# Management of the Work for the Dole Programme

## Department of Employment, Workplace Relations and Small Business

Canberra  ACT
7 March 2001


Dear Madam President
Dear Mr Speaker

The Australian National Audit Office has undertaken a
performance audit in the Department of Employment, Workplace
Relations and Small Business in accordance with the authority
contained in the *Auditor-General Act 1997*.  I present this report
of this audit, and the accompanying brochure, to the Parliament.
The report is titled *Management of the Work for the Dole
Programme*.

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

Yours sincerely

P. J. Barrett
Auditor-General



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

## Audit Team

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# Contents

# Abbreviations/Glossary

| | |
|---|---|
| ACC | Area Consultative Committee |
| ACCI | Australian Chamber of Commerce and Industry |
| ANAO | Australian National Audit Office |
| Centrelink | Commonwealth Services Delivery Agency—an independent statutory authority in the Social Security portfolio with responsibility for the integrated service delivery of Commonwealth social welfare payments and services under purchaser/provider agreements. |
| CWA | Community Work Assistant—information system used by CWCs for recruiting participants and data entry into DEWRSB's information system |
| CWC | Community Work Coordinator |
| DEWRSB | Department of Employment, Workplace Relations and Small Business. |
| ESA | Employment Service Area |
| IES | Integrated Employment System (DEWRSB's mainframe application system that is used to support the operation of employment arrangements) |
| JA | Jobs Australia |
| KPIs | Key Performance Indicators |
| LMR | Labour Market Region |
| LTU | Long-term unemployed |
| MO | Mutual Obligation |
| MUTUAL | The information system used by DEWRSB for tender assessments |
| NESA | National Employment Services Association |
| NESB | Non English speaking background |
| RFT | Request for Tender |
| WfD | Work for the Dole |

# Summary and Recommendations

# Summary

**1.** The Work for the Dole (WfD) Programme is a key element of the Government's Mutual Obligation Policy. Under that policy, the Government requires unemployed job seekers aged 18–34 years old, who have been in receipt of unemployment payments for six months or more, to actively seek work; constantly strive to improve their competitiveness in the labour market; and give something back to the community that supports them. In other words, job seekers must undertake an additional activity[1] as well as continue to look for work.

**2.** The Programme is managed by the Department of Employment, Workplace Relations and Small Business (DEWRSB) and provides work experience opportunities and activities for eligible job seekers. The objectives of the Programme are to:

- develop work habits in people;
- involve the local community in quality projects, and help unemployed people at the end of the projects; and
- provide communities with quality projects that are of value to each community.

**3.** The pilot round of the Programme began in November 1997 with almost 7500 unemployed people participating in 179 community projects. Subsequent to the pilot round, there were three tender rounds for projects. Projects for Round 1 were announced in July 1998, for Round 2 in December 1998 and for Round 3 in July 1999. These rounds were conducted with sponsor organisations proposing specific projects, usually with a six-month time frame.

**4.** In 1999–2000, the cost of the Programme was $76.61 million and in 2000–2001 the planned funding is $104.55 million. The Programme has grown from almost 7500 placements in 1997–98 to a planned 50 000 placements in 2000–2001. With this level of growth, the department has substantially altered its approach to the administration of the Programme.

**5.** From January 2000, the department changed to a new administrative model, which transferred many of the department's management roles to Community Work Coordinators (CWCs).

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[1]  Appendix 1 of this report provides an outline of the 15 activities, one of which is Work for the Dole, that satisfy the Mutual Obligation requirement.

**6.** CWCs are:

- responsible for developing and making available quality and diverse programme activities that provide valuable work experience opportunities for eligible job seekers;

- are contracted to make places available commencing in the period January 2000 to June 2001; and

- are required to manage and develop work experience opportunities for eligible job seekers in:
  - their own organisation (if it is a government or not-for-profit organisation);
  - other government or not-for-profit organisations; or
  - a mix of the above.

**7.** Work experience for Programme participants is provided by the organisations that sponsor the projects, and work with CWCs to manage the placement of participants.

**8.** Since July 2000, the Programme has undergone further change with the introduction of:

- the Preparing for Work Agreement (PFWA), an Activity Agreement under the *Social Security Act 1991*, which requires all job seekers to negotiate a PFWA with Centrelink when they apply for, and before they can receive, unemployment benefits. The Agreement is updated to reflect any changes in the job seeker's circumstances. For those job seekers required to undertake a mutual obligation activity, the PFWA specifies the activity selected[2];

- an automated referral system that electronically refers eligible job seekers for participation in projects to Community Work Assistant (CWA), the computing system used by the CWCs; and

- a contract variation with CWCs in early 2001 to provide additional funds to CWCs and sponsors, and extend the period of the contract with CWCs.

