 2005 (number)



Source: DEWR administrative data.

On-line job boards

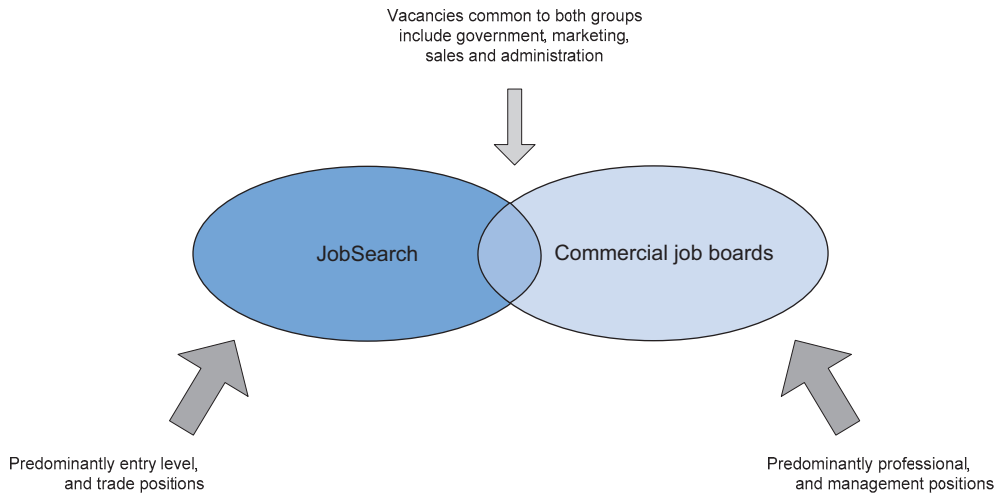
4.19 To increase the number of vacancies on JobSearch, DEWR has entered into partnerships with commercial vacancy listing web-sites, including CareerOne (News Limited) and MyCareer (Fairfax) that enable selected vacancies from these sources to be displayed on the JobSearch web site. These

arrangements mean CareerOne and MyCareer have access to a larger pool of qualified candidates, and job seekers have access to more vacancies.¹⁶⁰

4.20 As can be seen in Figure 4.2, the inclusion of these jobs has dramatically increased the number of vacancies advertised on JobSearch. This has also changed the profile of the vacancies listed on JobSearch. While the vacancies advertised on the commercial job boards are predominantly professional, skilled and management positions, the vacancies advertised on JobSearch are predominantly low skill and trade positions. The difference between the vacancies advertised by commercial job boards, and the vacancies advertised on JobSearch is shown in Figure 4.5.

Figure 4.5

Differences between profile of vacancies on commercial job boards and those on JobSearch



Source: DEWR.

4.21 DEWR has been encouraging SEEK to consider a vacancy lodgement arrangement similar to the one it has with MyCareer and CareerOne.

Employer lodgement

4.22 Through its survey research, DEWR has developed a sound understanding of the recruitment strategies of employers, and their awareness of JobSearch. On the basis of its research, DEWR has developed an employer

¹⁶⁰ Historically, vacancies sourced from commercial job boards have not been included in the auto-matching process. DEWR trial commenced in January 2005 of including CareerOne vacancies in the automatic matching process.

communication strategy to help it to better promote JobSearch to employers as a recruitment tool. DEWR expects that through its communication strategy, it will be able to increase direct employer lodgement of vacancies from current level of around 2 000–3 000 per week, to around 5 000 per week.¹⁶¹ Four industry groupings have been targeted in particular: retail trade, cafés and restaurants, construction, and community care.¹⁶²

4.23 The use of on-line job boards by employers is increasing, with around 35 per cent of all employers using an on-line recruitment service in 2005, which is a substantial increase from 17 per cent in 2001. However JobSearch's share of this usage has declined from 16 per cent to 12 per cent. Amongst those employers that used JobSearch, satisfaction was moderate, with 68-72 per cent rating JobSearch overall as good, or very good.¹⁶³

Impact of vacancy lodgement on employment prospects

4.24 DEWR has not assessed the impact that increasing vacancy lodgement has had on improving the employment prospects of registered job seekers. DEWR advised the ANAO that it has no way of monitoring the impact of vacancies from on-line job boards on the employment prospects of job seekers. However, it advised the ANAO that the inclusion of a broader spectrum of vacancies may address perceptions of JobSearch as a welfare site, which may in turn reduce the potential stigma associated with DEWR registered job seekers, and improve their chances of employment.¹⁶⁴

4.25 A number of indicators suggest that the increase in vacancy lodgement has not had a major impact on job placements for registered job seekers.

4.26 First, on-line job board vacancies have a different skills profile from that of registered job seekers. This suggests the inclusion of these vacancies may not have had a major direct impact on the employment prospects of registered job seekers.

4.27 Figure 4.6 shows that while the availability of some types of vacancies matches the occupational preferences of job seekers, there is substantial

¹⁶¹ In addition to lodging vacancies with JPOs, employers can lodge vacancies directly onto JobSearch, which enables them to post a vacancy at any time, update the vacancy and lodge bulk vacancies (DEWR advice to the ANAO dated 21 December 2005).

¹⁶² See: DEWR 2005, *Communication strategy for JobSearch—employer 2005-06* and TNS Social Research 2005, *Market Segmentation of Employers for JobSearch: A Research Report*.

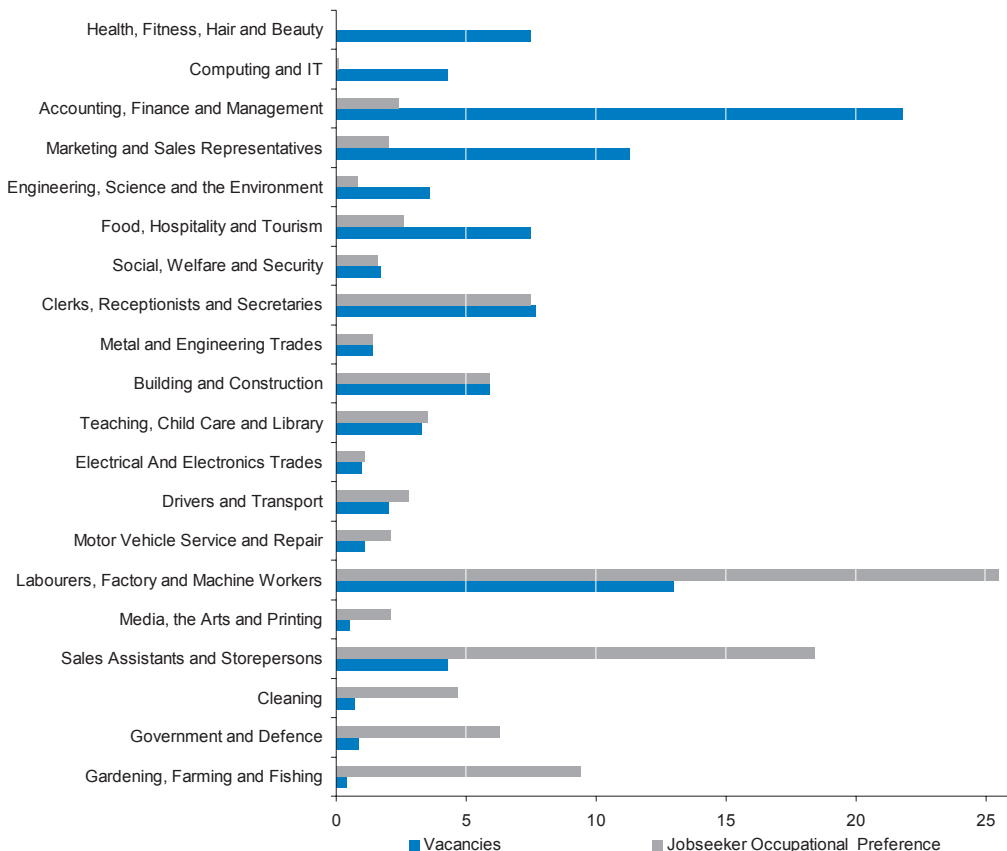
¹⁶³ DEWR 2001 and 2005 *Employer Survey*, as advised by DEWR to ANAO on 21 December 2005.

¹⁶⁴ DEWR 2005, *ANAO request for information on the 'Focus and objectives of Job Placement services'*.

misalignment in other occupations. For example, there is a substantial over-supply of Health, Computing, Accounting, and Marketing vacancies and an undersupply of Gardener, Government, Cleaning, Sales, Media, and Labourer vacancies. DEWR considers that, to the extent there is concordance, the extra vacancies will be very useful in improving the employment prospects of registered job seekers.¹⁶⁵

Figure 4.6

On-line job board vacancies and job seeker preferences (per cent)



Source: ANAO analysis of DEWR data.

Notes: Comparison between the vacancies sourced from the on-line job boards (CareerOne and MyCareer) with the first occupation preference options volunteered by over half a million active FJNE and JSSO jobseekers (not all jobseekers expressed an occupation preference).

¹⁶⁵ DEWR advice to the ANAO dated 21 December 2005.

4.28 Secondly, DEWR's data shows that there is a strong preference for JNMs to place job seekers, particularly the more disadvantaged job seekers, from their own caseload rather than job seekers from other JNMs.¹⁶⁶ The rate varies from provider to provider, and according to the job seeker's level of disadvantage.¹⁶⁷ The ANAO's survey of JPOs confirms these findings—67 per cent of JNMs reported giving preference to their own job seekers when making placements into their vacancies.¹⁶⁸ Consequently, job seekers do not compete for vacancies lodged by JNMs on an equal footing.

4.29 Thirdly, and most importantly, the number of eligible placements under the APM has remained steady at or around historical levels (see Chapter 5). The ANAO considers that these results indicate that increasing the number of vacancies on JobSearch does not appear to have translated into a commensurate increase in eligible placements. This is because many vacancies are not appropriate to job seekers' occupational preferences and job seekers do not compete for vacancies on an equal footing.

4.30 DEWR advised the ANAO that:

registered job seekers are expected to and do look for work outside their preferred occupation. The *Social Security Act 1991* states that, in order to qualify for payment, income support recipients must be actively seeking and willing to undertake any paid work, other than work that is unsuitable. The factors that might make work unsuitable are listed in the legislation and they do not include job seeker preference. It has been the policy of successive governments, and it is consistent with community expectations, that unemployed income support recipients should accept any work they are capable of doing in order to reduce their reliance on income support.¹⁶⁹

While recognising this situation, the ANAO considers that it would be worthwhile for DEWR to assess the impact of increasing the number of vacancies in JobSearch in achieving job seeker employment outcomes, as this would enable DEWR to ascertain the return on its investment in increasing the number of vacancies lodged on JobSearch.

¹⁶⁶ Unlike previous Job Matching arrangements, job seekers can only register with one JNM under the APM.

¹⁶⁷ Overall, 57 per cent of FJNE job seekers are placed by their own JNM, compared to 34 per cent of JSSO job seekers. Eleven to 18 per cent of job seekers are placed by a different JNM while 20 to 30 per cent of job seekers are placed by a JPLO (DEWR advice to the ANAO dated 6 February 2006).

¹⁶⁸ The survey also shows that 20-30 per cent of providers consider that they lodge vacancies on JobSearch more to meet contractual obligations rather than because they need to lodge the vacancies in order to find suitable job seekers.

¹⁶⁹ See Appendix 6.

Quality of vacancy data

4.31 A primary function of JobSearch is to record and display vacancies to job seekers, in particular, eligible job seekers. DEWR will pay an outcome payment to a JPO for placing eligible job seekers in a vacancy that meets the specified requirements.

4.32 Ensuring that these data are high quality is important for the effective operation and management of Job Placement and matching services. In addition, misleading job advertisements can constitute a civil or criminal offence under the *Trade Practices Act 1974* and associated State and Territory fair trading legislation. The Australian Competition and Consumer Commission (ACCC), which administers the Trade Practices Act, has published guidance on how misleading job advertisements, including those published via the Internet, should be handled.¹⁷⁰

4.33 Using auditing software, the ANAO examined the integrity of vacancy data on JobSearch. The ANAO examined the duplication of vacancies and the age of vacancies lodged on JobSearch. As well, the ANAO considered the effectiveness of DEWR's quality assurance processes for its vacancy data.

Duplication of vacancies

4.34 Duplication of vacancies is both a service quality issue and a performance reporting issue.¹⁷¹ Job seekers, particularly vulnerable or inexperienced job seekers, may be misled by the presence of duplicate advertisements¹⁷² and/or de-motivated by encountering numerous duplicate advertisements.¹⁷³ This may reduce their job search effectiveness and effort. Duplication also renders performance reporting, based on raw numbers of vacancies unreliable.

¹⁷⁰ ACCC, Australian Publishers Bureau, and JobWatch 2005, *Misleading Job and Business Opportunity Ads—How to Handle Them*. An earlier version of this advice was provided to JNMs by DEWR in 2002. Section 53(B) of the Trade Practices Act states that: 'A corporation shall not, in relation to employment that is to be, or may be, offered by the corporation or by another person, engage in conduct that is liable to mislead persons seeking the employment as to the availability, nature, terms or conditions of, or any other matter relating to, the employment.'

¹⁷¹ The ACCC has noted that 'job seekers are entitled to accurate information about job opportunities' ACCC, Australian Publishers Bureau, and JobWatch 2005, *Misleading Job and Business Opportunity Ads—How to Handle Them*, p. 13.

¹⁷² In its advice to JNMs about misleading, inappropriate and otherwise bogus job vacancies, DEWR noted that the 'young, inexperienced or low skilled people are especially at risk. ... Apart from the hardship caused to job seekers, the reputation of Job Network is undermined by this practice' (DEWR 26 June 2002, *Practice Improvement Paper*).

¹⁷³ Jobwatch advice to the ANAO November 2005.

4.35 Duplication of vacancies is a risk faced by all on-line job boards. For commercial job boards, there are commercial constraints on the lodgement of duplicate advertisements. This is because, at some point, the advantages of duplication (greater exposure to more job seekers) start to be outweighed by the costs.¹⁷⁴ For government-funded on-line job boards, where the cost of maintaining the system is borne by the taxpayer and not the advertiser, such commercial constraints do not apply. Consequently, there is a greater need for system rules and performance management, in order to counteract the potential for duplication.

4.36 To determine the extent of duplication of vacancies in JobSearch, the ANAO considered the duplication of vacancies,¹⁷⁵ at both a single point-in-time, and also on a 'flow' basis for 2004–05.¹⁷⁶ Consideration of duplication on a 'flow' basis is important as some forms of duplication,¹⁷⁷ such as re-posting (where the same job advertisement is re-posted in order that it remains at or near the top of the 'new jobs' list) are often only apparent over time.¹⁷⁸

4.37 The ANAO estimated that on a point in time basis, the level of duplication was approximately 14.4 per cent,¹⁷⁹ while the average level of duplication on a monthly basis, looking at the flow data, was approximately 46.7 per cent.¹⁸⁰

¹⁷⁴ Some commercial job boards allow 'multilisting' (see footnote 177), meaning that a certain level of duplication will be covered by a single lodgement fee.

¹⁷⁵ The ANAO's analysis relates to vacancies lodged on JobSearch rather than positions (a vacancy can have more than one position).

¹⁷⁶ 'Flow' data represents the number of 'new job advertisements' lodged within a given time period.

¹⁷⁷ Duplicate vacancy records on an on-line job board can come in a number of forms such as:

- straight duplication—the same job advertisement is posted more than once on the same job board;
- re-posting—the same job advertisement is re-posted in order that it remains at or near the top of the 'new jobs' list. The original job may or may not remain on the list;
- refreshing—the same job advertisement is 'tweaked' to look different. The original job may or may not remain on the list; and
- multi-listing—the same job advertisement is listed under more than one classification or location.

¹⁷⁸ DEWR raised some concerns about the methodology used to calculate the duplication rate for vacancies in JobSearch. The ANAO took these concerns into account in preparing the final report (see Appendix 6). The methodology used by the ANAO to determine vacancy duplication levels is set out in Appendix 5.

¹⁷⁹ This estimate is based on an exact duplicate level of 6.7 per cent, with an additional duplication factor of 8.3 per cent (an estimation of the number of duplicates not able to be identified electronically due to weaknesses in the JobSearch data) applied to the residual vacancy records.

¹⁸⁰ This estimate is based on an exact duplicate level of 30.5 per cent, with an additional duplication factor of 22.5 per cent (an estimation of the number of duplicates not able to be identified electronically due to weaknesses in the JobSearch data) applied to the residual vacancy records.

4.38 Because of the complexities of the vacancy data, it is difficult to calculate a precise figure for vacancy duplication. As this is the first time such an analysis has been undertaken, the ANAO's estimates of duplication are indicative, rather than definitive.

4.39 The ANAO also assessed the source of duplicate new vacancies lodged each month during 2004–05. Figure 4.7 shows that the duplication rate for the jobs sourced from the on-line job boards (CareerOne and MyCareer) was substantially higher than those from other sources (primarily JPOs). Figure 4.7 also shows that the overall rate of duplication declined over 2004–05, driven by a sharp decline in the duplication rate for the vacancies sourced from the on-line job boards from March 2005 onwards. DEWR has attributed this to changes in the way it uploads vacancies from on-line job boards.

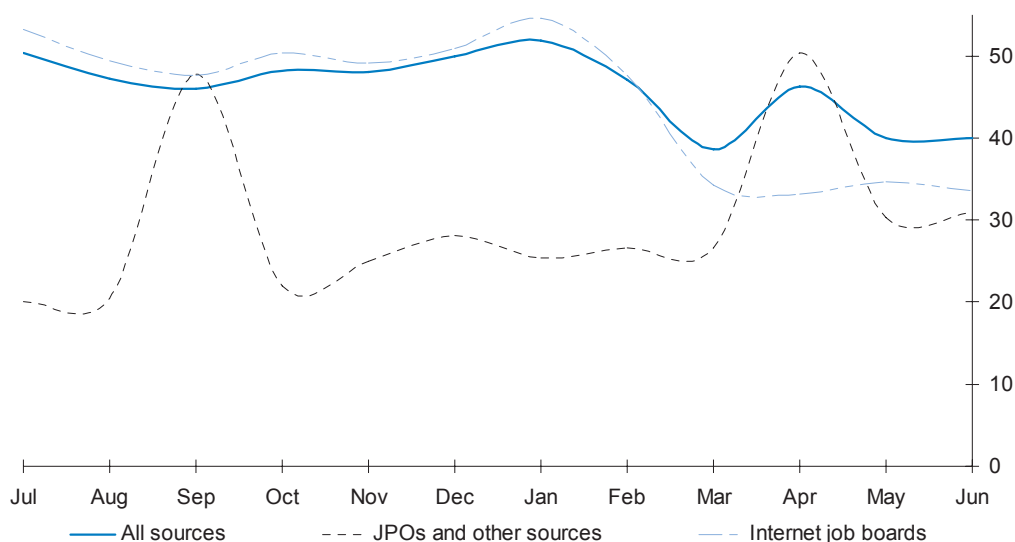
4.40 Duplication of vacancies sourced from JPOs and other sources increased substantially over 2004–05. There are two points in time in 2004–05 when the percentage of duplicate vacancies from JPOs doubled.¹⁸¹ DEWR advised that this may be associated with seasonal factors affecting the main job categories of labourers, factory and machine workers, food, hospitality and tourism, and gardening farming and tourism, as well as the short-term nature of these jobs.¹⁸²

¹⁸¹ Service providers commented to the ANAO that, as a rule, in tight labour markets the risk of duplication increases, as employers and recruitment agencies try to maximise their chances of attracting job seekers. Technology, such as 'web services', also makes it easier for service providers to upload vacancies. This increases the potential for duplication of vacancies.

¹⁸² DEWR advice to the ANAO dated 6 February 2006.

Figure 4.7

Monthly ‘flow’ duplication rates, 2004–05 (per cent)



Source: ANAO analysis of DEWR vacancy data.

Note: Flow duplication rate calculated as a percentage of the new vacancies lodged in each month in each category.

4.41 The high level of duplication that is evident when the data is analysed on a flow basis shows that re-posting of vacancies is a particular problem on JobSearch. The JobSearch system treats re-posted vacancies as new advertisements, and captures these as ‘Today’s new jobs’ on the system, and also makes many of these available for automatic matching. The ANAO considers that this is poor client service as job seekers are likely to be misled about these particular vacancies being ‘new jobs’.

Age of vacancies

4.42 The age of vacancies on JobSearch is important for two reasons:

- more recently listed vacancies are more likely to be current than older vacancies; and
- older vacancies that are still current are, by definition, less likely to be filled by job seekers.

4.43 Public vacancies, including vacancies lodged on JobSearch directly by employers and those sourced from on-line job boards, expire after 32 days.¹⁸³ Vacancies lodged by JPOs on JobSearch do not expire. By contrast, other boards have a maximum age for all their vacancies.

4.44 Using auditing software, the ANAO analysed the age profile of vacancies lodged on JobSearch by JPOs, as well as the level of correlation between the age profile of vacancies on JobSearch with the age profile of vacancies that resulted in a placement in 2004–05.

4.45 The ANAO found that 50 per cent of vacancies on JobSearch were one week old, or less. During 2004–05, the majority of placements were made within three weeks of the vacancy being lodged on JobSearch. The ANAO's analysis shows that 17 per cent of vacancies in JobSearch were over eight weeks old. Based on the 2004–05 results, these vacancies were unlikely ever to result in a paid placement. For example:

- only 24 per cent of placements occurred in vacancies that were more than four weeks. Thirty per cent of the vacancies on JobSearch were older than four weeks; and
- only eight per cent of placements occurred in vacancies that were more than eight weeks old. Seventeen per cent of the vacancies on JobSearch were older than eight weeks.¹⁸⁴

4.46 One other consequence of the age profile of JobSearch vacancies is that comparisons between JobSearch and other on-line job boards on the 'stock' of jobs on-hand at any point in time, will be misleading. This is because the other boards have a maximum age for their vacancies.

4.47 Based on its analysis, the ANAO concluded that the practice of not placing a maximum age on vacancies lodged by JPOs has resulted in JobSearch being populated with vacancies that are of little value to job seekers in finding work.

¹⁸³ The JobSearch *Conditions of Use* state that: 'vacancies lodged on JobSearch directly via the Internet will normally remain on display for 14 days or up to a maximum of 32 days, unless modified in that period' (Condition 4.7).

¹⁸⁴ Vacancy age calculation based on vacancies on-hand as at 13 January 2006, comparing the date the vacancy was last modified with the date it was created. The oldest vacancy on-hand was 569 days old. No vacancy older than 413 days was ever filled, however there were 37 vacancies on JobSearch older than 413 days.

Placement age measured from date of lodgement to the date of placement. By definition, the date of placement would be the date that the vacancy was last updated.

Quality assurance for vacancy data

4.48 DEWR has a number of data quality controls built into its vacancy database. These include business rules that specify the fields that must be completed for a vacancy to be accepted, as well as conditions of use for employers directly lodging vacancies on JobSearch. DEWR has developed an effective 'blue words' filter that prevents potentially inappropriate vacancies from being loaded onto JobSearch.

4.49 In response to a previous ANAO recommendation,¹⁸⁵ DEWR has contracted Telstra to conduct an on-going survey of vacancies lodged by JPOs to ensure that the vacancies meet requirements. The daily Telstra survey involves contacting:

JNMs regarding a randomly selected sample of 100 vacancies. Fifty of these vacancies are screened to ensure full compliance with JobSearch website terms and conditions. The remaining 50 positions are checked for currency.¹⁸⁶

4.50 The Telstra survey results show that, since January 2004, 98 per cent of the more than 20 000 vacancies sampled have been compliant with DEWR's terms and conditions.¹⁸⁷

4.51 During the current audit, DEWR advised that:

there is a rule on JobSearch that says that 'users cannot have two active vacancies with the same user defined ID.' This reduces the likelihood that system users such as staff from Job Placement and Job Network organisations will upload the same vacancy twice.

At regular intervals, a fuzzy comparison is conducted on current JobSearch data. This involves the JobSearch production team running a script to identify possible duplicate entries. These data are provided to the JobSearch Matching and Notification services team for analysis and reporting.¹⁸⁸

¹⁸⁵ Previous ANAO audit activity identified issues relating to the currency of jobs listed on JobSearch. The ANAO recommended in its 2002 report, *Management of the Provision of Information to Job Seekers*, that DEWR remind JNMs on a regular basis of their contractual responsibility to maintain the currency of the jobs on JobSearch, and actively monitor the currency of vacancies on the JobSearch database.

¹⁸⁶ DEWR March 2003, *Job Juice*, Issue 25.

¹⁸⁷ DEWR advised that it also regularly communicates with JPOs to remind them of their obligations to meet the JobSearch Conditions of Use with bulletin board notices, JPO bulletins, JPO Secure Site, Employment Extra articles, ESC3 bulletins and through contract managers (DEWR advice to the ANAO dated 21 December 2005).

¹⁸⁸ DEWR WIMS5-83518 *Duplicate Vacancies auditor feedback_Sep05*. DEWR had also previously advised the ANAO in August 2004, that some preliminary work it had conducted at that time to determine the extent of duplicate vacancies on JobSearch failed to find any evidence of widespread duplication.

4.52 DEWR also advised that it manages duplication of public vacancies, such as those sourced from on-line job boards. For vacancies sourced from:

- CareerOne—the largest source of on-line jobs listed on JobSearch; DEWR advised that only each day's active new jobs are provided, and only one location and classification code is accepted. The 'result is a daily vacancy file that has already had duplicate vacancies identified and removed prior to being supplied to the department';¹⁸⁹ and
- MyCareer—another large on-line job board; DEWR advised that a full 'compare and contrast' process is used to 'remove any duplicate vacancies ... prior to publishing on JobSearch'.¹⁹⁰

4.53 DEWR also advised that duplication could also arise from employers approaching a number of JPOs to list the same vacancy, but that there was no practical solution for addressing this issue.¹⁹¹

4.54 DEWR has processes in place to manage the currency of the vacancies on JobSearch. DEWR's contract with Telstra (discussed earlier) is intended to provide assurance, *inter alia*, about the currency of vacancies lodged by JPOs on JobSearch. Results recorded from the Telstra survey show that, of the vacancies examined during 2004–05, some 93 per cent were considered to be current.

4.55 The ANAO considers that DEWR has a reasonable level of assurance about the appropriateness of the content of vacancies lodged on JobSearch. However, the ANAO's analysis has shown that DEWR does not have sufficient assurance about the duplication or age of vacancies listed on JobSearch.

4.56 DEWR has taken steps to reduce the rate of duplication of vacancies sourced from on-line job boards. During the audit, DEWR advised that it had implemented a new process for the vacancies sourced from the CareerOne job board from 13 December 2005 that it considers should:

reduce the level of duplicates on JobSearch to around four per cent, and that it was in the early stages of developing an automated query to regularly identify potential duplicates. The regular report will then be used by Employment Exchange Branch to follow-up possible duplicate vacancies.¹⁹²

¹⁸⁹ *ibid.*

¹⁹⁰ *ibid.*

¹⁹¹ *ibid.*

¹⁹² DEWR advice to the ANAO dated 21 December 2005.

4.57 To date, DEWR's reporting of vacancy numbers has not taken duplication rates into account. The ANAO considers that this has resulted in figures being reported that substantially overstate the number of genuine vacancies lodged on JobSearch. The ANAO considers that in addition to reducing the rate of vacancy duplication on JobSearch, reports on the number of vacancies lodged on JobSearch should take into account the level of vacancy duplication.¹⁹³

4.58 In December 2005, DEWR advised that it was re-instating 'batch inactivation', to be run weekly on vacancies more than 30 days old that had not been updated in the past 14 days.¹⁹⁴ JPOs could still re-post the vacancy,¹⁹⁵ but would have to give active consideration to the benefits of doing so. The batch inactivation may reduce the number of JPO-lodged vacancies by up to 33 per cent, depending on the number of the vacancies that were re-posted. The ANAO considers that this should help make sure JobSearch contains only vacancies that are likely to result in paid placements for job seekers.¹⁹⁶

Conclusion

4.59 The Australian Government, through DEWR, runs an on-line job vacancy listing service called 'JobSearch'. JobSearch was the first on-line job board in Australia, and has now been in operation for ten years. Since its establishment, the on-line vacancy listing market has become extremely competitive, with commercial job boards such as 'SEEK', 'MyCareer' and 'CareerOne' vying for market dominance. In this context, and with a limited marketing budget compared to the commercial players, maintaining JobSearch's market position has been a challenge for DEWR. Previously rated the most popular on-line employment site, JobSearch now has around

¹⁹³ Employment indices that report raw vacancy numbers will tend to overstate the number of employment advertisements across on-line job boards and across the employment sector generally because of the processes by which on-line job boards interact with each other and the relationship between some on-line job boards and other employment advertising media (such as newsprint). JobSearch lists vacancies from two major on-line job boards, CareerOne and MyCareer.

¹⁹⁴ Only vacancies that do not have a referral result or an expected-to-start date would be affected by the batch inactivation process.

¹⁹⁵ It is proposed that JPOs have the option to repost the vacancy for an additional 30 day period.

¹⁹⁶ In response to the proposed audit report, DEWR advised that the batch inactivation would commence from 22 April 2006 (see Appendix 6).

10-20 per cent of the on-line employment market, depending on the measure used.¹⁹⁷

4.60 When the government introduced JobSearch, it recognised the potential for development of a private on-line vacancy listing market and, therefore, considered public ownership may not be necessary in the long-term. The government agreed to review the continued need for the then Department of Employment, Education, Training and Youth Affairs to maintain a National Vacancy Database (JobSearch) as part of the Job Network evaluations. The ANAO found that this review has not occurred.

4.61 The number of vacancies created in JobSearch has more than doubled since 1999 to over 2.2 million in 2004–05. The growth has largely resulted from vacancy-sharing arrangements with two of the other on-line job boards. JPLOs initially performed below expectations—they did not reach the expected monthly number of vacancy lodgements until the final months of 2004–05. The inclusion of JPLOs in July 2003 has resulted in a slight overall increase in the number of vacancies lodged. Vacancy lodgement by JNMs and direct lodgements by employers has remained static since 1999.

4.62 DEWR has not assessed the impact that increasing vacancy lodgement on JobSearch has had on improving the employment prospects of registered job seekers. The ANAO found that increasing the number of vacancies on JobSearch does not appear to have translated into a commensurate increase in eligible placements. This is because many vacancies are not appropriate to job seekers' occupational preferences (there is, for example, a misalignment between job seekers with a preference for factory or cleaning work and the number of listed vacancies sourced from the commercial on-line job boards in these areas), and job seekers do not compete for vacancies on an equal footing. The ANAO considers that DEWR should assess the impact of increasing the number of vacancies in JobSearch in achieving job seeker employment outcomes, as this would enable DEWR to ascertain the return on its investment in increasing the number of vacancies lodged on JobSearch.

4.63 DEWR has a reasonable level of assurance about the appropriateness of the content of vacancies lodged on JobSearch, for example, through the use of a 'blue word' filter that prevents potentially inappropriate vacancies from being

¹⁹⁷ Using a measure from Hitwise (an Internet monitoring company), based on page visits, JobSearch's market share is around 10 per cent. Using a measure from the Nielson Net Ratings (another Internet monitoring company), based on unique browsers, JobSearch's market share is higher, at around 20 per cent.

loaded onto JobSearch. However, the ANAO's analysis has shown that DEWR does not have sufficient assurance about the duplication or age of vacancies listed on JobSearch.

4.64 The ANAO estimated that on a point in time basis, the level of duplication was approximately 14.4 per cent, while the average level of duplication on a monthly basis, looking at the flow data, was approximately 46.7 per cent.

4.65 During the audit, DEWR advised that it had taken steps to reduce the rate of duplication of vacancies sourced from on-line job boards, which contributed a substantial proportion of the duplicate vacancies on JobSearch. However, the ANAO also found duplication of vacancies sourced from JPOs increased substantially during 2004–05. To date, DEWR's reporting of vacancy numbers has not taken duplication rates into account.

4.66 Vacancies created by JPOs on JobSearch do not have an 'expiry' date. The ANAO found that 50 per cent of vacancies on JobSearch were one week old, or less. During 2004–05, the majority of placements were made within three weeks of the vacancy being lodged on JobSearch. However, the ANAO's analysis shows that 17 per cent of vacancies in JobSearch were over eight weeks old and, based on the 2004–05 results, were unlikely ever to result in a paid placement. During the audit, DEWR advised that it was re-instating weekly 'batch inactivation' to remove dated vacancies.

Recommendation No.3

4.67 The ANAO recommends that, in light of the government's original intention and the maturing of the on-line employment vacancy listing market, DEWR review the full costs and benefits of maintaining a government owned and operated on-line vacancy listing enterprise.

DEWR response

Agree—this review will commence this year.

Recommendation No.4

4.68 The ANAO recommends that DEWR assess the impact of increasing the number of vacancies on JobSearch on job seeker employment outcomes.

DEWR response

Agree—this assessment will commence this year.

Recommendation No.5

4.69 The ANAO recommends that, in order to improve client service and ensure accurate reporting, DEWR should:

- (a) take steps to minimise the duplication of vacancies on JobSearch from all sources; and
- (b) take duplication into account in reporting the number of vacancies on JobSearch.

DEWR response

- (a) Agree—DEWR will continue to do this. As noted by the ANAO, the department made systems changes in March 2005 to reduce the number of duplicate jobs, particularly those provided by other online job boards. Improvements were made in December 2005 to further reduce duplicate jobs provided by these online job boards.
- (b) Agree in part—The Department will investigate options for taking the level of duplication into account when reporting the number of vacancies on JobSearch, noting that, based on an exact word match approach, the level of duplication in the stock of vacancies on JobSearch is around eight per cent. However, it will not be possible to take duplication into account for DEWR's Portfolio Budget Statement target for JobSearch's share of vacancies held by the four major electronic job boards (JobSearch, SEEK, CareerOne and MyCareer) as the other major job boards do not take duplication into account when reporting on the number of vacancies available on their sites.

ANAO comment

The ANAO considers that in investigating options for taking the level of duplication into account in reporting the number of vacancies on JobSearch, DEWR should supplement any systems-based exact-word duplication measurement with a visual sample. This is necessary to overcome data quality problems in JobSearch that prevent some duplicates from being identified electronically, and which would otherwise lead to a substantial underestimate in the calculated duplication rate. The Australian Bureau of Statistics Consultancy Unit has provided DEWR with a suggested methodology that would give greater precision to the visual sample.

5. Reporting Job Placement and Matching Service Outcomes

This chapter examines DEWR's reporting of Job Placement and matching service outcomes.

Introduction

5.1 DEWR's employment services outcome is efficient and effective labour market assistance. Job Placement and matching services contribute to this outcome by securing vacancies and placing unemployed people, particularly the long term unemployed in those vacancies.¹⁹⁸

5.2 DEWR's *Portfolio Budget Statements* (PBS) sets targets for Job Placement and matching services for:

- job placements;
- post-assistance outcomes; and
- JobSearch's share of the vacancy listing market.

5.3 DEWR also reports costs associated with its employment programmes and has reported publicly on service coverage. This chapter examines:

- factors that influence the impact of public employment programmes;
- DEWR's reporting against each of its PBS performance targets;
- the cost of Job Placement and matching services over time; and
- service coverage under the Active Participation Model (APM).

Factors that influence the impact of employment programmes

5.4 International studies of labour market programmes have found that they generally have small impacts on job seeker employment and earnings.¹⁹⁹ In Australia, both DEWR²⁰⁰ and the Productivity Commission²⁰¹ have found

¹⁹⁸ DEWR 2005, *Portfolio Budget Statements 2005-06*, p. 36.

¹⁹⁹ Productivity Commission 2002, *Independent Review of the Job Network*, section 5.22.

²⁰⁰ DEWR 2002, *Job Network Evaluation Stage 3*.

²⁰¹ Productivity Commission, op.cit.

that the net impact of the Commonwealth's employment programmes in getting people into jobs is modest. For example, DEWR's third Job Network evaluation found that the employment outcome rate for Intensive Assistance was 4.1 per cent higher for programme participants. This impact reflects the combined effects of compliance²⁰² and the assistance received from the programme. The Productivity Commission reported that these results do not differ markedly from international experience, other empirical studies, or the results achieved by the Commonwealth Employment Service (CES).²⁰³

5.5 While it is difficult to measure the exact impact of employment services, there are a range of indicators that can be used to provide an insight into performance. Over the course of the Active Participation Model (APM), DEWR has reported record vacancies and record job placements for its Job Placement services (Table 5.1).

Table 5.1

DEWR Job Network Performance Profiles, July 2004 and July 2005

July 2004	July 2005
<p>'In the year to end July 2004, 82 600 new vacancies were lodged on the national vacancy database, an increase of 23% on the previous year. ...</p> <p>In the year to end July 2004 a total of 52 700 job placements were recorded by Job Network members and other Job Placement Organisations, an increase of 30% on the previous year.'</p>	<p>'In the year to end July 2005, over 95 700 new vacancies were lodged on the national vacancy database, an increase of 15% on the previous 12 months and a new annual record. ...</p> <p>In the year to end July 2005, a total of over 664 000 job placements were recorded by Job Network members and other Job Placement Organisations, an increase of 20% on the previous 12 months.'</p>

Source: DEWR.

5.6 The ANAO considers that care needs to be taken in interpreting these figures as evidence of improved programme impact. For example, while changes in provider effectiveness could be one possible contributor to changes in reported performance there are many other factors that also influence the outcomes of publicly funded employment services such as macroeconomic conditions and the state of the labour market and economy generally, as well

²⁰² Compliance effects arise 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, *op. cit.*, 5.16).

²⁰³ Productivity Commission, *op. cit.*, section XX Overview.

DEWR advised the ANAO that most analyses of active labour market programs, including DEWR's own evaluations, may underestimate the impact of the programs because they discount the 'threat' or compliance effect on the control group (see DEWR, *Report on an Informal Meeting with Officials from the Danish Ministry of Employment, Copenhagen, 19 May 2004* which reviews Michael Rosholm and Michael Svarer, *Estimating the Threat Effect of Active Labour Market Policies*).

as changes in employment policy settings and programme arrangements.²⁰⁴ This makes it difficult for any one government agency to link its particular contribution to overall employment outcomes in an empirical manner.

Job placements

5.7 Performance information is most effective if current performance can be compared qualitatively or quantitatively against specific benchmarks, targets or activity levels, where appropriate and where trends can be compared over time.²⁰⁵

5.8 DEWR uses a number of terms to report on its performance in achieving job placements. The terms and their meanings are presented in Table 5.2. The number and similarity of these terms mean the data produced by DEWR about its performance in achieving job placements needs to be interpreted carefully.

Table 5.2

Job Placement terms and definitions

Term	Definition
Total Job Placements	A JPO has recorded the commencement of an eligible job seeker in a job in the computer system provided by DEWR. Total placements includes placements where a job seeker found their own employment without being matched, referred and placed by the JPO in vacancies sourced and advertised by a JPO.
Eligible Job Placements	A placement of an eligible job seeker into an eligible job. An eligible placement is recorded when a JPO secures a vacancy from an employer, the vacancy is made available to all eligible job seekers through JobSearch and a job seeker subsequently is placed in the vacancy.
Verified Job Placements	An eligible placement that has been independently verified by a JPO as having met the 15 hour requirement to make a claim.
Paid Job Placements	An eligible Job Placement that is claimed and paid in accordance with the rules of the Job Placement Licence.

Source: DEWR.

5.9 Since 1999–2000, DEWR has had a PBS target for the number of job placements achieved, although the wording for this indicator, and the way it is measured has changed over time. DEWR’s reporting of its performance against its targets is shown in Table 5.3. The reason for the substantial change in

²⁰⁴ Policy and programme settings affect the size and nature of the population of job seekers being serviced, the structure of contractual incentives for employment service providers and mix of service providers, performance monitoring systems and capabilities, the services required to be provided, and compliance arrangements.

²⁰⁵ Department of Finance and Administration, *Performance Management Principles*.

reported performance between 2002–03 and 2003–04 was a change in the performance measure used by DEWR from ‘eligible placements’ to ‘total placements’ (a measure which includes a large number of job seekers who found their own jobs).²⁰⁶ DEWR did not provide advice in its 2003–04 and 2004–05 *Annual Reports* that it had changed its measure for this indicator.²⁰⁷

Table 5.3

DEWR’s performance reporting on Job Placements

Year	Performance indicator	Target	Reported performance	Performance using original measure
2002–03	Job Matching placements achieved	325 000	284825	284 825
2003–04	Job Placements achieved	325 000	518350	284 500
2004–05	Job Placements achieved	350 000	665868	336 334
2005–06	Total Job Placements achieved	550000	n/a	n/a

Source: DEWR, PBS and Annual Reports, 2002–03 to 2004–05.

5.10 While reporting its performance using the (much higher) figure of ‘total placements’ externally, DEWR has used a range of measures for its internal performance reporting. For example, an internal audit assumed no change in the 2002–03 performance target, reporting in April 2004, ‘the number of eligible placements has been well below the seasonally adjusted monthly breakdown of the PBS target for most months in 2003–04.’²⁰⁸ An internal presentation in April 2005, again reported against its PBS target in terms of eligible placements.²⁰⁹ Reports to the DEWR senior executive have used three measures concurrently: total, eligible and paid placements.²¹⁰ Eligible job placements (a measure which excludes placements that had not clearly resulted from the efforts of JPOs) declined with the introduction of the APM on 1 July 2003, before recovering to slightly higher than historical levels in 2004–05 and 2005–06 (see Figure 5.1).

²⁰⁶ Outcome payment are not paid for placements where a job seeker finds their own employment.

²⁰⁷ In calculating year-on-year changes in reported placements, DEWR did, in the 2003–04 and 2004–05 *Annual Reports*, re-base the 2002–03 placement results to total job placements.

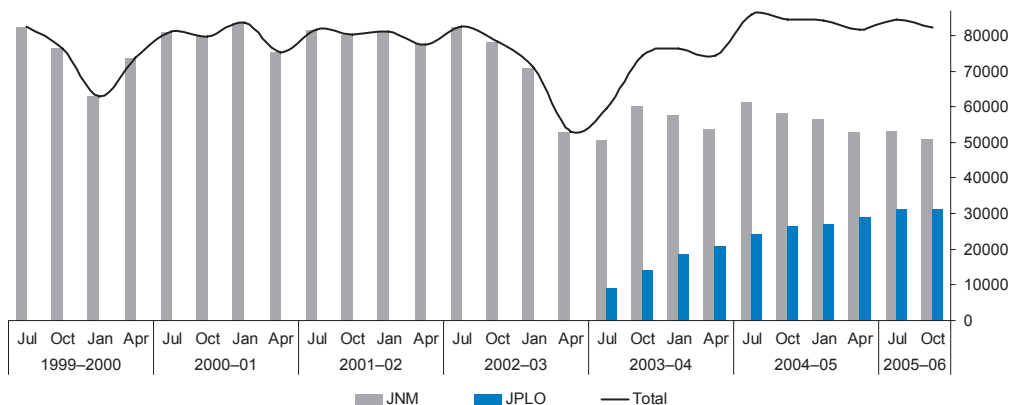
²⁰⁸ DEWR Internal Audit April 2004, *Job Placement Performance Information*.

²⁰⁹ See also EMC paper 2f Job Placement vacancy lodgement.

²¹⁰ DEWR advice to the ANAO dated 21 December 2005.

Figure 5.1

Eligible job placements, 1999–2000 to 2005–06, by quarter (number)



Source: ANAO analysis of DEWR data.

5.11 The ANAO concluded that, for a range of reasons, DEWR has used a number of different performance indicators and has changed its PBS performance indicator over time. DEWR did not provide advice in its *Annual Reports* that the PBS indicator had changed. Regardless of what indicator is chosen,²¹¹ the ANAO considers that DEWR should monitor and report on its performance in achieving job placements in a consistent manner, and be clear about precisely what aspect of its performance it is reporting. In the 2005–06 PBS, DEWR clarified its target for job placements to read ‘Total Job Placements achieved.’

²¹¹ DEWR advised that it considers that ‘the best indicator of overall performance is Total Job Placements as the ultimate goal of the program is to assist job seekers into employment. DEWR legitimately reports on Total Job Placements as it is a more accurate indicator of job seekers being placed into employment compared to eligible placements alone. This is because Job Network members assist job seekers in many different ways and play a significant role in securing employment for job seekers even where they found their own job’ (DEWR advice to the ANAO dated 21 December 2005).

The ANAO has previously observed that claimed placements would provide a more reliable indicator of actual performance, as it represents the level of achievement for which DEWR is willing to pay its providers (see ANAO report No.6, 2004–05, *Implementation of Job Network Employment Services Contract 3*). In the current audit, the ANAO observed that ‘verified job placements,’ which excludes the impact of payment caps and ratio restrictions on the job placements for which a claim can be made may also provide a useful indicator of Job Placement performance.

JPLO placements

5.12 With the licensing of JPLOs, the Minister for Employment Services announced that ‘it is estimated that the new Job Placement organisations will ... fill approximately 330 000 positions over the next three years.’²¹²

5.13 JPLOs were slower to enter the Job Placement market than was initially anticipated. While 450 JPLOs were licensed to deliver Job Placement Services in 2003–04, 180 JPLOs did not place any job seekers in the first half of this year, and by the end of the first year of operation of the JPO license, 249 JPLOs had claimed for less than nine placements. As a result of this slow start, JPLOs are falling short of achieving the number of placements expected by the Minister. Up to September 2005, DEWR JPLOs had achieved 81 per cent of the expected pro rata number of placements.²¹³

Improved performance information and reporting of placements

5.14 By providing Job Placement licences to JPLOs, DEWR has been successful in opening up the Job Placement market to the broader recruitment services industry. Around 37 per cent of eligible placements are now achieved by JPLOs.²¹⁴

5.15 Results from the ANAO’s survey of JPLOs showed that around half of the respondents consider that the Job Placement licence provides JPLOs with sufficient incentive to preference Job Network eligible job seekers when filling vacancies. A similar proportion considers that they now place substantially more Job Network eligible job seekers in jobs than they had previously as a result of their involvement in the Job Placement licence (see Figure 5.2 and Figure 5.3). The ANAO considers that the survey results reflect positively on the JPLO initiative in identifying eligible job seekers²¹⁵ and giving consideration to preferring these candidates over other job seekers.