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[2] See Appendix 1.

# Audit objective, criteria, scope and focus

**9.** The objective of the audit was to examine the efficiency and effectiveness of the administrative arrangements for the Programme. Particular aspects of the Programme that were examined were whether:

- the CWC tender assessment process and the related business allocation (number of placements per Employment Service Area and per CWCs) were fair and equitable;

- the assessment process for the selection of projects under the CWC model includes appropriate guidelines and criteria;

- the contract management arrangements have been effective and timely, including monitoring arrangements for both compliance and performance aspects;

- the mechanisms used for measuring the performance of the Programme against its objectives are adequate, including the reliability and appropriateness of management and performance information; and

- the mechanisms in place support effective communication between DEWRSB's National office and State/District offices, CWCs, project sponsors and Centrelink.

**10.** The scope of the audit was influenced by the fact that some of the changes to the administration of the Programme had only just been made at the time of the audit, and some were brought into operation during the audit. It was therefore too early to undertake a detailed examination of how well the Programme was operating under the new CWC model. However, the ANAO was able to provide some general comments on the administrative arrangements that support the new model to facilitate the future development of the Programme.

**11.** The audit examined primarily the activities of DEWRSB, focusing on the components of the Programme that are ongoing in nature, or will be repeated in the future, such as the CWC tender assessment. Some examination of Centrelink's activities was also undertaken. In addition, the audit team visited several CWCs, industry bodies such as National Employment Services Australia (NESA), Jobs Australia (JA) and the Australian Chamber of Commerce and Industry (ACCI) to obtain a better understanding of their roles in the Programme as well as seeking the views of other relevant stakeholders.

# Overall conclusion

**12.**     Despite the pressures associated with the rapid expansion of the Programme since its inception, the ANAO concluded that the administration of the Programme had been generally efficient and effective.  However, the ANAO drew attention to areas that should be improved, and noted that there were potential difficulties that could arise with some aspects of the revised administrative model that came into operation fully in July 2000. Certain elements of the CWC administrative model contained risks that, if not dealt with appropriately, could adversely affect the longer term efficiency and administrative effectiveness of the Programme.

**13.**     The CWC tender assessment process was adequate given the tight timeframe to which the department was working.  However, improvements to some processes are recommended, including carrying out a comprehensive risk assessment and preparing a project plan, and reviewing the inclusion of industry specific tenders and the method of dealing with local labour market conditions.

**14.**     The assessment process for the selection of projects under the CWC model is working satisfactorily.  The criteria used are also appropriate.  However, improvements should be made in relation to the guidance provided to State offices and CWCs, and to the documentation of matters raised with CWCs.

**15.**     The ANAO considers that contract monitoring was not of a sufficient standard.  The ANAO noted that the department has been slow to carry out an effective program of contract monitoring under the CWC administrative model.  However, the ANAO also noted that the department's ability to implement monitoring under the CWC model was affected by the significant changes being introduced at that time.  The ANAO considered that CWCs would be more effective if they received further training in some of their administrative responsibilities under the new administrative model, particularly those that have been traditionally delivered by the public sector.

**16.**     The department is communicating satisfactorily with industry representatives and other relevant stakeholders.  There is a high degree of goodwill on the part of most participants.

**17.**     The ANAO also concluded that the mechanisms used for measuring the performance of the Programme against its objectives are satisfactory.  The ANAO considers that the information on WfD post assistance outcomes, and the evaluation of the Pilot Programme, have provided satisfactory information on the effectiveness of the Programme in the early rounds of WfD.

**18.**    Implementation of the ANAO's recommendations would assist the department to improve its management of the existing contracts with CWCs, and provide specific enhancements to the CWC tender process.

## DEWRSB response

**19.**    The department welcomes the majority of the findings of the audit report, particularly:

- that the administration of the Programme had been efficient and effective;

- that the CWC tender assessment process was acceptable given the tight timeframe to which the department was working;

- that the assessment process for the selection of projects under the CWC model is working satisfactorily;

- that the department is communicating satisfactorily with industry representatives and other relevant stakeholders; and

- that the mechanisms used for measuring the performance of the Programme against its objectives are satisfactory.

**20.**    In relation to the findings on contract management, it should be noted that the audit was undertaken by the ANAO during the very early stages of the introduction of the new CWC model when CWC activity was dominated by the creation of project opportunities within local communities rather than management of projects.  In this context it is understandable that relatively little monitoring of CWC projects was undertaken by State Offices at that time.  It was to be expected that initially most effort at State Office level would focus on supporting the new project initiative and processes established under the CWC model, and ensuring that these processes bedded down as quickly and effectively as possible.