²¹² Minister for Employment Services May 2003, Media Release: *Access to Thousands More Jobs for Job Seekers*.

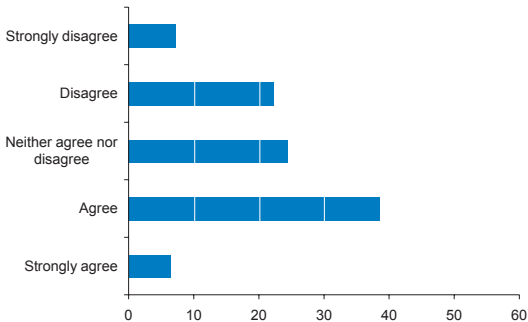
²¹³ DEWR advised that ‘since the initial projections of placements, the labour market has tightened and the numbers of unemployed have reduced. Such factors were not able to be included in early projections and have impacted on actual placements’ (DEWR advice to the ANAO dated 21 December 2005).

²¹⁴ Average for 2005–06 to date. Over the life of the APM, JPLOs have placed around 29 per cent of eligible placements. DEWR’s data shows that eligible job placements for JNMs has remained steady since the introduction of the APM in 1 July 2003, with growth in overall eligible placements attributable to the involvement of JPLOs (see Figure 5.1).

²¹⁵ Eligibility for Job Placement services is discussed in Chapter 1.

Figure 5.2

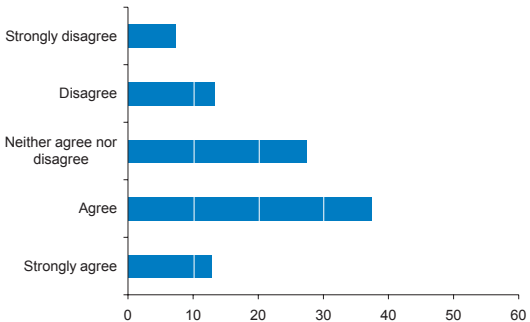
ANAO question for JPOs: The Job Placement licence provides us with sufficient incentive to preference Job Network eligible job seekers when we fill our vacancies (per cent)



Source: ANAO survey of JPOs.

Figure 5.3

ANAO question for JPOs: We place substantially more Job Network eligible job seekers in jobs than we had previously as a result of our involvement in the Job Placement licence (per cent)



5.16 Care must be taken in interpreting DEWR’s reported ‘record’ placement results as evidence of improved impact resulting from the JPLO initiative. The JPLO initiative has encouraged JPLOs to:

- identify the status of their candidates;
- consider preferring these candidates over other job seekers; and
- record placements on DEWR’s systems, which the department can then use for management and reporting purposes.

5.17 Industry stakeholders, including JPLOs, commented to the ANAO that many registered job seekers would have previously been placed in jobs by the recruitment industry without the placement agency being aware of the job seeker’s eligibility status, and without DEWR being able to capture performance information on these placements. For these reasons, the public and the Parliament will be better placed to form a view about the contribution of the JPLO initiative in improving employment outcomes for disadvantaged jobseekers²¹⁶ when it is evaluated by the department.²¹⁷

²¹⁶ While all registered job seekers, whether JSSO or FJNE are eligible to receive Job Placement and matching services, DEWR’s priority is the most disadvantaged group of job seekers, FJNE. This priority is reflected in the higher outcome payments attached to FJNE placements and the cap on JSSO placements (30 per cent of all placements).

Post assistance outcomes

5.18 Another of DEWR's job placement related performance targets is measured using the department's Post Programme Monitoring (PPM) survey.²¹⁸ This measures the proportion of job seekers that are still in employment three months after having been placed in a job, and whether other positive outcomes had been achieved, such as enrolment in a training or education course. PPM survey data is complemented by administrative data which enables DEWR to determine if job seekers have ceased receipt of unemployment benefits ('off-benefit outcomes'). Each of these measures has their benefits and limitations.

5.19 DEWR reports publicly in terms of 'positive outcomes', that is, job seekers that are in employment, education or training three months after having been placed in a job. In its PBS, DEWR has a target for this indicator of 70 per cent for its Job Placement and matching services. DEWR has reported that Job Placement and matching services achieved 74 per cent against this indicator in 2005–06, and advised the ANAO that it considered this improvement was evidence of slightly higher positive outcomes by Job Placement than previous Job Matching arrangements.²¹⁹

5.20 DEWR's data indicates that demographic differences may account for the reported increase in positive outcomes. For example, the most recently surveyed population was younger, better educated and had been unemployed for a shorter period than previous populations. Consequently, the ANAO suggests that DEWR assess and report on the extent to which changes in the demographic characteristics of respondent populations have influenced post-assistance positive outcomes.

DEWR advised that 'placements for FJNE job seekers are considerably higher under Job Placement Services than they were under Job Matching (ESC2). For example, comparing the period January 2004 to March 2006 (with the equivalent period under ESC2) eligible placements for the FJNE were 25.5 per cent higher. Focussing on the 12 months to March 2006 (latest data available) with the equivalent period under ESC2 eligible placements for FJNE job seekers are 31.5 per cent higher' (see Appendix 6).

²¹⁷ DEWR advised that it 'believes that most JPLO placements recorded are additional placements' (DEWR advice to the ANAO dated 21 December 2005).

²¹⁸ The PPM survey is targeted at 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 three months prior to responding to the survey. Any complaints received are forwarded to the DEWR complaints hotline system (see ANAO Report No.51 2004–05, *DEWR's Oversight of Job Network Services to Job Seekers*, p. 114).

²¹⁹ DEWR November 2005, *Focus and Objectives of Job Placement services*.

Vacancies available on JobSearch

5.21 When the Minister for Employment Services took forward his proposal on the third employment services contract (ESC3) for government consideration, he referred to increasing the number of vacancies available to jobseekers through the National Vacancy Database (JobSearch) and how jobseekers ‘will have access to 50 per cent of all advertised jobs.’²²⁰

5.22 DEWR has not attempted to measure JobSearch’s percentage of all advertised jobs in Australia. Instead, from 2001–02 to 2003–04, DEWR’s PBS contained a target for JobSearch’s share of the ANZ Bank’s on-line job advertisements series. Based on this measure, JobSearch’s performance showed a steady decline over time, failing to meet its target of 40 per cent.²²¹

5.23 However, the department found that this performance measure was flawed. This was because the ANZ on-line job advertisement series was incomplete—it did not include some major on-line job boards such as MyCareer and CareerOne. Consequently, during 2004–05,²²² DEWR changed the way it measures and reports its performance in securing vacancies for JobSearch. It now monitors and reports on the proportion of Internet advertised vacancies listed on JobSearch. The absence of historical data means that it will be some time before it can be clear how well JobSearch is performing relative to the size of the overall on-line job board market. However, the 2004–05 Annual Report states that JobSearch met the target for the new indicator (also 40 per cent).²²³

5.24 The ANAO found that measuring JobSearch’s performance in terms of its percentage representation of all advertised jobs in Australia has proved difficult for DEWR, due to factors that determine movements in this percentage, especially the large number of job advertisement channels and the possibility of duplication of vacancies within and across sources.²²⁴ DEWR has revised its performance measure for JobSearch to more accurately quantify its share of the on-line job vacancy market.

²²⁰ *More Jobs, Better Future*, 2001, p. 11.

²²¹ JobSearch’s share of on-line job vacancies has experienced a long-term decline from over 40 per cent in 2002–03 to around 30 per cent in recent times (see DEWR, *JobSearch percentage share of ANZ job advert series, July 2002 to March 2005*, Electronic Labour Exchange Directions, June 2005.ppt).

²²² The new measure was added February 2005 (see 2004–05 *Portfolio Additional Estimates: Employment and Workplace Relations Portfolio*, p. 31).

²²³ DEWR advised that it was unable to obtain data for the new measure for the period prior to mid 2004 (DEWR advice to the ANAO dated 6 February 2006).

²²⁴ Email from DEWR to the ANAO, August 24, 2004.

5.25 The ANAO considers that the revised indicator should improve the measurement of JobSearch's performance in maintaining its share of the on-line job board market. However, care will need to be taken in making this calculation, particularly in ensuring that duplication of vacancies within and across sources does not distort the overall picture (see Chapter 4).

Vacancies lodged by JPLOs

5.26 As discussed in Chapter 4, the Minister for Employment Services announced just prior to the commencement of the JPLO initiative, that 'it is estimated that the new Job Placement Organisations will list an additional 650 000 vacancies on the JobSearch website ... over the next three years.'²²⁵ The announcement was based on the number of vacancies JPOs indicated during the application process that they expected to lodge on JobSearch. The ANAO has found that performance has been well below the Minister's announcement (see paragraph 4.15).

5.27 DEWR has two different terms to denote the employment opportunities listed on JobSearch. These are 'vacancies' and 'positions'. 'Vacancy' means that a vacancy record has been lodged on JobSearch, while the term 'position' refers to the number of positions vacant for any given vacancy. A vacancy in DEWR's system is intended to be unique. However, one vacancy may have many positions. For example, on 7 October 2005, there were almost twice as many positions listed on JobSearch as vacancies.²²⁶

5.28 Notwithstanding the term used by the Minister, 'vacancy', in his announcement of the JPLO initiative, DEWR advised that it 'contends that the intent of the Minister's press release was about the number of additional jobs (positions) that would be available on JobSearch.'²²⁷ Consequently, DEWR has reported its progress in terms of positions. For example, in early 2004 it advised the Minister that 'we expect to achieve 100 000 *positions* lodged by

²²⁵ DEWR May 2003, Brief to the Minister for Employment Services, *Media event for JobSearch Facilities and Job Placement*.

²²⁶ ANAO analysis of DEWR data. On 7 October 2005, there were 50 968 vacancies listed on JobSearch, comprising 98 312 positions. 85 per cent of the vacancies listed only one position. Two vacancies listed 1 000 positions.

²²⁷ DEWR advice to the ANAO dated 6 February 2006. However, the ANAO notes that while the Minister used both the phrase '650 000 jobs' and '650 000 vacancies' in his Media Release, he made no reference to the term 'positions' (see Minister for Employment Services 6 May 2003, Media Release: *Access To Thousands More Jobs For Job Seekers*).

March 2004, on track to achieve 600 000 *positions* over the three year life of the Job Placement licence' (emphasis added).²²⁸

5.29 Given the difference between the terms 'vacancy' and 'position', there is substantial room for confusion, both internally and in DEWR's external reporting, about the numbers presented by DEWR. The ANAO considers that DEWR should clarify its terminology and data for reporting purposes (see also paragraph 5.11).

Cost of Job Placement and matching services

5.30 DEWR's PBS identifies expected cost (price) of 'Employment Services' (Output 1.2.2) of which Job Placement and matching services is a part. The PBS does not separately identify the expected cost Job Placement and matching services, although this is reported internally.

5.31 The ANAO examined:

- the cost of the arrangements for Job Placement and matching services under the APM in comparison to previous labour exchange services; and
- the unit cost of eligible placements over time.

5.32 The arrangements for labour exchange services for the APM represent a substantial change from previous arrangements. Previously, participation in the Job Network for job seekers unemployed for less than three months had been voluntary and job seekers could register with as many Job Matching providers as they wished. Under the new arrangements all job seekers are required to choose one JNM and attend an interview with them to register for Job Placement and matching services at the commencement of their period of unemployment. Under the previous arrangements, the cost of labour exchange services was covered primarily by Job Matching outcome payments, which were set through a competitive tendering process. Under the APM, JNMs are paid a flat service fee for providing initial registration interviews for registered

²²⁸ DEWR, brief to Minister, MBP 200401231. Reporting in terms of 'positions' was consistent with a preference expressed around the same time by staff in the office of the Minister for Employment Services (see: DEWR April 2004, *Job Placement Performance Information Audit*, p. 17). However DEWR's brief did not make it clear that a different denominator was being used when compared to the Minister's original commitment (at this point in time JPOs had lodged around 60 000 vacancies, approximately half the pro-rata target for the vacancy lodgement levels expected by the Minister).

job seekers,²²⁹ in combination with fixed payments for Job Placement outcomes, which are also claimable by all Job Placement licence holders.²³⁰

5.33 Figure 5.4 shows the new arrangements are more costly than those under previous Job Matching arrangements, requiring outlays in 2003–04 and 2004–05 between \$67 million and \$100 million per year more than during the first and second Job Network contracts. The added outlays reflect the cost of upgrading self-help facilities for job search (of which self-help touch-screen kiosks comprise the major cost component), as well as the requirement under the APM that all ‘Fully Job Network Eligible’ (FJNE) job seekers attend new referral interviews to register for Job Network services from the date of their receipt of income support payments.

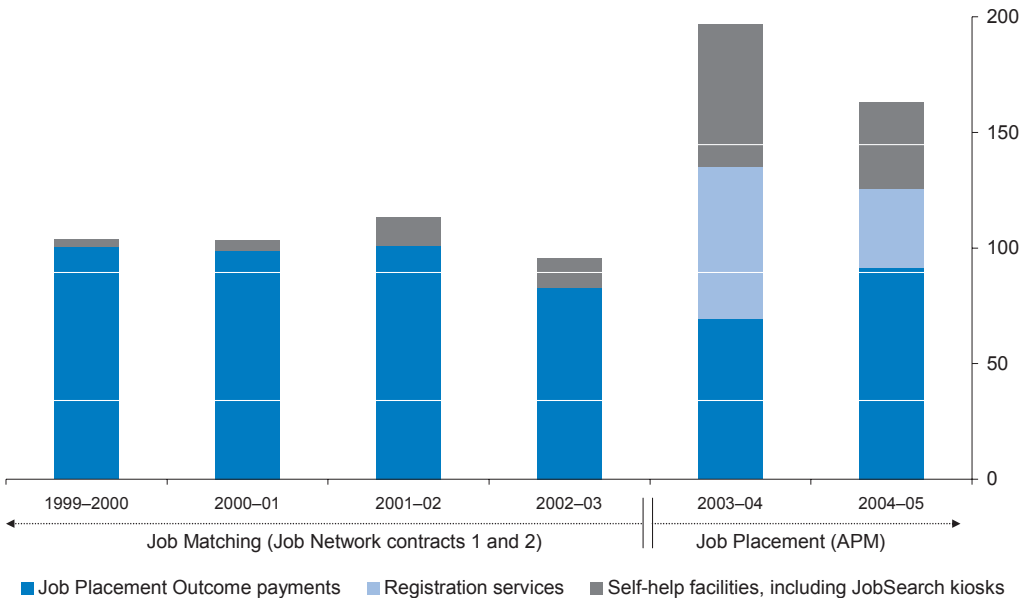
5.34 Self-help facilities cost \$61.7 million and \$37.2 million in 2003–04 and 2004–05 respectively. New referral interview services, which include, as the major component, the development of a ‘vocational profile’ for the purposes of electronic matching (including auto-matching), cost \$65.4 million in 2003–04 and \$34.36 million in 2004–05.

²²⁹ The service fee is paid quarterly in advance, based on expected job seeker attendance (see ANAO Audit Report No.6 2005–06, *Implementation of Job Network Employment Services Contract 3*, pp. 103-104).

²³⁰ In its response to the proposed audit report, DEWR stated that the ANAO ‘has not clearly demonstrated that résumé and job search support services were previously funded through Intensive Assistance Upfront Fees and Job Search Training under ESC2’ (see Appendix 6). The ANAO considers that there has been no major change to funding arrangements. Résumé and job search support services were previously (prior to ESC3) and are currently, provided and funded under Job Search Training and Intensive Assistance (or, as it is currently called, Intensive Support Customised Assistance).

Figure 5.4

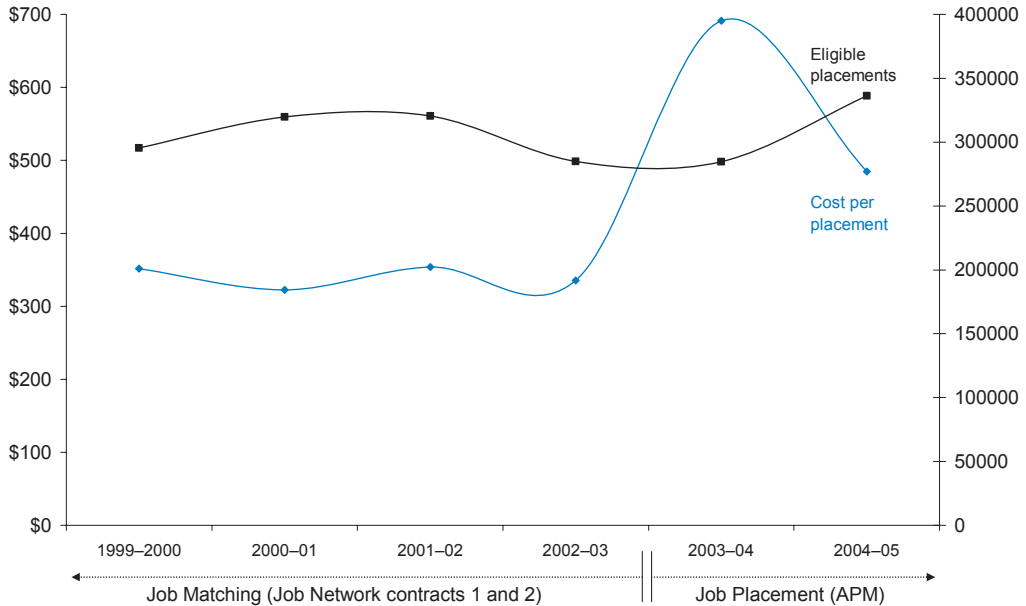
Expenditure on Job Placement and matching services (\$ million)



Source: ANAO analysis of DEWR administrative data.

5.35 Figure 5.5 shows the cost per eligible placement over time. It shows a substantial increase in the unit cost of eligible placements in 2003–04. This was partially a result of the one-off transitional costs of completing new referral interviews for the existing ‘stock’ of registered job seekers at the beginning of the APM.²³¹ The cost per eligible placement declined during 2004–05, but remained at a level around 40 per cent higher than the average cost of eligible placements over the previous contract.

²³¹ All job seekers were required to attend an interview with a JNM to complete their vocational profile in 2003–04, whereas only newly registered job seekers were required to attend an interview in subsequent years.

Figure 5.5**Number of eligible placements and cost per eligible placement, 1999–2000 to 2004–05**

Source: ANAO analysis of DEWR administrative data.

Note: Cost includes outcome payments, registration services and self-help facilities (see Figure 5.4).

5.36 DEWR advised the ANAO that under the APM, all job seekers were provided with a basic level of service from their JNM, including, at a minimum, ensuring all job seekers have a résumé, and understand and have access to a range of self help services such as interactive JobSearch kiosks, auto-matching and notification services. DEWR considers these basic services provide greater capacity for job seekers to be in control of their own job search activity than under previous arrangements. To support these claims, DEWR provided data from its job seeker survey research that shows that the proportion of job seekers that remember being helped by their JNM with a résumé has increased from 31 per cent under ESC2, to 89 per cent under the APM.²³²

5.37 The ANAO notes that the increase in expenditure that has been required to ensure these minimum service levels are met has not resulted in a commensurate improvement in eligible placements. DEWR's own research has shown that only 54 per cent of job seekers recall completing a vocational

²³² DEWR March 2003 and August 2005, *Job Seeker Omnibus Survey*.

profile (résumé),²³³ and that the frequency of contact between job seekers and their JNMs may have actually declined under the APM, in comparison to previous contracts.²³⁴ The goal should be to strike an appropriate balance between ensuring minimum service levels are maintained, and maximising employment outcomes.

Service coverage

5.38 The ANAO assessed Job Placement and matching service coverage under the APM. With the introduction of the APM, and the licensing of JPLOs, the government announced a major increase in the number of organisations and sites providing employment services compared to previous contracts.²³⁵ DEWR has consistently reported service coverage (the number of sites) in terms of the gross number of sites registered by each JPO, a figure that has generally presented as ‘over 2 700 sites.’²³⁶ DEWR’s JobSearch system listed some 2 921 sites, as of February 2006.²³⁷

5.39 Not all JPOs, and not all sites, actively provide services to job seekers for which Job Placement outcome payments are paid. The ANAO found that DEWR’s reporting of JPO service coverage has not distinguished between active and inactive sites. DEWR decided early in the APM that in order to maintain the reported number of sites nominally delivering Job Placement and matching services, unused JPLO licences would not be cancelled unless new providers were able to take their place.²³⁸

5.40 Following this decision, DEWR introduced an ‘active provider’ provision as part of the implementation of the general licence variation. Having considered a range of options, DEWR introduced a minimum benchmark of 10 paid placements per organisation per annum for a JPO to

²³³ DEWR August 2005, *Using the Job Automatch system*.

²³⁴ DEWR, *APM Evaluation Study 1C: Maintaining the Connection—Keeping Job Seekers in Touch with Job Network Services*.

²³⁵ Minister Mal Brough 26 May 2003, Media Release *Site Coverage Under Employment Services Contract 3*.

²³⁶ DEWR has consistently reported that the figure of over 2 700 sites, was a substantial increase on the 2 045 sites that had delivered services under previous contracts (see DEWR, *2003–04 Annual Report*, p. 53, and *Job Network Performance Profile*, 12 months to end May 2004).

²³⁷ As at 6 February 2006, DEWR’s JobSearch system listed 2 921 sites, comprising JPLO, JNM, HLS and NEIS sites—as providers of Job Placement services. In calculating the number of sites, the ANAO counted unique physical addresses, meaning that duplicate listings and sites providing more than one service were counted once only.

²³⁸ DEWR 30 July 2004, EMC Out of Session Meeting.

continue as a licence holder.²³⁹ The 10 paid placements per organisation per annum threshold in the Job Placement licence differs from other definitions of JPLO 'activity' used by DEWR. For example, DEWR's contract with the Recruitment and Consulting Services Association (RCSA) is paid for on the basis of the number of active JPLO *sites* (rather than at the organisational level).²⁴⁰

5.41 Table 5.4 compares the number of sites listed on JobSearch with the number of 'active' sites using DEWR's two measures of activity.

Table 5.4

Job Placement service coverage under the APM

	Number	Difference
Sites listed on JobSearch*	2 921	
Active sites (a)—10 paid placements per annum per JPO	2 351	-19.5 per cent
Active sites (b)—150 positions lodged per site per financial year	1 876	-35.8 per cent

Source: ANAO analysis of DEWR data.

Notes: * From DEWR JobSearch system 6 February 2006 (see footnote 236).
Active sites (a) is the definition used in the Job Placement licence.
Active sites (b) is the mid-point of definition used in contract with RCSA.

²³⁹ DEWR, EMC Paper 4a (i) 24 January 2005, *Proposed Job Placement licence Variation*. DEWR advised that 'informal discussion at senior levels prior to the relevant EMC meeting considered performance around the 1-50 range, but agreed that 10 was a reasonable request' (DEWR advice to the ANAO dated 21 December 2005). Following consultation with the Minister for Employment services, it was agreed that providers failing the activity requirement would be given the final decision as to whether they retained their Job Placement licence (see DEWR February 2005, Briefing to the Minister for Employment Services, *Job Placement update and proposed general licence variation*, PCD 200500670).

²⁴⁰ The contract specifies the lodgement of 180 positions on JobSearch per financial year as the threshold for metropolitan sites, and lodgement of 120 positions per year the threshold for non-metropolitan sites (see DEWR-RCSA contract).

DEWR commented that the two different definitions of 'active' JPLOs are used to achieve different outcomes (DEWR advice to the ANAO dated 21 December 2005). DEWR also advised that early in the life of the APM, 'activity' was 'viewed in terms of the number of vacancies lodged by JPLOs' (DEWR advice to the ANAO dated 21 December 2005). However, the ANAO noted that statements by the Minister at the time indicate that 'activity' was viewed both in terms of placements made and vacancies lodged. Subsequently, DEWR indicated that it still considers that vacancies listed on JobSearch is a useful indicator, for job seekers, of whether a site is active (see Appendix 6).

5.42 As can be seen from Table 5.4, regardless of the measure of ‘activity’ used, the number of sites actively providing Job Placement services is substantially less than number of sites listed on JobSearch.²⁴¹

5.43 The ANAO concluded that DEWR’s practice of reporting nominal service coverage may lead Parliament and the public to form a mistaken impression that eligible job seekers receive Job Placement services from all reported sites. Job seekers accessing the JobSearch system may also form the mistaken expectation that all the sites listed provide Job Placement services. The ANAO considers that in order to improve transparency and client service, DEWR should take site activity into account in reporting aggregate service coverage, and indicate whether a site is active when it is listed on JobSearch.

5.44 DEWR advised that it is anecdotally aware that some JPOs process and record their Job Placements through central sites to reduce administrative and labour costs, and that this may have some impact on the ANAO’s active site estimates. However, DEWR could not quantify the extent to which this occurred. DEWR further advised that it ‘will consider additional messages that might be displayed on [JobSearch] site records to record a site’s status.’²⁴²

Conclusion

5.45 DEWR has three performance indicators relevant to Job Placement and matching services against which it reports publicly. These are: job placements; post-assistance outcomes; and JobSearch’s share of the vacancy listing market.

5.46 In reporting job placements, DEWR uses a number of different performance measures. With the introduction of the APM in July 2003, DEWR changed the way it measured its performance in terms of job placements. This resulted in a substantial increase in reported performance from 284 825 ‘placements’ in 2002–03, to 518 350 ‘placements’ in 2003–04, and 665 868 ‘placements’ in 2004–05. However, in reporting these ‘record’ outcomes,²⁴³

²⁴¹ Whether there has been an increase or decrease in the number of sites actively providing services to job seekers under the APM when compared to previous employment service contracts (there were around 2 045 sites under the second Job Network contract, for example), depends on how JPLO ‘activity’ is defined. If organisations failing to meet the Job Placement licence activity definition are removed from the analysis, service coverage is around 15 per cent higher than under the second Job Network contract. However, if the definition of an active site that is used in DEWR’s contract with RCSA is applied, service coverage is around eight per cent lower than under the second Job Network contract; and if an indicative threshold of one paid placement per site per week is applied, service coverage is around 12 per cent lower than under the second Job Network contract.

²⁴² See Appendix 6.

²⁴³ See DEWR, *Annual Report 2003–04*, pp. 54, 58–59 and DEWR, *Annual Report 2004–05*, p. 48.

DEWR did not explain in its Annual Reports that it had changed the way it measured job placements to include placements where the job seeker may have obtained employment primarily through their own efforts, for which DEWR is not prepared to pay JPOs. In 2005–06, DEWR clarified its performance indicator. Using the original measure, ‘eligible job placements’, which excludes placements that had not clearly resulted from the efforts of JPOs, the ANAO found that placements declined with the introduction of the APM, before recovering to slightly higher than historical levels in 2004–05 and 2005–06.

5.47 DEWR’s second indicator relevant to Job Placement and matching services is for ‘positive outcomes’, that is, the proportion of job seekers that are in employment, education or training three months after having been placed in a job. This indicator is measured using a survey of job seekers. DEWR has reported that Job Placement and matching services achieved 74 per cent against this indicator in 2005–06, against a target of 70 per cent. However, DEWR’s data also indicate that the most recently surveyed population was younger, better educated and had been unemployed for a shorter period than previous populations. The ANAO suggests that DEWR assess and report on the extent to which demographic differences account for the increase in positive outcomes.

5.48 DEWR has not attempted to measure JobSearch’s percentage of all advertised jobs in Australia, although there was a publicly stated expectation at the outset of the APM that JobSearch would contain 50 per cent of all advertised jobs. Instead, from 2001–02 to 2003–04 DEWR used the ANZ Bank’s Internet job advertisements series to estimate the proportion of on-line advertised jobs on JobSearch. Using this measure, JobSearch’s performance showed a steady decline over time, failing to meet its target of 40 per cent. During 2004–05, DEWR changed the way it measures and reports its performance in securing vacancy advertisements for JobSearch. It is too early to judge how JobSearch is performing using the new measure.

5.49 At the outset of the Job Placement and matching programme, the government announced that it expected that an additional 650 000 ‘vacancies’ would be lodged by JPOs on the JobSearch website over the three year life of the licence. The ANAO found that the number of vacancies lodged by JPOs on JobSearch has been well below expectations. However, DEWR has reported its progress in terms of the number of ‘positions’ lodged on JobSearch rather than ‘vacancies’. The terms ‘position’ and ‘vacancy’ have different meanings within DEWR. ‘Vacancy’ means that a vacancy record has been lodged on JobSearch, while the term ‘position’ refers to the number of positions vacant for any given

vacancy. There may be many positions for a vacancy. For example, on 7 October 2005, there were almost twice as many positions listed on JobSearch as vacancies.²⁴⁴ Given the difference between these two terms there is substantial room for confusion, both internally and in DEWR's external reporting, about the numbers presented by DEWR.

5.50 Under the Outcomes and Outputs framework, DEWR publicly reports on the cost of its 'Employment Services' Output (1.2.2) of which Job Placement and matching services is a part. It does not publicly report the particular cost of Job Placement and matching services, although this is reported and monitored internally.

5.51 The ANAO found that DEWR's Job Placement and matching arrangements are more costly than the comparable Job Matching arrangements under previous contracts, requiring outlays in 2003–04 and 2004–05 between \$67 million and \$100 million per year more than during the first and second Job Network contracts. This reflects the cost of upgrading self-help facilities for job search, such as new touch-screen kiosks, as well as the requirement under the APM that all 'Fully Job Network Eligible' job seekers attend new referral interviews to register for Job Network services from the date of their receipt of income support payments. Self-help facilities cost \$61.7 million and \$37.2 million in 2003–04 and 2004–05 respectively. New referral interview services, which include, as the major component, the development of a 'vocational profile' for the purposes of electronic matching (including auto-matching), cost \$65.4 million in 2003–04 and \$34.36 million in 2004–05.

5.52 As discussed, the APM is performing at or around historical levels for previous Job Matching services in terms of eligible placements (which excludes placements that had not clearly resulted from the efforts of JPOs). Consequently, the ANAO found that, after one-off transitional costs in 2003–04, the cost per eligible placement declined during 2004–05, but was still around 40 per cent higher than the average cost of eligible placements in previous contracts.

5.53 DEWR advised the ANAO that under the APM, all job seekers were provided with a basic level of service from their JNM, including, at a minimum, ensuring all job seekers have a résumé, and understand and have access to a range of self help services such as interactive JobSearch kiosks,

²⁴⁴ ANAO analysis of DEWR data. On 7 October 2005, there were 50 968 vacancies listed on JobSearch, comprising 98 312 positions. 85 per cent of the vacancies listed only one position. Two vacancies listed 1 000 positions.

auto-matching and notification services. DEWR considers these basic services provide greater capacity for job seekers to be in control of their own job search activity than under previous arrangements. To support these claims, DEWR provided data from its job seeker survey research that shows that the proportion of job seekers that remember being helped by their JNM with a résumé has increased from 31 per cent under ESC2, to 89 per cent under the APM.²⁴⁵

5.54 The ANAO notes that the increase in expenditure that has been required to ensure these minimum service levels are met has not resulted in a commensurate improvement in eligible placements. DEWR's own research has shown that only 54 per cent of job seekers recall completing a vocational profile (résumé),²⁴⁶ and that the frequency of contact between job seekers and their JNMs may have actually declined under the APM, in comparison to previous contracts.²⁴⁷ The goal should be to strike an appropriate balance between ensuring minimum service levels are maintained, and maximising employment outcomes.

5.55 With the introduction of the APM, and the licensing of JPLOs, the government announced a major increase in the number of organisations and sites providing employment services compared to previous contracts. DEWR's reporting of JPO 'service coverage' (the number of sites) has not distinguished between sites that are active or inactive. DEWR decided early in the APM that in order to maintain the reported number of sites nominally delivering Job Placement and matching services, unused JPLO licences would not be cancelled unless new providers were able to take their place. The ANAO found that the number of sites actively providing Job Placement services is between 20 and 36 per cent less than the number of sites listed on JobSearch, depending on the measure used. The ANAO considers that DEWR's practice of reporting nominal service coverage may lead Parliament and the public to form a mistaken impression that eligible job seekers receive Job Placement services from all reported sites. Job seekers accessing the JobSearch system may also form the mistaken expectation that all the sites listed provide Job Placement services.

²⁴⁵ DEWR March 2003 and August 2005, *Job Seeker Omnibus Survey*.

²⁴⁶ DEWR August 2005, *Using the Job Automatch system*.

²⁴⁷ DEWR, APM Evaluation Study 1C: *Maintaining the Connection—Keeping Job Seekers in Touch with Job Network Services*.

Recommendation No.6

5.56 In order to improve client service, increase transparency about the performance of Job Placement and matching services, and provide greater assurance about the efficient use of public funds, DEWR should:

- (a) monitor and report on its performance in achieving job placements in a consistent manner over time;
- (b) evaluate the impact of the Job Placement Licence Only organisation initiative in increasing job placements; and
- (c) take site activity into account in reporting aggregate service coverage, and indicate whether a site is active when it is listed on JobSearch.

DEWR response

- (a) Agree—The PBS targets for Job Placements in 2005–06 and 2006–07 are based on total placements and our current intention is for this measure to be used for future reporting.
 - (b) Agree—A formal evaluation of the JPLO initiative is already underway.
 - (c) Agree in part—Under the current Job Placement Licence that came into effect in June 2005, providers that fail to meet the ‘active provider’ definition are progressively removed from the provision of Job Placement services. In reporting aggregate service coverage the department will exclude providers that do not meet the ‘active provider’ definition. The department already provides information on the number of vacancies that are available at a site level through Australian JobSearch.
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Ian McPhee
Auditor-General

Canberra ACT
26 June 2006

Appendices

Appendix 1: Job Placement Outcome Payments—Eligibility and Payment Types

- JPOs can claim outcome payments when they place eligible job seekers into a notified vacancy, and when the placement reaches a certain level of intensity. Table A 1 outlines the requirements that must be met in order for a JPO to be eligible to be paid an outcome payment. The requirements change depending on the type of job seeker that is being serviced and the placement type.

Table A 1

Outcome payment eligibility

<div>Job Seeker Type</div> <div>Placement Type</div>	Registered Job Seeker	Restricted Work Capacity or Job Seeker with a disability	Parenting payment Recipient
Other Entity Placement ²⁴⁸	15 hours paid employment within 5 consecutive working days	8 hours paid employment within 5 consecutive working days	10 hours paid employment within 5 consecutive working days
Related Entity Placement ²⁴⁹	30 hours paid employment within 10 consecutive working days	16 hours paid employment within 10 consecutive working days	20 hours paid employment within 10 consecutive working days

Source: DEWR documentation.

- Outcome payments ranging from \$165 to \$385 can be claimed by JPOs, depending on the job seeker’s characteristics. A bonus payment of \$165 may also be paid for FJNE job seekers who work for a longer period. Table A 2 summaries the types of Job Placement outcome payments.

²⁴⁸ Other entity—placement of a job seeker into a job with an employer that has no association with the JPO.

²⁴⁹ Related entity—placement of a job seeker into a job with an organisation that has a legal association or shared ownership with the JPO. This also includes organisations that have influence over the JPO or vice versa. The test for related entity always applies wherever the job seeker performs the work.

Table A 2

Job Placement outcome payment types (including GST)

Payable outcome type	Job Placement outcome payment
Verified placement of job seekers who are JSSO	\$165
Verified placement of job seekers who are FJNE	\$275
Verified placement of job seekers who are FJNE and who have an unemployment duration of greater than 12 months or are identified as highly disadvantaged	\$385
Bonus payment for the placement of job seekers who are FJNE into employment that provides a minimum of 50 hours paid employment within 10 consecutive Working Days	\$165

Source: DEWR documentation.

3. Certain types of placements are ineligible for outcome payments:

- *serial placement*—placement of a job seeker with the same Employer or with a Related Entity more than four times in any 12 month period following the first placement of that job seeker by the JPO;
- *multiple claims*—more than one claim, by one or more JPOs, for a outcome payment of bonus for the completion by a registered job seeker of the same period of work;
- *job splitting*—splitting of a vacancy into a number of vacancies in order to maximise outcomes or bonus payments;
- *found own employment*—where a registered job seeker has obtained work without:
 - an employer or host organisation first notifying the JPO of the vacancy; and
 - the JPO first screening, matching, referring and placing the registered job seeker in the vacancy; and
- *double funding*—where an outcome payment is paid for providing the same service from DEWR or another public sector funded body.

Appendix 2: Organisations Consulted

Commonwealth Agencies

DEWR National Office (Canberra), and Canberra District Office
Australian Communications and Media Authority, Melbourne

Peak bodies

Jobs Australia, Melbourne
National Employment Services Association, Melbourne
Recruitment and Consulting Services Association, Melbourne

Job Placement Organisations

Allstaff Australia, Canberra
Salvation Army Employment Plus, Queanbeyan
Adecco Job Placement, Melbourne
Kelly Services (Australia) Ltd, Melbourne

Other organisations and individuals

SEEK, Melbourne
Dr George Messinis, Victoria University
Ensign Services, Canberra

Appendix 3: Survey of JPOs

1. The ANAO conducted a survey of JPOs in November-December 2005. The ANAO invited DEWR to comment on the draft survey instrument, and took these comments into account in finalising and conducting the survey.
2. The survey was addressed to JNM Chief Executive Officers and JPLO contact officers. Overall, out of 572 surveys despatched, 303 responses were received, a response rate of 53 per cent. The response rate means that the data is highly accurate for the population as a whole²⁵⁰, and for the JNM and JPLO cohorts. Table A 3 and Table A 4 show summary data, confidence levels, and coverage for each of the two cohorts of respondents.

Table A 3

JNM response rate and summary data

Population size	115
Number of respondents	70
Response rate	61%
Confidence level	95%
Confidence interval ²⁵¹	7.4%
Total paid placements made by JNM respondents (2004–05)	204 039
Total vacancies lodged by JNM respondents (2004–05)	799 661
Total paid placements (JNMs only) (2004–05)	317 169
Total vacancies lodged (JNMs only) (2004–05)	1 274 235
Proportion of paid placements (JNM only) made by respondents	64%
Proportion of vacancies (JNM only) lodged by respondents	63%

Source: ANAO analysis of survey responses.

²⁵⁰ All surveys are subject to statistical error, which can be described by the confidence interval surrounding the survey results. The confidence interval presents upper and lower bounds within which the whole population value can be expected to lie. 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 the specified confidence interval. In this audit, the confidence interval for the whole population, at 95 per cent confidence, was +/- 3.8 per cent.

²⁵¹ See footnote 250 for explanation of confidence levels and intervals.

Table A 4**JPLO response rate and summary data**

Population size	457
Number of respondents	233
Response rate	51%
Confidence level	95%
Confidence interval ²⁵²	4.5%
Total paid placements made by JPLO respondents (2004–05)	67 641
Total vacancies lodged by JPLO respondents (2004–05)	138 759
Total paid placements (JPLOs only) (2004–05)	115 985
Total vacancies lodged (JPLOs only) (2004–05)	254 549
Proportion of paid placements (JPLO only) made by respondents	58%
Proportion of vacancies (JPLO only) lodged by respondents	55%

Source: ANAO analysis of survey responses.

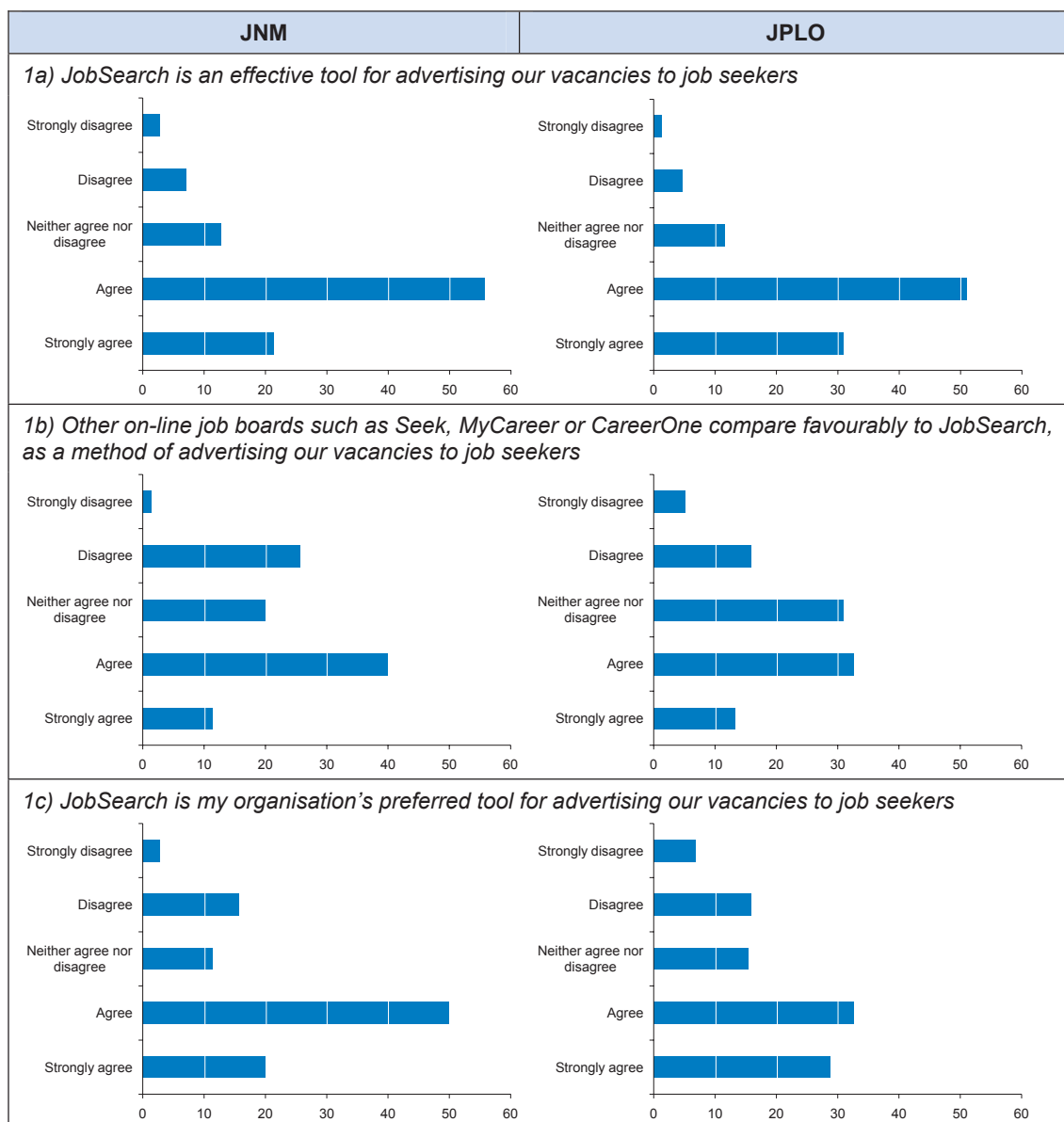
Survey results

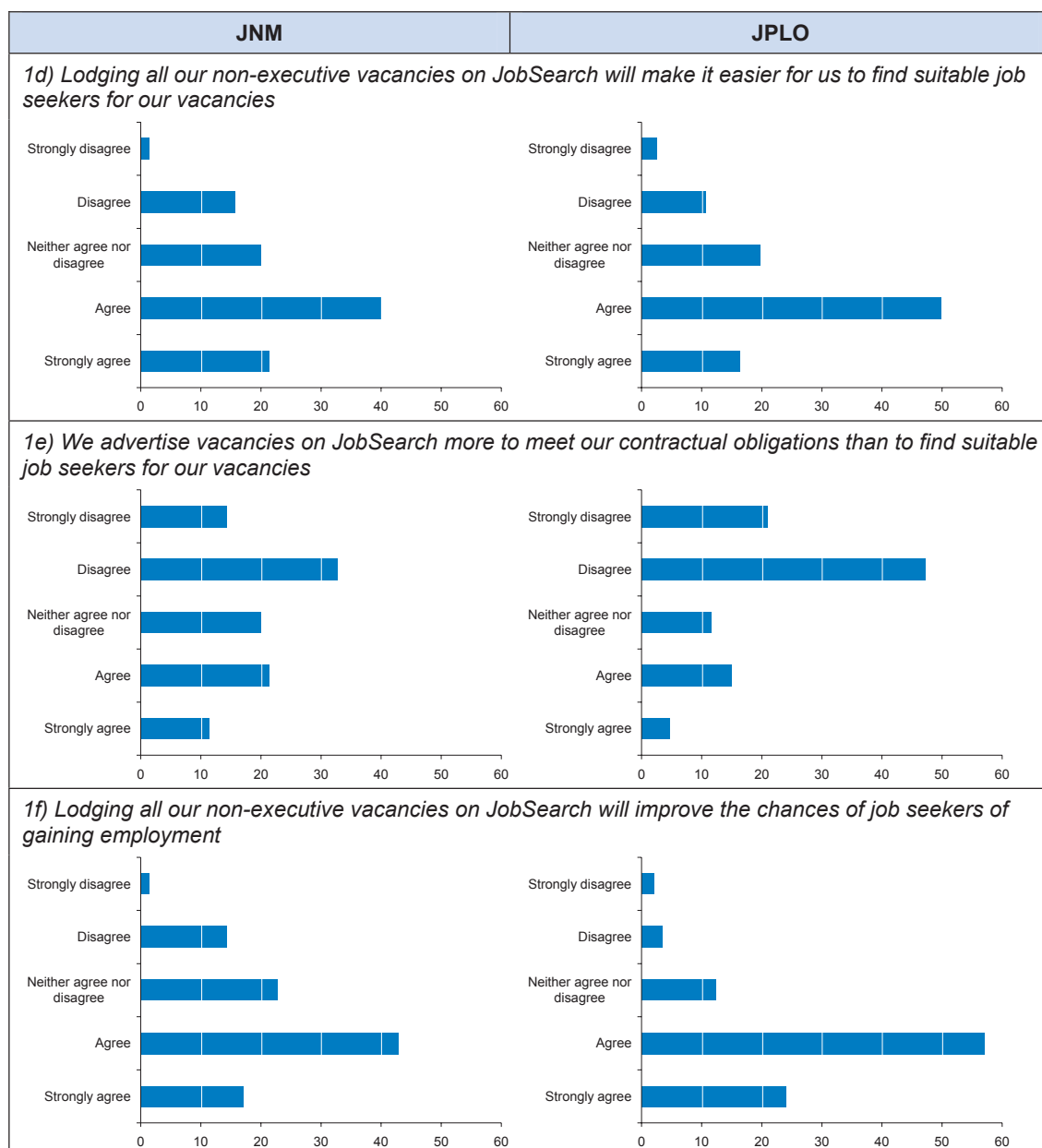
3. The survey questionnaire posed 18 questions for both JNMs and JPLOs, as well as two questions specifically for JPLOs and 14 questions specifically for JNMs. The results are presented below.

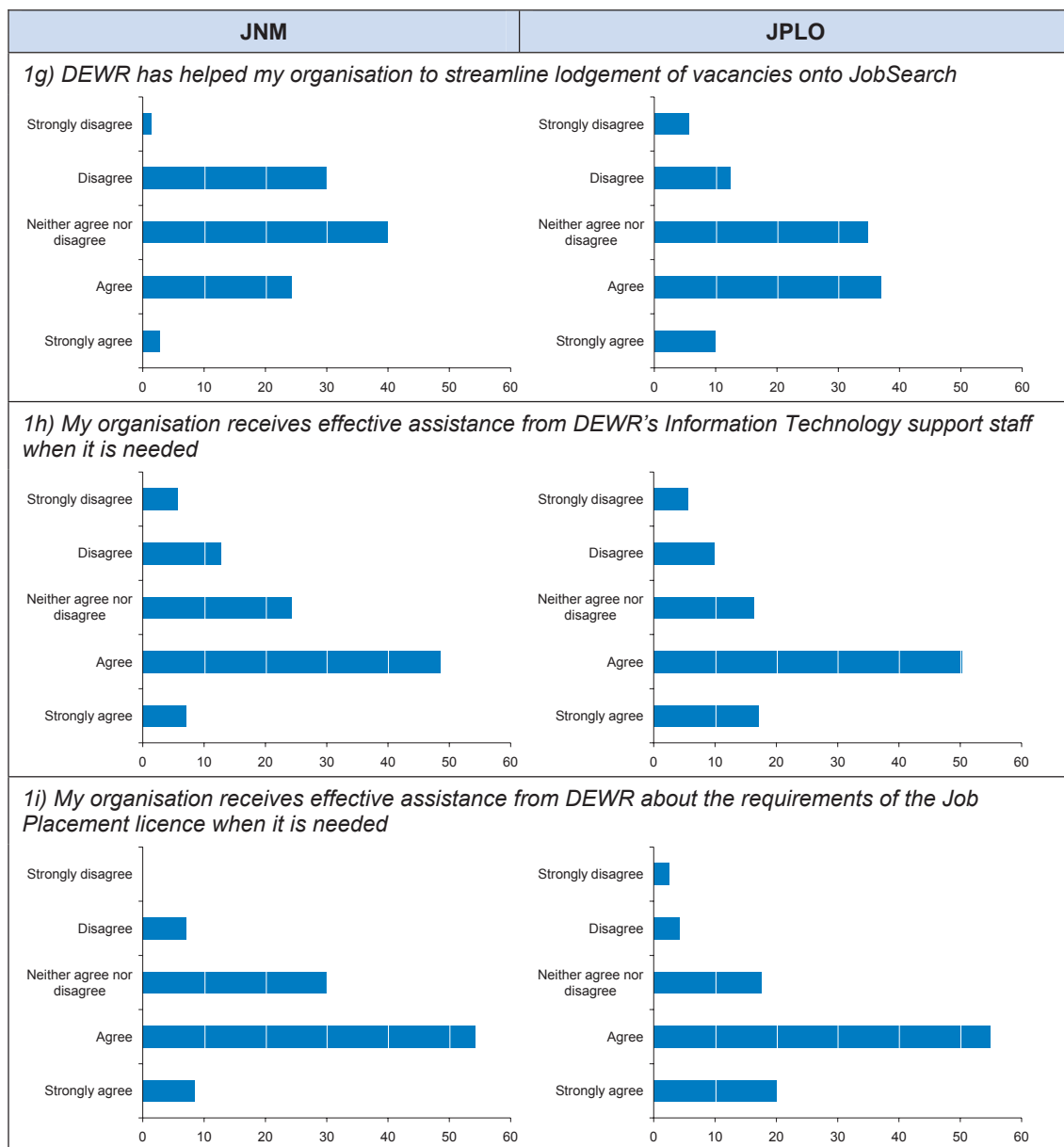
²⁵² See footnote 250 for explanation of confidence levels and intervals.

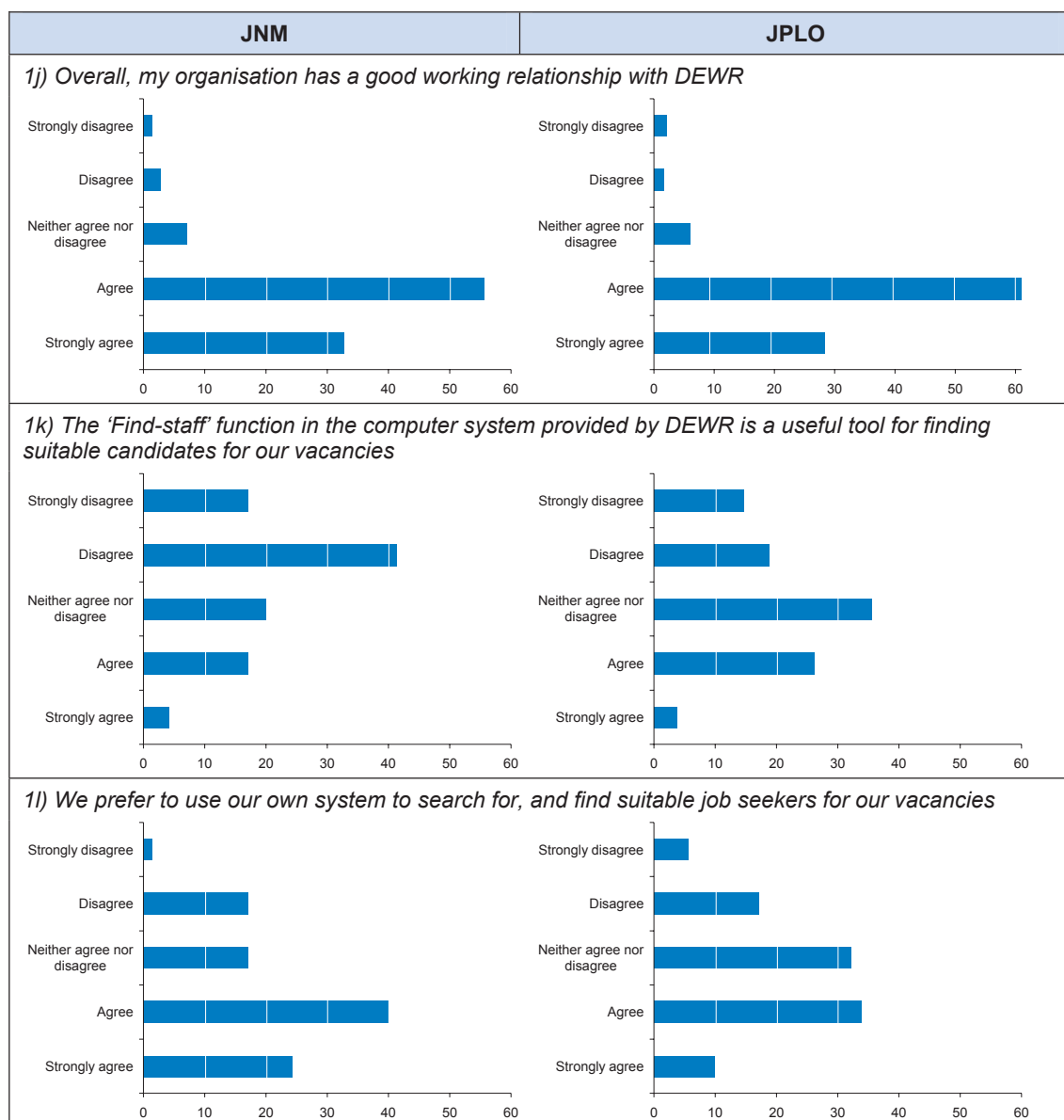
Table A 5

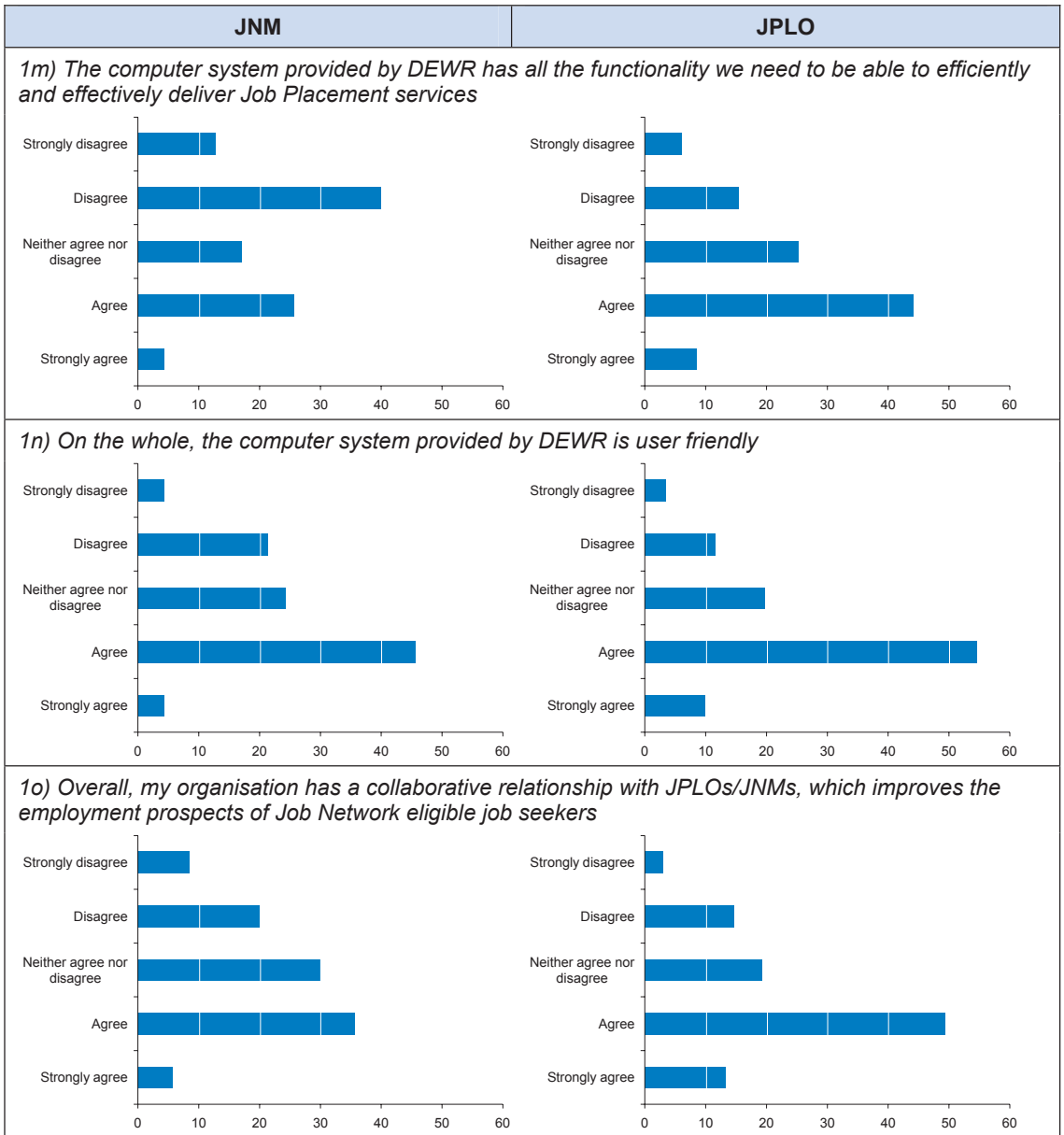
JPO survey: questions for both JNMs and JPLOs—1(a)–1(p), 2–3 (per cent).

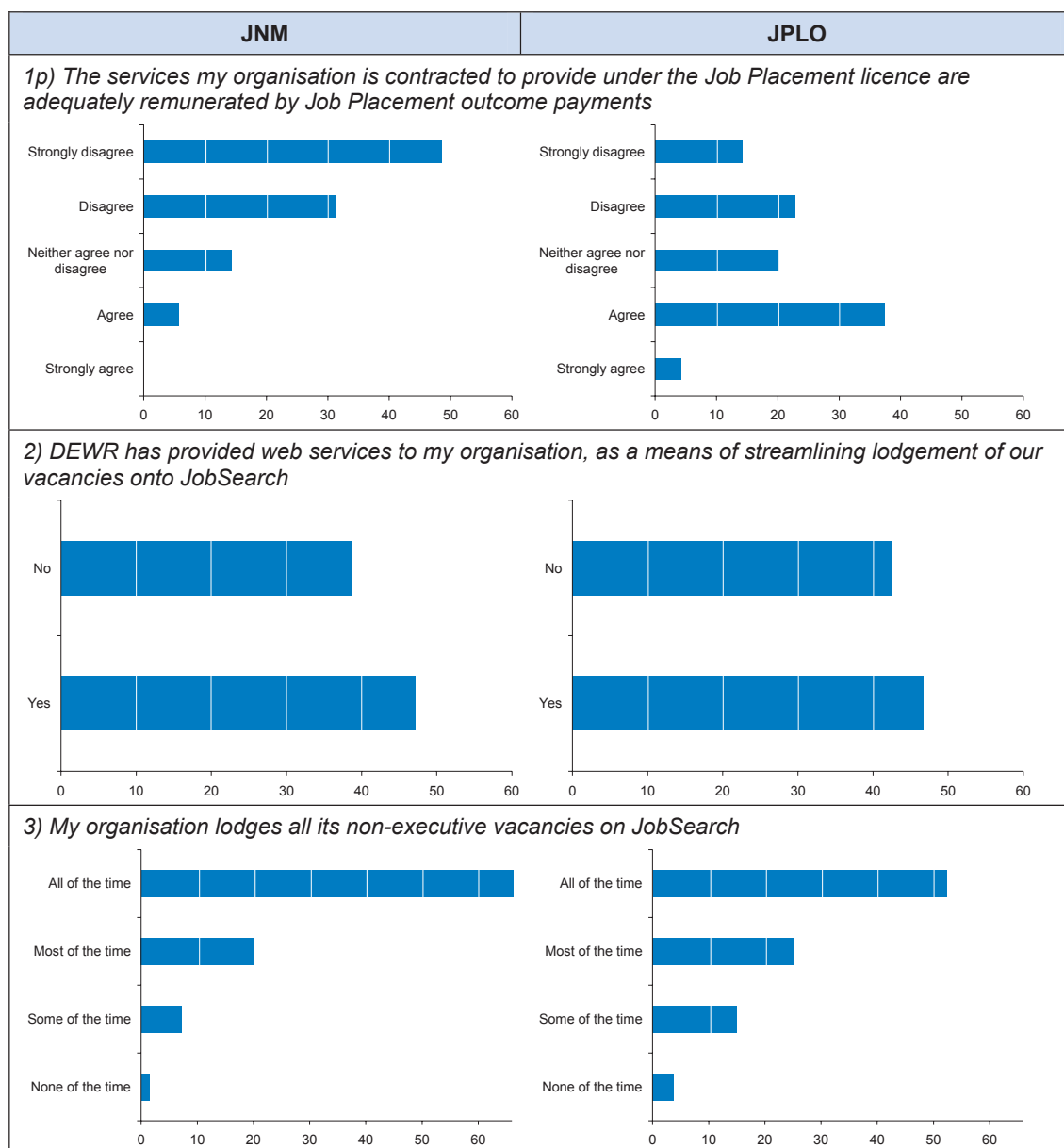








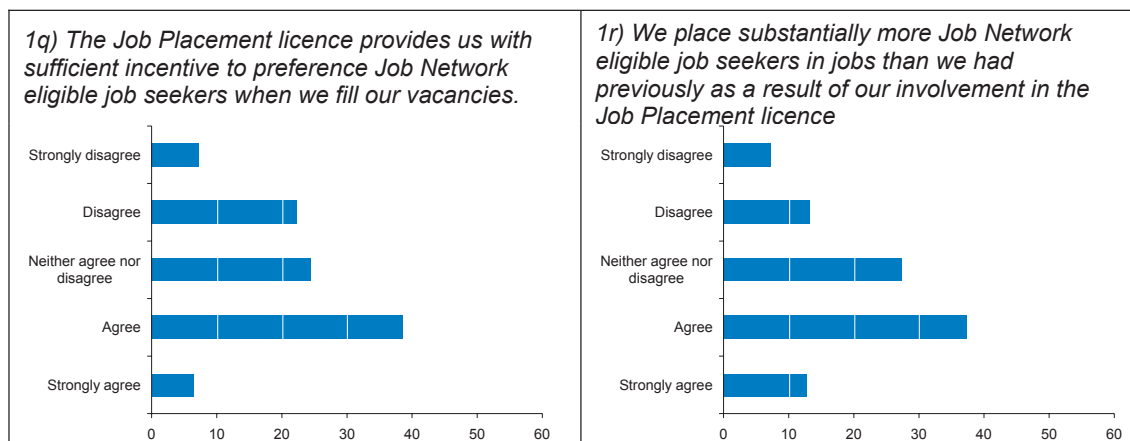




Source: ANAO analysis.

Table A 6

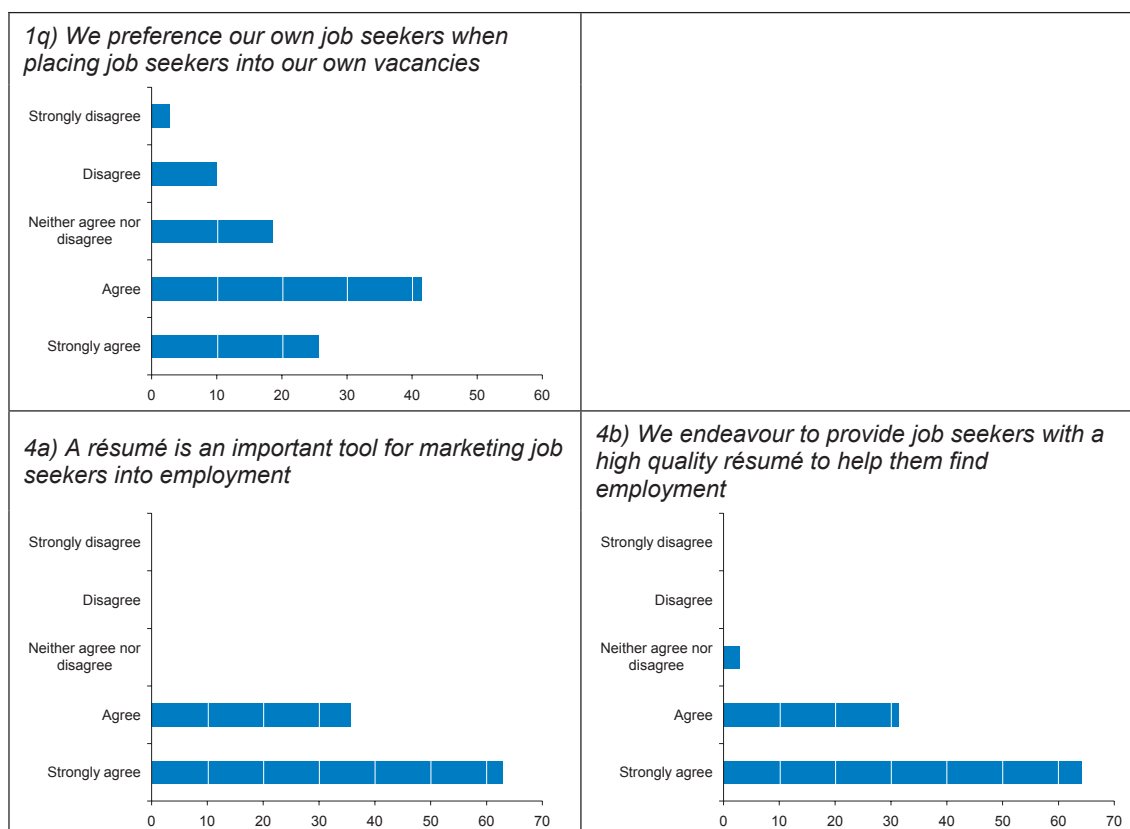
JPO survey: JPLO-specific questions—1(q)–1(r) (per cent)



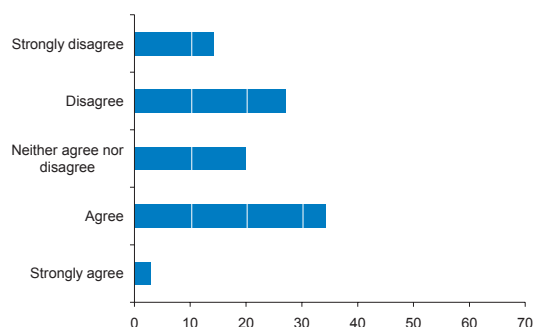
Source: ANAO analysis.

Table A 7

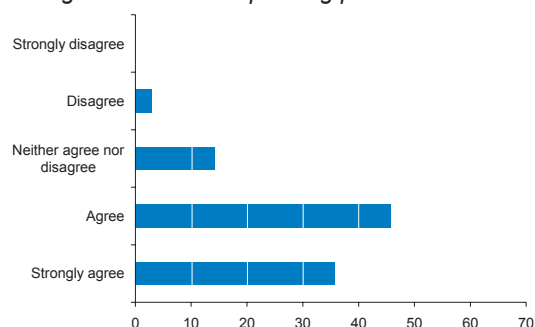
JPO survey: JNM-specific questions—1(q), 4(a)–4(m) (per cent)



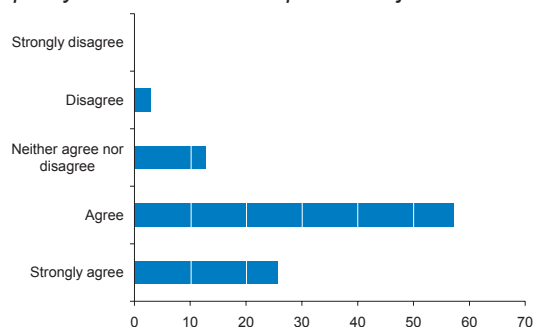
4c) The vocational profiling process provides us with an effective résumé that we can use to market our job seekers into employment



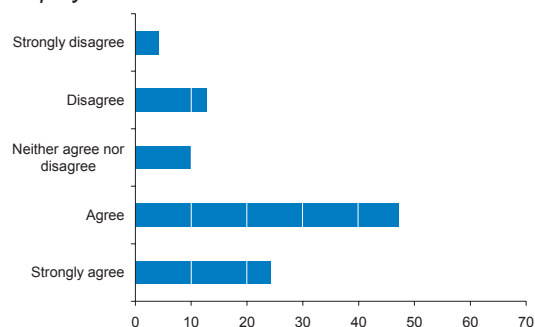
4d) If we can, we prefer to upload a job seeker's résumé onto the computer system provided by DEWR, rather than generate one for them through the vocational profiling process



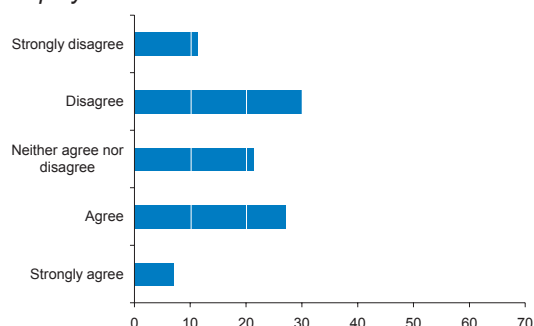
4e) The provision by DEWR, of the capacity to upload job seeker résumés has improved the quality of services we can provide to job seekers



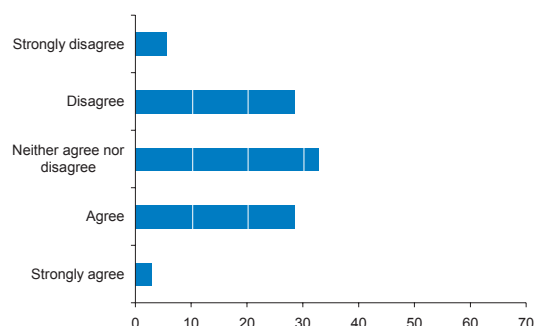
4f) Job seeker résumés, not vocational profiles, are the primary record used and up-dated by our employment consultants



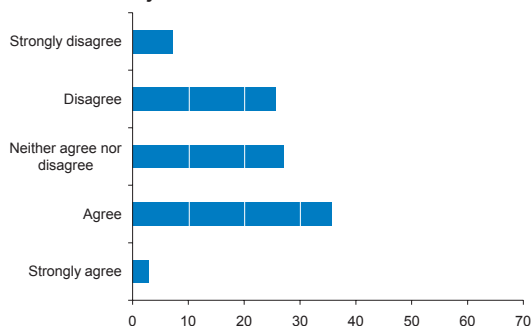
4g) The overnight matching of job seekers to jobs on JobSearch through their vocational profiles is an effective way of helping job seekers find employment



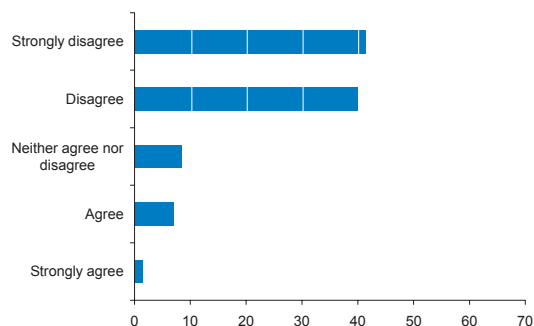
4h) Electronic matching is a useful tool to help us gauge the willingness of job seekers to accept the vacancies we offer them



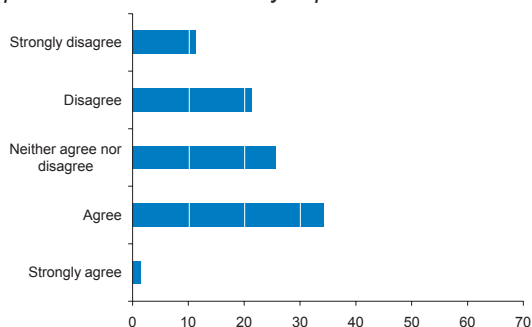
4i) As well as satisfying the requirement of the contract with DEWR, entering vocational profile information into EA3000 assists in achieving outcomes for job seekers



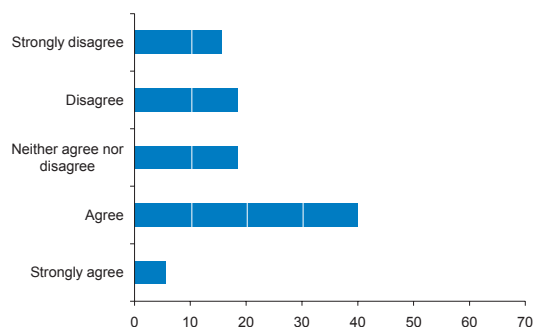
4j) The services my organisation is contracted to provide to job seekers at the vocational profile interview are adequately remunerated



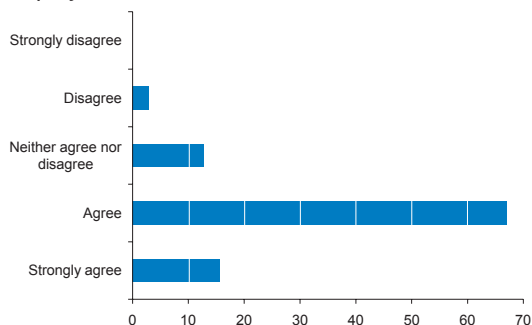
4k) The method used to calculate the payments my organisation receives for completing vocational profile interviews is clearly explained



4l) The development of vocational profiles for job seekers helps us to place them into employment



4m) Provision of self-help facilities, including JobSearch through touch-screen kiosks in Job Network member and Centrelink offices is an effective way of helping job seekers into employment



Source: ANAO analysis.

Appendix 4: Job Placement Services *Code of Practice*

Providers of Job Placement services commit to observe the highest standards of fairness and professional practice in the delivery of services. We will deliver Job Placement services to the best of our ability and with adherence to the terms and conditions of our licensing agreement with the Commonwealth Government. We will operate our services in a manner that:

- Upholds the integrity and good reputation of Job Placement services by:
 - acting with honesty, due care and diligence
 - behaving ethically, professionally and by being openly accountable for our actions
 - avoiding any practice or activity that could reasonably be foreseen to bring Job Placement services into disrepute
 - avoiding any practice or activity that artificially inflates our performance or outcomes
 - complying with all relevant Australian laws, including privacy, fair trading, trade practices and anti-discrimination laws.
- Is accurate and relevant by ensuring:
 - all Vacancy details on Australian JobSearch, including remuneration and contact details, are clear and accurate
 - that the information we collect from job seekers and clients is kept confidential, and is relevant and necessary
 - that we have premises and facilities appropriate to deliver services with safety, privacy and dignity.
- Demonstrates a commitment to job seekers by:
 - employing appropriately trained and skilled staff who are supportive and helpful to job seekers in their pursuit of employment
 - treating job seekers fairly and with respect
 - providing timely Feedback and information to job seekers, when required, about decisions that could affect the job seeker.

- Encourages Feedback without prejudice by ensuring that:
 - we have a complaints process of which job seekers and clients are made aware
 - staff seek and appropriately respond to job seekers' and clients' feedback with the aim of continuously improving services
 - staff support job seekers and clients in resolving any issues or concerns they may have
 - job seekers and clients are advised of the free Department of Employment and Workplace Relations (DEWR) customer service line.

Job seekers and clients are encouraged in the first instance to raise with us any concerns they may have. If job seekers and clients are dissatisfied with how we respond to their concerns or Feel that they cannot discuss the issue with us, they can contact the DEWR customer service line on 1800 805 260 (an interpreter can be arranged on request). If job seekers and clients are dissatisfied with how DEWR has managed their concerns, they may make a complaint to the Commonwealth Ombudsman's Office.

If a job seeker or client has a complaint that relates to a breach of legislation that provides a separate complaints mechanism, the job seeker or client may choose, at any time, to pursue the matter in the manner prescribed in that legislation.

Appendix 5: ANAO Duplicate Vacancy Detection Method

1. The ANAO employed auditing software to examine DEWR's vacancy data and to identify duplicates. An initial automated check was conducted to identify exact duplicates, which were defined as vacancies sharing an identical title, job description, location and classification.
2. A secondary visual check was conducted of the residual vacancy data to identify duplicates that were not identified by the automated check. This secondary analysis was necessary because there were a large number of duplicate vacancies not identified by the automated check because of minor differences such as a date in the job description field, a typographical error, the addition of nonsense characters, or a web link. For example, a vacancy could be posted with a date in the job description field, such as 'Adelaide Advertiser, 7 March 2005,' and then reappear three or seven days later with a changed date, but identical in all other respects. Duplicate vacancies posted more than one month apart were not counted as such, as these may have been instances of an employer re-using an old advertisement to advertise a new vacancy.
3. The sample size for the visual check was identified using the Australian Bureau of Statistics' statistical clearing house web site <<http://www.sch.abs.gov.au/>>, which resulted in a sample of 385 vacancies being drawn. To draw the sample, the ANAO sorted the vacancy data by job title and chose a random point in the sorted population using a random number generator, with the 385 vacancies following this point extracted for analysis. Assuming duplicates are reasonably evenly distributed throughout the vacancy population, the visual check would be sufficient to form an opinion at high degree of confidence (confidence interval 95 per cent +/- five per cent). The analysis of point in time and flow data was conducted using the same method, using separate visual samples.
4. The ANAO acknowledges duplicates may not be evenly distributed through the population, which means the level of additional duplication may be either higher or lower than the visual analysis suggests. The ANAO considers however, that the approach used and the resulting estimation of point in time and flow duplication is robust.

Appendix 6: DEWR's Full Response to s19 Proposed Report

This appendix reproduces DEWR's comments on the s19 proposed report dated 18 April 2006, including revisions subsequently provided by the Department, as well as a comment by the ANAO about some matters raised by the Department.

The Department of Employment and Workplace Relations (DEWR) appreciates the opportunity to participate in the performance audit of Job Placement and matching services. The department has worked closely and productively with the Australian National Audit Office (ANAO) since the audit commenced in July 2005. There are substantial areas of agreement but there are some areas where agreement was not possible. Two prominent examples include the ANAO's claim that Job Placement and matching services under the Active Participation Model (APM) is performing at or around the historical levels for previous Job Matching services but at a higher cost and the ANAO's estimates of the level of vacancy duplication on Australian JobSearch.

DEWR welcomes some key aspects of the report. The ANAO survey of Job Network Members (JNMs) and Job Placement Licence Only Organisations (JPLOs) involved asking JPLOs (many JPLOs are private recruitment companies) whether they agreed that they place substantially more Job Network eligible job seekers in jobs than they had previously as a result of their involvement in the Job Placement Licence (JPL). Of the JPLOs that expressed a view just over 70 per cent agreed with this statement. The statement is actually a significant test as it is about placing substantially more Job Network eligible job seekers as a result of the JPL. On the basis of the survey the ANAO made the following comment in the report:

The ANAO considers that the survey results reflect positively on the JPLO initiative in identifying registered job seekers and giving consideration to preferring those candidates over other job seekers.

The department welcomes the ANAO's conclusion.

The Report makes six recommendations. DEWR agrees in part with the majority of these. In most instances, DEWR has already taken steps to address them.

Job Placement Services

The department welcomes the ANAO's conclusion that it effectively managed the implementation of Job Placement and matching services. It also notes a key finding from the ANAO's survey that 75 per cent of JPLOs agreed that their organisation receives effective assistance from DEWR about the requirements of the JPL when it is needed, while only 7 per cent disagreed with the

statement. It is also worth noting that, according to the ANAO's survey, 89 per cent of both JNMs and JPLOs agreed that, overall, they have a good working relationship with DEWR.

The implementation of Job Placement Services was a challenging task given that it involved, *inter alia*, the Commonwealth contracting with the private recruitment industry for the first time, to place unemployed job seekers into work. This presented some significant challenges as many private recruitment companies were reluctant to engage with the department given their scepticism about the job readiness of many unemployed job seekers. Despite this initial challenge, Job Placement Services has been successfully implemented and is obtaining positive results for job seekers. Data for September 2005 show that 70.9 per cent of job seekers (the positive outcome rate is 74.6 per cent when education and training are included) were still in employment three months after being placed into a job under Job Placement Services. The figures for JNMs and JPLOs vary little (71.2 per cent compared to 70.2 per cent respectively).

Strong off-benefit outcomes are also obtained under Job Placement Services. For example, 57.6 per cent of job seekers (placed in the year to September 2005) who were on an activity-tested benefit at the time of their job placement and who were placed under Job Placement Services, had moved off activity-tested benefits three months after the placement. The proportion of job seekers who had moved off activity-tested benefits 15 months after a placement under Job Placement Services is around 68 per cent. As noted above, the ANAO's own survey results support the notion that Job Placement Services are obtaining positive outcomes for the unemployed.

One very important change that coincided with the introduction of Job Placement Services was the introduction of a 70/30 ratio. Under this ratio, DEWR will only pay for a maximum of 30 per cent of placements for Job Search Support Only job seekers (job seekers in this category include anyone who works less than 15 hours per week).²⁵³ Placements for Fully Job Network Eligible²⁵⁴ (FJNE) job seekers are considerably higher under Job Placement Services than they were under Job Matching (ESC2). For example, comparing the period January 2004 to March 2006 (with the equivalent period under ESC2) eligible placements for the FJNE were 25.5 per cent higher. Focussing on the 12 months to March 2006 (latest data available) with the equivalent period under ESC2 eligible placements for FJNE job seekers are 31.5 per cent higher. In other words Job Placement Services is considerably more focussed on assisting disadvantaged job seekers than the programme it replaced.

²⁵³ Full-time students are not eligible for Job Search Support Services.

²⁵⁴ Australians in receipt of income support are FJNE.

Under Job Placement, 75 per cent of eligible placements have gone to FJNE job seekers (the remaining 25 per cent of placements have gone to JSSO job seekers) compared to only 63 per cent under Job Matching. The bulk of paid placements made by JPLOs (72 per cent since July 2003) have gone to FJNE job seekers.

The ANAO identifies a number of challenges inherent in managing Job Placement Services. These can be broken up into a number of key areas including: allocation of places, site visits and service standards, the complaints process, duplicate employer records and programme assurance.

Allocation of Job Placement places

At paragraph 20 of its report the ANAO notes that Job Placement services operate under a national cap of 400,000 places which has not been breached. However, 'the ANAO found that documentation of government policy decisions in relation to a proposal for regional allocation of placement numbers should have been more complete'.

The department considers that government policy on regional allocation is clear. In addition the recruitment industry was consulted. The APM discussion paper that was released in May 2002 by the then Minister for Employment Services, Mr Mal Brough noted that: 'the arrangements to be applied in managing the allocation of these places to Job Placement organisations will be settled following consultation with industry and other stakeholders'. The department and the Minister consulted with the industry, and following these consultations, the government decided to operate Job Placement services as a national programme without regional allocation. If the 400,000 cap looks like being reached the department will seek advice from the Minister on how to allocate places within the cap.

Site visits

The ANAO noted that generally the electronic reports that DEWR uses for desktop monitoring provide a sound basis for contract monitoring. However, the ANAO also notes that, in response to previous audits, DEWR has agreed to establish minimum requirements and targets for site visits for JNMs. DEWR expects contract managers to undertake site visits to JPLOs when required using a risk management approach to effectively utilise the department's resources. This is a pragmatic approach based on the very large number of sites from which Job Placement services are provided. While the department finds that the current approach is working well, a list of situations in which it will be compulsory for contract managers to visit providers is also being developed and will be implemented this year.

Service standards

The ANAO calls for the development of objective indicators and measurable performance standards for the key service quality commitments in the JPL and Code of Practice. The JPL contains objective indicators and measurable performance standards, for example in relation to behaving honestly. This is an absolute, behaviour is either honest or dishonest, there are no shades of honesty. Any attempt to prescribe accepted community and professional standards in fine detail would be of limited value and may actually lead to a diminution in service quality. Through Job Placement Services, the department has contracted with some of Australia's largest and well established recruitment companies. The success of these companies is testament to their own ways of providing quality services which are tailored to suit employers and job seekers in particular sectors of the labour market. It would not be sensible for the department to prescribe the way in which they should do so, which could also constrain further quality improvement

Under Job Placement Services JPOs are only paid if they actually place a job seeker into employment. The department already has an extensive set of system and other checks that, in a risk management framework, control for inappropriate claims. DEWR does not therefore support the ANAO's attempt to itemise the specification of performance standards for the Code of Practice. However, DEWR will take further steps to improve job seekers' awareness of the Code and the complaints mechanism. DEWR will also review its Job Seeker Omnibus Survey in the second half of 2006, with a view to encompassing additional servicing achievements in relation to the Code.

The complaints process

The ANAO has argued that DEWR has no process for obtaining assurance about the adequacy of JPLOs' complaints handling processes: for example, whether job seekers are being informed they have a right to complain if they are not satisfied with the service they have received, or whether job seekers are being informed by JPLOs that the service they are receiving is attracting payment from the Australian Government. The ANAO also found that there is no data available on the complaints received by JPLOs from job seekers.

This issue is not as straightforward as the ANAO suggests. Firstly, at their initial registration interview JNMs are obliged to appraise registered job seekers of the complaints process and the DEWR complaints line. In addition, there are Government policy considerations surrounding signage and JPLOs are not required to identify themselves as providing Job Placement Services (they are not required to, for example, have displays in their front window stating that they are providing Job Placement Services).

When Job Placement Services commenced the private sector recruitment industry argued strongly against having to display any Job Placement signage as they argued that it is not necessarily in the interests of job seekers for employers to know that they are unemployed. In addition it could be deemed unreasonable for the department to expect providers to 'brand' themselves as JPLOs when in reality Job Placement Services often form a very small part of their business (this argument applies particularly to large recruitment companies).

While JPLOs are not required to have signage they are all identified as providing Job Placement Services through the key search tool used by unemployed job seekers – the Australian JobSearch (JobSearch) web site. To strengthen this further the department plans to enhance the JobSearch system so that all vacancies from both JPLOs and JNMs are prominently identified on the site through a Job Placement Services logo.

Some key changes to the job seeker complaints process will be introduced for the new contract period. The JPL for the 2006-2009 period requires JPLOs to maintain a complaints register (JNMs are already required to keep a register). Comprehensive complaints guidelines have been developed for JPOs and will be made available on the Job Placement Secure site prior to 1 July. Under these guidelines JPLOs will be required to provide evidence that they have established a register and DEWR contract managers will have access to the register on request. DEWR will also take additional steps to further raise job seekers' awareness of the Job Placement Code of Practice (and the complaints mechanism) through, inter alia, improving existing information on the Australian JobSearch web site and kiosks. An electronic copy of the Code of Practice will be uploaded onto the job seeker module of the JobSearch website, as well as a link to the Code of Practice made available from the 'job seeker' page of the Workplace portal. As with other DEWR programmes, second level complaints raised with DEWR by job seekers and clients are recorded and monitored in the Employment Services Quality Information System (ESQIS).

Duplicate Employer Records

In paragraph 25²⁵⁵ of its report the ANAO notes that it:

found there was no consistent unique identifier for employer records in DEWR's employment systems. Consequently, the same employer can have multiple DEWR identification numbers and may be described differently in each record. This makes it difficult for DEWR to systematically identify instances of serial placements, multiple

²⁵⁵ ANAO note: in this final report, these DEWR comments relate to paragraphs 2.56–2.59.

claims and job splitting, or to introduce system rules that would prevent these ineligible placements from being claimed.

The issue of multiple employer records is a complex one. It is easy to say that a single unique identifier should be established but very difficult to do so in practice. Different providers describe the same employer differently and the complex way in which employers are structured through different legal entities means that there is no easy answer. The department has attempted to implement a central employer record most recently from the middle of last year. However, given the complexities involved the department has pursued other more effective avenues to address the issues mentioned by the ANAO.

The ANAO argues that the existence of multiple employer records makes it difficult for DEWR to identify instances of serial placements, multiple claims and job splitting. The largest potential issue from multiple employer records is serial placement. The creation of a central employer record is not an effective solution and for that reason the department has sought alternate options as outlined below.

Under the JPL 'serial placement' means the placement of a registered job seeker with the same employer or with a related entity more than four times in any 12 month period following the first placement of that registered job seeker. Placements that fall into this definition are not paid for under Job Placement Services. The department monitors serial placements, via desktop monitoring and through programme assurance surveys. There is also a system check that stops providers making more than four claims for a particular job seeker with a particular employer in a 12 month period.

Serial placement is not a particularly large issue. The reality is that only a very small percentage of claims could even potentially fall under the serial placement definition. Serial placement can only occur (by definition) where a job seeker is placed by a particular provider more than four times in a 12 month period irrespective of who they are placed with. For 2004/2005, 98.3 per cent of job placement claims were for placements where jobseekers had been placed by an individual provider four or less times in that year. None of these claims could have been serial placements by definition. Of the remaining 1.7 per cent of claims only a very small sub-set could be serial placement. For example, if a job seeker is placed five times with a single employer by a JPO in a year then only one of those placements is a serial placement – the first four are legitimate. When we take this factor into account only 0.64 per cent of all claims in 2004-2005 could even possibly be serial placements. Of course the actual number that could realistically be serial placement is much smaller than this as most employer records are not duplicates. Even when there are duplicate employer records this, in itself, is not indicative of serial placements. ANAO has previously noted in paragraph

2.60²⁵⁶ that DEWR advised that most of the 'serial placements' it had identified related to a single provider that was already under scrutiny, and that all funds had been recovered.

Duplicate employer records will be of no relevance to serial placements for the 2006-2009 contract period. Under the new JPL, serial placement has been simplified as the placement of any job seeker more than 4 times in any 12 month period. As the test is no longer at the employer level this is easy to monitor using the job seeker ID. Multiple employer records were never a significant issue for serial placement (given the small proportion of claims that could even potentially fit into the definition) and for the 2006-2009 contract period they will be irrelevant.

Multiple claims means 'the lodging of more than one claim, by one or more Job Placement Licensees, for the same Payable Outcome or Bonus Payable Outcome'. Multiple claims include claims where one provider has made two claims for a job seeker for what appears to be an identical placement and claims where two providers have made a claim for one job seeker for what appears to be an identical placement.

These cases are monitored by DEWR through desktop monitoring and have resulted in a number of recoveries. The system currently stops the placement of a job seeker who has already been placed into a permanent full-time position on the same day. A system enhancement will be implemented later this year that will also prevent the placement of a job seeker who has already been placed on the same day into a vacancy that is not a full-time permanent position.

Multiple claims can be checked against the actual start dates of particular jobs. It is possible to check that without referring to employer records. If a number of claims imply that a job seeker may be doing more than one job at once then clearly something should and would be questioned by the department. The department will increase its monitoring of this.

Job Splitting means the splitting of a vacancy or an assignment into a number of vacancies or assignments in order to maximise bonus payable Outcomes or Payable Outcomes. Job splitting does not occur as a result of duplicate employer records, but rather through the sequential placement of a number of job seekers into the same vacancy, so that a provider can claim more than one outcome. Where this occurs it will occur within a short space of time (otherwise it is not really the splitting of a vacancy). Job seekers being placed into a number of short-term jobs by a particular provider over a short period can be monitored without reference to employer records. Job splitting needs to

²⁵⁶ ANAO note: in this final report, this DEWR comment relates to paragraph 2.57.

be analysed individually on a case by case basis. A simple system check cannot be devised as there may genuinely be more than one vacancy with a particular employer in a fairly short space of time. DEWR will continue to monitor cases of potential job splitting, in particular where multiple job seekers have been placed into vacancies at the same address within a short period of time. By focussing on the actual address the department can overcome issues surrounding different descriptions for the same employer.

Programme assurance surveys

At paragraph 29²⁵⁷ of its report the ANAO makes the following points.

DEWR conducts regular 'programme assurance' projects that provide assurance about payments made to JPOs. These projects have drawn on structured telephone surveys of a sample of job seekers and aim to identify instances where the job seeker's recollection of their employment does not match the data entered into DEWR's system by the JPO. The projects use this data to identify potentially suspect payments and to initiate checks of these and, where appropriate, recovery of funds. DEWR's data shows that around 5 - 6.5 per cent of the programme assurance survey responses result in a 'debt', that is, monies to be recovered from a JPO. In 2004–05, DEWR's programme assurance projects identified 1 610 Job Placement outcome payments (approximately \$400 675) for recovery. However, the ANAO estimates that, overall, around 15 400 Job Placement outcome payments (approximately \$4.67 million) were potentially recoverable for 2004–05—only 10 per cent of which had been identified by DEWR through its programme assurance projects.

The extrapolation of the recovery rate of 5-6.5 is not accurate as random programme assurance is not the only method used to monitor claims. DEWR also uses other significant measures to prevent or detect anomalous claims, including system edit checks and desktop monitoring (both in National and State offices). This means that it is invalid to simply extrapolate the debt rate used by the ANAO. In addition, DEWR conducts targeted programme assurance projects where we identify one or more providers with high levels of ineligible claims. DEWR actually conducts more targeted than random projects – for the period ESC3 to date, more than 85 per cent of all programme assurance surveys conducted were targeted projects. This further invalidates the ANAO's extrapolation.

At paragraph 26²⁵⁸ of its report the ANAO makes a similar extrapolation regarding related entity claims. Apart from the department's arguments that

²⁵⁷ ANAO note: in this final report, this DEWR comment relates to paragraph 27.

²⁵⁸ ANAO note: in this final report, this DEWR comment relates to paragraph 26.

are reflected in the ANAO's report, (and the arguments in the paragraph above) it is also worth noting that a system enhancement is being introduced on 1 July 2006 which will ensure all related entity placements are flagged on the employer record, and not at the time of the job seeker referral.

DEWR will continue to ensure increased compliance through the provision of advice to providers and through regular desktop and contract monitoring.

The cost of Job Placement and job matching services

At paragraph 49²⁵⁹ the ANAO argues that it:

'reviewed the available evidence and concluded that Job Placement and matching services under the Active Participation Model (APM) is performing at or around the historical levels for previous Job Matching services in terms of eligible placements and post-assistance outcomes, although it is more costly overall (between \$67 million and \$100 million per year more than previously) and the cost per eligible placement is around 40 per cent higher than historical levels than Job Placement and costs 40 per cent more than Job Matching did under ESC2'.

DEWR does not accept the ANAO's claim that the APM is performing at or around the historical levels for previous Job Matching services in terms of eligible placements. First the claim about the number of placements is wrong and second the cost comparison is flawed. While the ANAO partially concedes that the comparison is not like for like it still makes bald statements like the statement in paragraph 49.²⁶⁰

In making the statement in paragraph 49²⁶¹ the ANAO ignores the fact that Job Placement Services has significantly shifted the emphasis to placing FJNE job seekers into work. For example, comparing the period January 2004 to March 2006, (with the equivalent period under ESC2) eligible placements for the FJNE were 25.5 per cent higher. In addition total job placements (that is including situations in which a job seeker finds their own job) are at record levels and as explained below, some of the services provided to job seekers under job placement and matching would have contributed to this outcome.

In regard to the cost estimate, it is not correct to combine the total costs for the initial interview with Job Placement fees to determine the cost of a job placement, as the initial interview is used for more than entering a Vocational Profile (VP) on EA3000. For example, the initial interview and VP process

²⁵⁹ ANAO note: in this final report, this DEWR comment relates to paragraphs 17 and 49–51.

²⁶⁰ See ANAO note at footnote 259.

²⁶¹ See ANAO note at footnote 259.

assists JNMs to ensure each job seeker has one of the most important tools for their job search – a résumé- and has access to a range of self help job search facilities. The interview is also used to identify areas where the job seeker needs to improve vocational or job search skills and capabilities to improve their chances of finding employment. Relating expenditure on Job Matching under ESC2 with registration and Job Placement fees under ESC3 is not a fair comparison (as noted by the ANAO).

While the ANAO has included the cost of registration services for ESC3, it has not clearly demonstrated that résumé and job search support services were previously funded through Intensive Assistance Upfront Fees and Job Search Training under ESC2. While such costs cannot be easily identified, the current comparison is flawed because it does not consider similar costs between ESC2 and ESC3.

The ANAO correctly acknowledges that part of the increased cost of services in 2003-04 and 2004-05 was related to the replacement of old self-help facilities with new and more functional touch screen kiosks. The kiosks provide job seekers with a range of services (such as information on employment services; access to print, update and email résumés and a Personal Page for notification of auto-matches, messages from employers and appointment reminders) that were previously provided by JNMS, or not provided at all.

Under the APM (ESC3), all job seekers were provided with a basic level of service from their Job Network member. JNMs now, at a minimum, ensure all job seekers have a résumé and understand and have access to a range of self help services, including interactive JobSearch kiosks, auto matching and notification services.

Under the APM, these basic services provide much more capacity for job seekers to be in control of their own job search activity than under previous arrangements. An example of the greater levels of service is that, under ESC2, 51.7 per cent of Job Network eligible job seekers remember being helped with a résumé. Under ESC3, this is now at least 89 per cent of job seekers. Clearly having a résumé could have a positive impact on a job seeker's likelihood of obtaining a job. In the ANAO's own survey 99 per cent of JNMs either agreed or strongly agreed that a résumé is an important tool for marketing job seekers into employment. A résumé would also be likely to help a job seeker obtain their own job.

It is worth noting, in this context, that in the paragraph above (ie paragraph 49)²⁶² the ANAO only focuses on eligible placements (placements that attract a Job Placement fee) rather than total placements (including where a job seeker

²⁶² See ANAO note at footnote 259.

finds their own employment). The provision of a résumé and other advice to job seekers given at the initial interview (see the outline of the initial interview in the section on VPs) would be likely to help job seekers to find their own job and would be likely to have contributed to the record total job placements that have occurred under the APM.

It is true that job seeker recall of having a VP completed for them (a VP is not a résumé) is lower than the proportion of having a résumé completed for them. However, this is likely to be due to a number of factors, including recall error (as DEWR administrative data that shows 97 per cent of job seekers who have attended the initial interview have a complete VP recorded in EA3000), as well as timing and survey methodology.

Electronic Job Matching

DEWR welcomes the ANAO's observations that the department has substantially streamlined and improved Vocational Profile and auto-matching processes, considering the implementation challenges faced by the department. However, the department takes significant issue with some of the ANAO's conclusions. At paragraph 12²⁶³ the ANAO argues that the requirement to create a vocational profile 'has been a time consuming and costly undertaking that has, to date, resulted in relatively few job placements'. The ANAO went on to note that 'a relatively small proportion of job seekers benefit from electronic matching—around 1.3 per cent of eligible placements in 2004–05'.

Much of the ANAO's comments on electronic matching focus on auto matching and not the broader purpose of VPs. A VP is simply a collection of information on a job seeker's skills, work experience and occupational preferences. VPs are used for auto matching but also for FindStaff (a tool through which employers and JPOs can search for job seekers) as well as Instant Job List (a tool that allows job seekers to search for jobs that match their profile). The department is unable to estimate the number of job placements that result from the FindStaff and Instant Job List but this does not mean they do not play a useful role. For example Findstaff had 470,707 unique uses from June 2003 to August 2005.

The ANAO's estimates of the cost per placement from auto matching are highly misleading. They are based on an estimate of how long it takes for JNMs to complete a VP. This cost is then divided by the number of job placements that have resulted from auto matching. There is a fundamental error with this approach as it does not equate costs and benefits properly. VPs serve a range of purposes beyond auto matching but the ANAO's analysis fails

²⁶³ ANAO note: in this final report, this DEWR comment relates to paragraph 13.

to take this into account. In essence the cost per placement estimates constructed by the ANAO consider the full cost of completing a VP but only part of the benefits and as a result they are misleading.

The ANAO correctly outlines that JNMs are required under ESC3 to conduct an initial interview with each job seeker, for which DEWR pays \$60 or \$90, depending on the level of job seeker disadvantage. However, the ANAO does not describe the full range of services provided at the initial interview, which include:

- explaining the relevant Job Network and Job Placement Services;
- creating and lodging a Vocational Profile and lodging a résumé through DEWR's information systems, and ensuring the job seeker has a copy of their résumé;
- explaining how auto matching works and establishing a password to enable the job seeker to access automatch details;
- providing advice about the best ways to look for and find work;
- showing the job seeker how to search for job vacancies on JobSearch;
- providing the job seeker with an initial list of appropriate job matches;
- explaining the use and access to job search facilities and JobSearch; and
- providing access to an interpreter, where required.

While the ANAO has focused on those services that are relevant to automated job matching, it has failed to clarify that the range of contracted services would still need to be provided at the initial interview, even if auto-matching did not exist. For example, JNMs would still need to:

- obtain information on a job seeker's background;
- provide advice on job search assistance and the labour market;
- provide information on how the JNM will assist the job seeker to identify suitable job opportunities;
- explain how the job seeker can undertake their own job search activity and where to look for opportunities;
- identify where job seeker skills can be strengthened; and
- determine where further Job Network and complementary assistance may be required.

The ANAO explains that the process for JNMs creating Vocational Profiles has changed during the course of ESC3 in response to feedback from JNMs. The

initial VP in EA3000 contained 13 tabs and 13 pages of information, requiring between 28 and 53 steps to complete a VP. The current VP (introduced in February 2005) contains 7 tabs and 2 pages of information, requiring between 11 and 21 steps to complete. These improvements have been made in consultation with JNMs, have not altered the contractual requirements and have contributed significantly to efficiency, without a consequential reduction in fees. These improvements mean that a VP can now be created in less than five minutes.

The ANAO argues that some JNMs continue to manually create VPs and résumés in EA3000 and this can take up to 20 minutes. While this is a business decision made by a minority of JNMs,²⁶⁴ the ANAO report implies that DEWR has arrangements that are not adequately remunerated, based on feedback from JNMs who have not taken advantage of the significant efficiency gains (without reducing remuneration) and improvements to processes made by DEWR.

Despite some of the negative comments made about electronic matching in the ANAO's report the ANAO's own survey presents a mixed set of results (as the ANAO acknowledges). When asked about the following statement 'as well as satisfying the requirement of the contract with DEWR, entering vocational profile information into EA3000 assists in achieving outcomes for job seekers', 39 per cent of JNMs agreed with the statement while 33 per cent disagreed. In other words the majority of JNMs that expressed an opinion expressed a positive one.

The department's analysis suggests that once a job seeker résumé has been created, the creation of a vocational profile is a simple process that, in most instances, takes less than 5 minutes to complete.²⁶⁵ In addition expectations about electronic matching have to be realistic. Matching will never replace the role of an experienced employment consultant. Despite this a job seeker survey for August 2005, showed that 67.2 per cent of job seekers said that over a three month period, they regarded some, half, most or all the vacancy notifications they had received as suitable matches. Just under 50 per cent of job seekers reported that all, most or half of their matches were suitable. Having said that, the department agrees that it should further monitor and assess the cost of its

²⁶⁴ 60 per cent of all résumés created in EA3000 between January and March 2006 were uploaded from a pre-existing file.

²⁶⁵ A DEWR data analysis of the time JNMs spend on the 'VP screen' shows that, in the majority of cases (85 per cent), JNMs spend five minutes or less in sessions from the time the 'upload résumé' button is pressed, to the time the 'save/complete VP' button is pressed. DEWR acknowledges that there are limitations in this type of data analysis. There is no way to determine from timestamps alone, exactly what was being undertaken between the 'upload résumé' and the 'complete VP' steps. However, given the concurrence between this analysis; the internal time trials—and field observations, it's reasonable to infer that many of the records represented copy-and-paste operations. Once a résumé is completed copying and pasting from that résumé to the VP screens does not take very long.

auto-matching operations. In doing so the department will consider the broad role of VPs including their use for FindStaff and Instant Job List. It will also need to consider competing priorities, including from Welfare to Work when determining what further changes can be made. From a policy perspective key consideration will have to be given to the fact that, without a VP, it would not be possible for JPLOs and employers to directly search for job seekers.

The ANAO recommends that the department should assess the end-to-end resource requirements for JNMs to deliver the contracted new referral interview services. It would be artificial to consider the resources required to provide the new referral interview services from other services provided by JNMs. Having said that, the department will continue to work with JNMs to make efficiency gains in new referral interview services without diminishing outcomes for job seekers.

The ANAO recommends that DEWR 'ensure that its contract with JNMs is up-to-date, reflects the agreed importance of résumés as an outcome of new referral interviews, and specifies the quality of the résumés JNMs are expected to complete for job seekers'. The existing contract is clear. In addition the JNM contract for 2006-2009 clearly separates the requirement for the creation of a résumé and a VP. The ANAO's own survey shows that there is not a particular issue. When asked whether they endeavour to provide job seekers with a high quality résumé to help them find employment, 95 per cent of JNMs either agreed or strongly agreed that they did. Individual JNMs have their own way of doing this and it would not be sensible for the department to be prescriptive about the way in which JNMs develop résumés. For that reason the department does not agree that it should specify the quality of résumés it expects through its contract to JNMs. There is no single way to create a quality résumé. In addition judgements about the quality of a résumé can only be made with knowledge of the individual job seeker and the type of jobs they are seeking. It would be impractical to attempt to specify the quality of résumés through the Job Network contract.

The ANAO has commented on DEWR's use of SMS and email to notify job seekers of auto-matches and 'considers that DEWR would more fully conform to better practice, in terms of the government's anti-Spam initiative, if SMS and email notifications to job seekers included a functional unsubscribe facility, about which job seekers were informed.' The ANAO notes that unsubscribe facilities are available but suggests that a direct link from the email/SMS to unsubscribe would be desirable.

ACMA states that, for SMS 'a simple unsubscribe-via-reply function is suitable'. A job seeker who replies to a JobSearch SMS with the word 'unsubscribe' will be removed. This has been the case since the introduction of the service and all such messages have been actioned within one working day.

Job seekers can also unsubscribe through their Personal Page or JNM (who would use EA3000). With a 160 character limit on SMS messages, the provision of unsubscribe details in each message would mean that other information provided was virtually useless.

The Department disagrees with the assertions in paragraph 3.43²⁶⁶ of the Report that:

- DEWR did not consult with ACMA prior to obtaining advice on the Spam Act;
- none of the exemptions applied to the requirement to consult under the Legal Services Directions (LSDs); and
- the ACMA manager was not provided with a copy of the request for advice, which contained the background material given to the DEWR legal advisor.

To the contrary, at the time of the request for advice the Department considered that the advice was probably routine in nature and therefore consultation was not required. However, for the avoidance of doubt, the Department nevertheless decided to consult by providing to ACMA a draft advice for discussion. The draft advice set out the question and the background.

The Office of Legal Services Coordination, the entity responsible for administering the LSDs, has confirmed that the Department did not breach paragraph 10 of the LSDs in relation to the Spam Act advice because:

- The advice was routine in nature. Although the SPAM Act was new, the advice itself concerned the interpretation of a term in the Trade Practices Act 1974 which has been the subject of extensive judicial commentary. Therefore, the paragraph 10 obligation was not triggered.
- The Department nevertheless consulted in relation to the request for advice. Considering the circumstances, the use of a so-called 'draft advice' to consult was an appropriate means of informing ACMA of the relevant issues in an efficient and effective manner.

Australian JobSearch

A key result from the ANAO's survey is worth noting: 77 per cent of JNMs agreed that JobSearch was an effective tool for advertising their vacancies to job seekers while only 10 per cent disagreed. The equivalent proportions for

²⁶⁶ ANAO note: in this final report, these DEWR comments relate to paragraphs 3.41–3.42.

JPLOs were 82 and 6 per cent respectively. JobSearch clearly is seen as effective by both JNMs and JPLOs.

The ANAO recommends that, in light of the Government's original intention and the maturing of the on-line employment vacancy listing market, DEWR conducts a review to assess the full costs and benefits of maintaining a wholly Government owned and operated on-line vacancy listing enterprise. The department agrees to undertake such a review, however, it also notes that the ANAO makes an important distinction in paragraph 15 of its report. In that paragraph the ANAO notes, *inter alia*, that a review should be conducted of the costs and benefits of maintaining a Government owned and operated on line vacancy listing enterprise, aside from the necessary business functions that support contracted employment service providers.

The last part of this sentence is very important for, without JobSearch or an equivalent, unemployed job seekers would have no way of seeing all the vacancies for which the Commonwealth will provide a fee to providers to place them into work. Without an electronic exchange like JobSearch, unemployed job seekers would have no ready way of seeing the vacancies available across all JNMs (not just their owning JNM) or through JPLOs. For job seekers not to have access to vacancies across all JNMs would require changes in Government policy. It is worth noting, in this context, that a significant proportion of eligible job placements made by JNMs involve placing the clients of other JNMs into jobs.

DEWR's review of JobSearch will consider the marginal cost and benefit of providing the services that go beyond the necessary business functions that support contracted employment service providers. The review will focus primarily on the needs of disadvantaged job seekers.

At paragraph 38²⁶⁷ of its report the ANAO notes that the inclusion of JPLOs through Job Placement Services has resulted in a slight increase in the number of vacancies lodged.²⁶⁸ It then goes on to note that JPLOs initially performed below expectations. It is worth noting that the expectations that the ANAO is referring to were based on estimates provided by JPLOs (many of whom had never provided publicly funded employment services) when they were first granted a JPL and does not represent a performance target.

At paragraph 46²⁶⁹ of its report the ANAO raises concerns about the age of vacancies arguing that JobSearch does not have an expiry date for vacancies

²⁶⁷ ANAO note: in this final report, this DEWR comment relates to paragraph 37.

²⁶⁸ If the focus is on position (many vacancies on JobSearch have multiple jobs (positions) against them) then the impact is larger.

²⁶⁹ ANAO note: in this final report, this DEWR comment relates to paragraph 42.

lodged by JPOs. This is no longer the case. DEWR has been planning since December 2004 to reinstate a batch job in which vacancies lodged by JPOs will be inactivated if the vacancy has been on the site for more than 30 days (the batch job was not reinstated immediately due to competing priorities including the Welfare to Work reforms). JPOs will be able to keep vacancies on the site if they update them as some vacancies can take a considerable time to fill. JPOs were advised about the reinstatement of this 'batch job' through the Job Placement Bulletin in November 2005. The batch job will be run from 22 April 2006 onward (the department gave JPOs considerable notice otherwise genuine vacancies will be inactivated). Vacancies lodged from CareerOne and MyCareer remain on the site for up to 14 days before being inactivated.

The ANAO acknowledges an increase in the number of vacancies that appear on JobSearch but also argues:

that it is unclear the extent to which a connection can be made between increasing the number of vacancies on JobSearch and overall Job Placement outcomes. This is because many vacancies on JobSearch are not appropriate to job seekers' occupational preferences (there is, for example, a misalignment between job seekers with a preference for factory or cleaning work and the number of listed vacancies sourced from the commercial on-line job boards in these areas), and job seekers do not compete for vacancies on an equal footing. The ANAO found that DEWR has not assessed the impact that increasing vacancy lodgement on JobSearch has had on improving the employment prospects of registered job seekers. Assessing the impact of increasing the number of vacancies in JobSearch in achieving job seeker employment outcomes would enable DEWR to ascertain the return on its investment.²⁷⁰

While DEWR agrees to further investigate the impact that increased vacancies have had on increasing job prospects for registered job seekers this assessment will have to go well beyond the occupational preference of job seekers as registered job seekers are expected to and do look for work outside their preferred occupation. The Social Security Act 1991 states that, in order to qualify for payment, income support recipients must be actively seeking and willing to undertake any paid work, other than work that is unsuitable. The factors that might make work unsuitable are listed in the legislation and they do not include job seeker preference. It has been the policy of successive governments, and it is consistent with community expectations, that

²⁷⁰ ANAO note: in this final report, this quotation mostly relates to paragraph 38.

unemployed income support recipients should accept any work they are capable of doing in order to reduce their reliance on income support.

To maximise the benefits of JobSearch in delivering current employment policy and programmes it is critical to maintain the site and manage that change strategically. Ongoing reviews of the content, usability and accessibility of the site are undertaken. Examples of this include a review currently being finalised by Vision Australia on accessibility. The department is also undertaking usability focus group testing with job seekers, employers and JPOs. This will focus on site registration, vacancy upload and VP workflows along with general site usability. A content audit to ensure consistency and quality across the site is also being undertaken.

Vacancy duplication

In paragraph 4.33 to 4.40²⁷¹ and Appendix 5 of its report, the ANAO highlights issues with duplication of vacancies on Australian JobSearch.

While not denying the existence of duplicate vacancies DEWR believes that the ANAO analysis is misleading.

The ANAO themselves acknowledge that the results are indicative.

Because of the complexities of the vacancy data, it is difficult to calculate a precise figure for vacancy duplication. As this is the first time such an analysis has been undertaken, the ANAO's estimates of duplication are indicative, rather than definitive.

In fact the methodology used significantly overstates vacancy duplication. The ANAO calculated figures of 14.4 per cent duplication in the stock, an average of 46.7 per cent in the flow on a monthly basis, calculations of which are shown in Appendix 5 of the ANAO report. An examination of these calculation shows that a significant amount of the duplicate rate is derived from an 'adjustment duplication factor' (this was designed to pick up duplicate vacancies that would not be identified using an exact word match) applied to the 'exact duplication match' result. Footnotes 9²⁷² and 10²⁷³ indicate the stock value has more than doubled and the flow value increased by around 75 per cent, after applying the 'adjustment duplication factor'.

The department is highly critical of the methodology used to estimate to adjustment duplication factor for the flow of vacancies. This is based on a sample of 385 vacancies from 2.4 million vacancies. Though ordinarily 385 vacancies is an appropriate sample size, the sample selection must be applied

²⁷¹ ANAO note: in this final report, these DEWR comments relate to paragraph 4.34–4.42.

²⁷² ANAO note: in this final report, this DEWR comment relates to footnote 179.

²⁷³ ANAO note: in this final report, this DEWR comment relates to footnote 180.

to the data at random. Appendix 5 of the ANAO report highlights that the ANAO sorted the data by job title prior to extracting the sample. This has introduced a non random element to the data. Duplication rates vary by job title so by sorting the data by job title means that different results will be obtained with different random starting points. The same error affects the estimates of the adjustment duplication factor for the stock of vacancies. Again the ANAO sorted the data by job title and then took a sample from a random point. Different results would be obtained depending on the point chosen. This approach is also invalid.

Apart from the flawed sampling methodology there is also a fundamental timing error for the data on duplication in the flow of vacancies. By sorting the data by job title the data will potentially include data across the whole year. Vacancy duplication through reposting increases with the period of time. Thus vacancy duplication in the flow will be higher for a two month period than it will be for a one month period. By sorting by job title the dataset used by the ANAO no longer refers to a particular month. In theory it could span a whole year depending on the random point chosen by the ANAO to conduct their further visual inspection. In any case it is invalid to apply any 'adjustment duplication factor' developed using the ANAO's approach to monthly data as the sample chosen by the ANAO is not monthly data. The ANAO's approach will probably grossly overstate the level of duplication of the flow of vacancies as a result.

In order to confirm this assessment DEWR commissioned the Australian Bureau of Statistics Consultancy Service (ABSCU) to review the methodology provided to the department from the ANAO.

The ABSCU agreed with DEWR's conclusions and emphasised that:

Applying an adjustment factor based on a years worth of data to a set of data covering just a single month is not methodologically sound.

The sample used to calculate the adjustment factor was ordered by job title. This is likely to produce highly variable estimates of duplication.

And recommended:

The sample for estimating an 'adjustment duplication factor' should be a true SRS (Simple Random Sample), with a larger sample size than that used previously.

Another key flaw in the ANAO's approach relates to the fact that they measured duplication without taking account of the status of the vacancy (Active, Pending, Closed or Deleted and the dates that vacancies are activated and closed). These variables should be used to accurately determine when a

vacancy was displayed, as vacancies on the mainframe may not even be displayed.

The ABSCU agree with this assessment and further state that 'the database should be limited to those records that were actually displayed on the website'.

The ABSCU report concludes that the ANAO methodology is likely to have overestimated the true duplication rate.

Despite, our issues with the ANAO's methodology, the department accepts that the exact word match duplication figures in Appendix 5 (IDEA vacancies duplication) for the stock of vacancies are reasonable.

DEWR has undertaken its own analysis of duplicate vacancies. Using the 'exact word match' DEWR estimates the level of duplication in the stock of vacancies at 7.8 per cent²⁷⁴ while duplication in the flow of vacancies per month is 20.4 per cent. DEWR's estimate of the level of duplication in the stock of vacancies (based on exact word match) is slightly higher than the ANAO's estimate while our estimates of the level of duplication in the flow are lower.

While DEWR is critical of the methodology of the ANAO analysis, the department agrees with the ANAO that duplication of vacancies is both a service quality issue and performance issue. Hence the department has been looking at reducing duplication for quite some time. The ANAO acknowledge this by stating:

... the rate of duplication overall declined over 2004–05, driven by a sharp decline in the duplication rate for the vacancies sourced from the on-line job boards from March 2005 onwards. DEWR has attributed this to changes made in the processes it uses to upload vacancies from on-line job boards.

It should be noted that there is no agreed industry benchmark for the level of duplication inherent in on-line job boards and that duplication of vacancies is not taken into account by private sector job boards when they report the number of jobs available on a daily basis. The Department will explore options for taking the level of duplication into account when reporting the number of vacancies on JobSearch. However, it will not be possible to take duplication into account for DEWR's Portfolio Budget Statement target for JobSearch's share of vacancies held by the four major electronic job boards (JobSearch, SEEK, CareerOne and MyCareer).

²⁷⁴ Stock estimate is based on 7 December 2005.

Reporting Job Placement and matching service outcomes

DEWR uses a range of effective performance measures to report on positive Job Placement outcomes and, by extension, the extent to which the APM has contributed to these positive outcomes. DEWR monitors these outcomes in a consistent manner and clearly indicates in the 2005-06 Portfolio Budget Statements (PBS) that a target of 550,000 Total Job Placements is to be achieved in the 2005-06 financial year. DEWR reports publicly on Total Job Placements as this is a better indicator than Eligible or Paid Job Placements of how effective the broad range of assistance provided to job seekers to find work through the APM has been. Total Job Placements recognises the complete range of employment assistance provided by JNMs to jobs seekers including Job Search Training and general employment assistance, even though the provider may not obtain a Job Placement fee. The ANAO assertion that the Total Job Placement measure includes job seekers who 'may have obtained employment primarily through their own efforts' fails to acknowledge the positive effect of this assistance in helping job seekers find employment. By implication, job seekers in Intensive Support have been unemployed for a long time or faced other significant barriers to employment and have required extra assistance to become job ready. The department acknowledges this positive contribution by paying Intensive Support payments to JNMs even where a job seeker has found his or her own employment but is employed for a specified period. Total Job Placements (or equivalent terminology) is a consistent measure and was used to publicly report on CES performance back to the 1980's. DEWR will continue to report on Job Placement outcomes in a consistent manner including Total Job Placements as a formal measure of performance.

In paragraph 48 and 5.28,²⁷⁵ the ANAO criticise DEWR's reporting of positions stating, 'the terms "position" and "vacancy" have particular meanings ... given the difference ... substantial room for confusion. ... DEWR should clarify its terminology for reporting purposes.' Also, footnote 220²⁷⁶ continues this theme. There is no confusion in the public record or in the Minister's Press release. Where a vacancy is lodged with the intent of employing one person, there is one vacancy record and one position. Where an employer wished to recruit 5 employees for the same vacancy record, there are 5 positions. The wider public and recruitment industry, accept that this is 5 vacancies within the organisation. The distinction is an operational feature driven by the need for JPO's to record placements against a vacancy in order to claim a Job Placement fee combined with the fact that eligibility of a job seeker is captured at the time of referral .

²⁷⁵ ANAO note: in this final report, this DEWR comment relates to paragraphs 47 and 5.27 respectively.

²⁷⁶ ANAO note: in this final report, this DEWR comment relates to footnote 227.

The ANAO's assertion that the number of sites actively providing Job Placement Services is between 20 and 30 per cent less than the number of sites listed on JobSearch does not recognise that a number of providers process and record their Job Placements through central sites to reduce administrative and labour costs. Whilst some sites listed on JobSearch may appear inactive in terms of placements made, they are in fact making placements which are attributed to one or more other sites on JobSearch. The ANAO fails to acknowledge that job seekers can readily see which service delivery sites are active on JobSearch by simply viewing the number of currently available jobs each site has listed. Job seekers can quickly determine if a listed site has current jobs by clicking on the 'Job Seeker' option on JobSearch and selecting the Job Network or Job Placement options.

Where an 'Available Jobs' link appears on a site record, job seekers can preview all active vacancies attached to that site. This is a public indicator of whether a Job Placement Organisation site has any current vacancies and, by extension, is providing Job Placement Services. There is little benefit in providing job seekers and the public with the number of previous vacancies and placements made at each site as the prime motivator for job seekers to contact a site is whether a site has current vacancies listed, not the number of previous placements made or vacancies advertised. This is the most relevant and meaningful public indicator of whether a site is currently providing Job Placement Services. The ANAO also fails to consider that sites continually change on JobSearch thus making it impractical to have any other indicator of activity other than current vacancies listed. DEWR will consider additional messages that might be displayed on site records to record a sites status that is, 'no current vacancies listed'.

While the department recognises that some providers may be inactive, as part of the existing JPL, which came into effect on 1 June 2005, providers are expected to make at least 10 paid placement per year. JPOs that fail to meet this target are being progressively asked to return their Job Placement licence.

ANAO comment

1. Where relevant, the points made by DEWR in its response are taken up in the text of this report. DEWR has drawn attention to a number of points of disagreement relating to the analysis of the cost of Job Placement and matching services and vacancy duplication detection methodology. Comments on each of these matters follow.

Cost of Job Placement and matching services

2. DEWR has raised concerns about the ANAO's comparison of cost and placement outcomes under ESC3.
3. In its analysis, the ANAO used 'eligible placements' as the measure of placement outcomes. This provides a consistent and accurate measure of placement performance, and the best available indication of JPO efforts in directly securing and filling vacancies.²⁷⁷ The 'total placements' measure advocated by DEWR would include placements where job seekers found their own employment and is not the most appropriate measure of the performance of JPOs or the Job Placement programme.
4. DEWR states that the ANAO's comparison of costs is 'flawed' and 'unfair.'²⁷⁸ However, the fundamental dimensions of the contracted services, Job Matching under ESC2, and Job Placement and matching under the APM have not changed.²⁷⁹ The direct comparability of the services under the different contracts, and the reasons for changes in cost is clearly demonstrated in the text of the report. The additional cost reflects the cost of upgrading self-help facilities for job search, such as new touch-screen kiosks, as well as the requirement under the APM that all 'Fully Job Network Eligible' job seekers attend new referral interviews²⁸⁰ to register for Job Network services from the date of their receipt of income support payments (see paragraphs 5.30 to 5.37).
5. As a result of this comparison, the ANAO has concluded Job Placement and matching services are more costly overall than previous Job Matching arrangements (requiring outlays in 2003–04 and 2004–05

²⁷⁷ This data comes from DEWR, and is the same data DEWR previously used to publicly report on placement performance prior to the commencement of the APM.

²⁷⁸ To support its assertion about the comparison of costs between ESC2 and ESC3, DEWR has said that the ANAO 'has not clearly demonstrated that résumé and job search support services were previously funded through Intensive Assistance Upfront Fees and Job Search Training under ESC2.' The ANAO observes that there has been no major change to funding arrangements. Résumé and job search support services were previously (prior to ESC3) and are currently, provided and funded under Job Search Training and Intensive Assistance (or, as it is currently called, Intensive Support Customised Assistance).

²⁷⁹ The objective of providing those services, the services themselves, and the characteristics of the clients receiving those services, are essentially the same. The ANAO has found that costs have increased under ESC3 as a result of the introduction of new touch-screen kiosks, and the requirement under the APM that all 'Fully Job Network Eligible' (FJNE) job seekers attend new referral interview to register for job network services from the date of their receipt of income support payments.

²⁸⁰ New referral interviews include, as the major component, the development of a 'vocational profile' for the purposes of electronic matching (including auto-matching).

between \$67 million and \$100 million per year more than during the first and second Job Network contracts) whilst performing at, or around historical levels.

6. DEWR advised the ANAO that under the APM, all job seekers were provided with a basic level of service from their JNM, including, at a minimum, ensuring all job seekers have a résumé, and understand and have access to a range of self help services such as interactive JobSearch kiosks, auto matching and notification services. DEWR considers these basic services provide much more capacity for job seekers to be in control of their own job search activity than under previous arrangements. The ANAO notes that the increase in expenditure that has been required to ensure these minimum service levels are met has not resulted in a commensurate improvement in eligible placements. The goal should be to strike an appropriate balance between ensuring minimum service levels are maintained, and maximising employment outcomes.

Vacancy duplication detection methodology

7. DEWR has raised some concerns about the methodology used to calculate the duplication rate for vacancies in JobSearch, specifically in relation to: the time period used for the visual sample; the status of vacancies; and the sampling methodology employed for the visual sample.
8. DEWR considers that the adjustment factor, which was derived from the visual sample, applied a duplication rate for an entire year to each month, and, as such, introduced a timing error into the sample. The ANAO can confirm that this is not the case, as only duplicates that were created one month apart, or less, were included in the adjustment factor.
9. The ANAO's calculations were based on all vacancies created in JobSearch. DEWR has indicated that some vacancies are created, but never displayed, stating that this is a 'key flaw' in the ANAO's approach. DEWR has not provided to the ANAO or the Australian Bureau of Statistics Consultancy Unit (ABSCU), data on the extent to which this occurs, or data quantifying the extent to which the duplication rate amongst such vacancies differs from the total population. The ANAO notes that DEWR's own recent duplication rate

calculations, based on an automated exact word check of displayed vacancies (without a visual check), differs little from the ANAO's findings in respect of created vacancies (the DEWR stock duplication rate, using a different date, was marginally higher than the ANAO's calculation, while the DEWR flow duplication rate was marginally lower than the rate calculated by the ANAO for the last few months of 2005–06).

10. DEWR expresses concerns about the methodology used to extract the visual sample, which was required because of the large number of duplicate vacancies not identified by the automated check owing to minor differences such as: a date in the job description field; a typographical error; the addition of nonsense characters; or a web link (see Appendix 5). In drawing the sample, the ANAO assumed that the rate of duplication was roughly even across the vacancy population, when ordered by job title. DEWR believes that this may not be the case, but has not provided the ANAO or the ABSCU, with data to support this assertion, or to quantify what impact, if any, it may have on the calculated duplication rate.
11. The ANAO agrees with DEWR that there is always a level of uncertainty in any sampling exercise and has noted this situation in the text (as DEWR acknowledges). The ABSCU's recommendations are consistent with the general approach taken by the ANAO to supplement systems-based duplication measurement with a visual sample. The ABSCU's analysis indicates that if the population is indeed substantially uneven, the additional duplication factor calculated by the ANAO could over-estimate the actual duplication rate, but also notes that equally it could *under-estimate* the duplication rate, depending on the starting point chosen.
12. Given the view expressed by DEWR, the ANAO considers that in implementing Recommendation 5, the Department should take up ABSCU's suggestion to use an alternative sampling methodology. This methodology accounts for the probabilities of not selecting all the duplicates for a particular job in a sample drawn from unevenly distributed populations, which DEWR believes may exist in this case.

Index

A

Active Participation Model (APM), 9, 13, 16, 18-19, 21, 28-30, 37-38, 40, 44, 48-49, 51, 57, 68, 72, 74, 76, 78, 81, 84, 86, 93, 104, 116-117, 119, 121, 126-135, 156, 158, 164-166, 176, 178-179

Age of vacancies, 13, 17, 24, 27, 37-39, 41, 44, 49, 51-53, 56-58, 60-62, 64-67, 74, 77, 79, 83, 87-89, 94, 96-97, 99, 102-105, 107-111, 114, 119-121, 123-125, 131, 151, 156, 171

Australian Communications and Media Authority (ACMA), 9, 25, 87-88, 90, 141, 169-170

C

CareerOne (News Limited), 16, 26, 81, 95-97, 100-101, 103, 107, 111-112, 115, 124, 144, 172, 175

Centrelink, 14, 40-41, 43, 88, 93, 96, 152, 184-185

Code of Practice, 16-17, 22, 32, 50, 53-55, 59-60, 62, 69, 71, 111, 153, 159-160

Commonwealth Employment Service (CES), 9, 13, 38, 48, 94, 117, 176

Complaints, 22, 53-54, 56, 58-60, 69, 123, 154, 158-160

Compliance, 17, 21-23, 25, 44, 52-53, 55-56, 62, 64, 66-70, 72, 86-88, 90, 95, 110, 117-118, 164, 186

Contract, 9-10, 13-14, 17, 19, 21, 24, 29-30, 32-33, 38-40, 42-45, 48-53, 55-59, 61-63, 68, 71-75, 77-78, 89, 91, 93, 96, 100, 110-111, 124, 127-128, 130-132, 134-135, 152, 157-158, 160, 162, 164, 168-169, 178-179, 185-188

Contract Administration System (CAS), 9, 57-58

Cost, 14, 17-18, 20, 23-25, 29-30, 33, 42-43, 46, 64, 67, 70, 75-77, 82-83, 89-94, 99, 106, 114, 116, 126-129, 132, 134, 156, 164-166, 168, 171, 177-178, 188

D

Data, 9, 15, 17-18, 21-25, 27-30, 32, 38, 43-46, 56-64, 66-74, 76, 78, 80, 82-86, 89, 98-100, 103-108, 110, 114-115, 118, 120-121, 123-126, 128-129, 131, 133-135, 142-143, 155, 157, 159, 163, 166, 168, 173-174, 178-180

Duplication, 17, 27, 34, 65, 97, 105-108, 110-112, 114-115, 124-125, 130, 155-156, 158, 160-162, 173-175, 177-180

E

Eligibility, 14, 18, 23, 38, 41-42, 61, 64, 67, 70, 121-122, 139, 176

Eligible, 14, 16-19, 24, 25, 27-28, 30-31, 39-42, 44, 57, 66, 73, 81-82, 88, 90, 104-105, 113, 118-123, 126, 128-129, 132-135, 139, 148, 150, 156-158, 164-166, 171, 176, 178-179

Email, 4, 25, 41, 58, 72, 78, 85-88, 90, 99, 124, 165, 169

Employment Assistant 3000 (EA3000), 9, 38, 44, 72-73, 75-76, 79, 152, 164, 166, 168, 170

Employment Exchange, 13, 38-39, 48, 74, 78, 111

Employment Services Contract (ESC3), 9, 20, 24, 39, 43, 45, 50, 57, 72-77, 84, 88-89, 91, 93, 96, 110, 120, 124, 127, 130, 163, 165, 167, 178, 187

Evaluation, 18-19, 26, 30, 34, 38, 40, 44, 50, 61, 93-94, 113, 116-117, 122, 130, 135-136, 186

F

Fully Job Network Eligible (FJNE), 9, 14, 19, 29, 41-42, 57, 76, 103-104, 122-123, 127, 134, 139-140, 157-158, 164, 178

J

Job matching, 13-19, 24-25, 28-34, 37-47, 50, 61-62, 72-74, 76, 78-83, 86, 89-95, 101-102, 104-105, 108, 110, 116, 118-119, 122-123, 126-130, 132-136, 140, 151, 156-158, 164-169, 176-179

Job Network Member (JNM), 9, 14, 16-17, 19, 22, 24, 26, 30, 33, 39-43, 59-61, 69, 72-80, 85-89, 91, 93, 96-97, 99-100, 104-105, 110, 113, 121, 123, 126, 128-130, 134-135, 142-144, 148, 150, 156-160, 165-171, 176, 179

Job Placement Licence Only organisation (JPLO), 10, 14, 16, 21-22, 26, 30, 34, 39-40, 42, 44, 50-53, 56, 59-61, 68-69, 71, 85, 96-100, 104, 113, 121-123, 125, 130-132, 135-136, 142-144, 148, 150, 156-160, 169, 171

Job Placement Organisation (JPO), 9, 14-19, 21-23, 27-28, 30-31, 39-46, 49-59, 61, 63-74, 77, 79, 81, 84-85, 96, 98-99, 102, 104-105, 107, 109-112, 114, 117-119, 121-122, 125-126, 130-135, 139-142, 144, 150, 159-161, 163, 166, 172-173, 176-178

Job Search Support Only (JSSO), 10, 14, 41, 43, 76, 103-104, 122, 140, 157-158

Jobs Australia, 79, 141

JobSearch, 14-18, 21, 26-31, 33-34, 40-42, 45, 47, 50-51, 53, 57, 60, 62, 65, 68, 72-73, 76, 78, 81, 87-88, 92-102, 104-106, 108-116, 118, 124-125, 129-136, 144-146, 149, 151-153, 156, 160, 165, 167, 169, 170-173, 175, 177, 179

K

Kiosk, 19, 29-30, 40, 43, 76, 93, 95-96, 127, 129, 134, 152, 160, 165, 178-179

L

Licence, 14, 16-17, 21-22, 29-30, 32, 39-40, 42-44, 48-53, 55-58, 60-62,

64-69, 71, 96-100, 118, 121-122, 126-127, 130-133, 135-136, 146, 149-150, 153, 156, 177, 185

Light touch, 51-52

M

Monitoring, 10, 15-17, 21-22, 25-26, 29, 32-34, 38, 45, 48-56, 60, 62, 65-69, 71, 73, 75, 83, 90-92, 102, 110, 113, 118, 120, 123-124, 134, 136, 158, 160-164, 168, 176

MyCareer (Fairfax), 16, 26, 81, 95-97, 100-101, 103, 107, 111-112, 115, 124, 144, 172, 175

N

National Employment Services Association (NESA), 10, 54, 57, 77, 141

New referral interview, 17, 19, 24, 29, 33, 43, 72-79, 83, 88-89, 91, 127-128, 134, 169, 178

O

Outcome, 13-15, 17-24, 27-30, 33, 37, 42-45, 47-48, 50, 60, 63-64, 66-70, 74, 78-79, 83, 89, 91, 99, 104-105, 113-114, 116-117, 119, 122-123, 126, 129-135, 139-140, 149, 152-153, 157, 162-164, 168-169, 172, 176, 178-179, 189

P

Payment, 13-14, 19, 21-23, 29, 37, 40-44, 48-50, 60, 62-64, 66-70, 75, 77, 96, 104-105, 119-120, 122, 126-127, 129-130, 134, 139-140, 149, 152, 159, 163, 172, 176, 178, 184

Performance indicator, 18-19, 28, 32, 53, 57, 71, 102, 117-120, 123-125, 131-133, 159, 176-177

Portfolio Budget Statements (PBS), 10, 57, 115-116, 118-120, 123-124, 126, 136, 175-176, 188

Position, 26, 29, 57, 63, 65, 87, 95-96, 101, 106, 110, 112, 121, 125-126, 131, 133-134, 162, 171, 176

Productivity Commission, 44, 94, 116-117

Programme assurance, 23, 48, 56, 61, 62-64, 66, 70, 158, 161, 163

R

Recruitment and Consulting Services Association (RCSA), 10, 51, 57, 60, 98, 131-132, 141

Related entity, 22, 32, 44, 64, 66-67, 69, 71, 139-140, 161, 163

Reporting, 14-15, 17-19, 21-22, 27-32, 34, 37-38, 40, 42, 44-47, 52-60, 62, 65, 67-69, 71-72, 77-79, 82, 92, 94-96, 102, 104-106, 110-112, 114-127, 130, 132-136, 156, 158, 160, 162-164, 166, 168, 170-178, 184-189

Résumé, 16, 19, 24-25, 30, 33, 40-41, 73-74, 76, 83, 89-91, 93, 127, 129-130, 134-135, 150-151, 165-169, 178-179

Review, 17-18, 26, 33, 44, 49, 74-75, 78, 94, 113-114, 116-117, 159, 164, 171, 173-174, 186

S

SEEK, 26, 96, 97, 101, 112, 115, 141, 175

Self-help facility, 16, 19, 29-30, 43, 72, 93-94, 127, 129, 134, 152, 165, 178-179

Serial Placements, 65-66, 140, 160-162

Service commitment, 17, 19, 32, 53, 54, 60, 62, 71

Service coverage (number of sites), 31, 34, 116, 130-132, 135-136

Short Message Service (SMS), 10, 25, 42, 72, 78, 85-88, 90, 169

Spam, 25, 72, 85-88, 90, 169-170

T

Target, 21-22, 28-29, 32, 56-57, 68-69, 71, 115-116, 118-120, 123-124, 126, 133, 136, 158, 171, 175-177

U

Unsubscribe, 25, 86-88, 90, 169

V

Vacancy, 13-21, 24-29, 33-34, 37-38, 40, 45, 47, 49-51, 53, 56-57, 60-62, 65, 68, 72, 76, 78-79, 81-82, 84-85, 89, 90, 92-119, 121-122, 124-126, 131-134, 136, 139-140, 142-147, 149-151, 153, 155-156, 160, 162, 167-168, 170-180

Vocational Profile, 14-17, 19, 24-25, 30, 40-41, 44-45, 47, 72, 74, 76-79, 81-83, 88-92, 127-128, 130, 134-135, 151-152, 164, 166, 168, 178

W

Web services, 51, 96-97, 99, 107, 149

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