**21.**    The department supports the recommendations made in the ANAO report and notes that these are consistent with the findings of research and review activities undertaken by the department.  As a result, the department has already made substantial progress towards implementing these recommendations, and continues to instigate measures to improve the administration of the Work for the Dole Programme.

# Key Findings

## Community Work Coordinator administrative model

**22.**     The ANAO considers there is a risk that, when tendering to be CWCs, organisations may not have appreciated the full extent of their management responsibilities and that some may not have allowed sufficient margin in their bids to enable them to carry out the required tasks fully.  The department should monitor this situation and may need to consider options to ensure that the CWCs can continue effectively in their role.[3]

**23.**     With the introduction of the automatic referral arrangements for recruitment of participants in July 2000, the workload associated with processing large numbers of clients who proved to be ineligible[4] or not available for placement was, in many cases, not anticipated by CWCs. There is a risk that other tasks that CWCs have been contracted to undertake, such as monitoring of sponsors, will not be completed in a timely manner.  While the ANAO did not examine Community Work Assistant[5] (CWA) as part of the audit, developing solutions to this problem is a key issue for the ongoing management of the Programme at this time.

**24.**     The ANAO supports the department's review of the CWC administrative model to help reduce some of the risks that are present with the current model.  Changes flowing from such a review could include:

- having a set fee for the management responsibilities that the department wanted the CWCs to carry out (this could vary across metropolitan, regional and isolated areas) and judging the performance of the CWCs on how well they carried out that management role;

- setting an indicative range of work experience fees, but retaining

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[3]   The department initiated a contract variation in January 2001 to provide additional funds to CWCs and extend their contracts.  See Appendix 2 for details of the contract variation.

[4]   Changes in the circumstances of job seekers, such as commencement of casual work or study, can occur and this may result in a job seeker no longer being eligible to participate in Work for the Dole when contacted by the CWC.  Research undertaken by the department indicates that, on average, for every four referrals made to a CWC through the system, only one job seeker commences on the Program.  Centrelink is frequently not advised of the changed circumstances of job seekers.

[5]   CWA is the information system used by CWCs for recruiting participants and data entry into DEWRSB's information system.

flexibility by assessing the appropriateness of work experience costs on a project by project basis;

- in the light of experience, considering whether the mix of monitoring responsibilities between CWCs and the department is optimal; and

- allowing CWCs to continue to be both the CWC and sponsor for up to an agreed percentage of their placements, but that there be a requirement that they maximise the variety of community organisations that benefit from the Programme.

**25.** The ANAO suggests that, as part of its review, the department considers introducing changes to reduce risks associated with CWCs delivering services on the Government's behalf, the lack of experience with some of these newly introduced administrative mechanisms and the benefits of considering the cost of projects on a case by case basis.

## Community Work Coordinator tender

**26.** The department had a major task in designing a tender assessment process for the CWC concept in a relatively short period of time. The ANAO considers that the department should undertake a comprehensive risk assessment and project plan for each future tender process that it is involved in. The ANAO also found that the provisions in the Request for Tender (RFT) relating to industry specific tenders and local labour market conditions, together with the way in which these matters were assessed, led to a potential risk of inequitable treatment of tenders.

**27.** The ANAO found that the overall tender and assessment process was adequate given the tight time constraints to which the department was working. The ANAO noted the use of a probity advisor and financial viability assessments as part of the overall tender process.

**28.** The ANAO recommends that the department review the processes used to follow through on points raised during the tender assessments, and the processes applied to ensure consistency in assessments. Suggestions were also made to improve the department's consideration of tenders that involve substantial expansion of an organisation's existing coverage.

## Project assessment

**29.** The ANAO found that the method of assessing and selecting projects is working satisfactorily under the CWC model, although improvements should be made relating to guidance and the documentation of matters raised with CWCs. The ANAO also supports the department's reconsideration of the role of the Area Consultative Committees (ACCs) in project assessment.

**30.** It is recommended that the department further clarify the roles of the State offices and CWCs in project assessment and provide guidance on the assessment of in-house projects and community benefit associated with individual projects.

## Contract management arrangements

**31.** A key risk that the ANAO considers exists is that State and District office staff have not received sufficient formal communication (advice and guidelines) on how they are to carry out their roles under the CWC model. The ANAO also draws attention to the need for CWCs to receive further training in some of their administrative responsibilities, particularly those matters that have been traditionally delivered by the public sector.

**32.** Overall, the ANAO found that the department is communicating satisfactorily with industry representatives and other relevant stakeholders. There is a high degree of goodwill on the part of most participants.

**33.** The ANAO considers that there would be merit in developing a resource planning framework that identifies priority tasks and the level of staff resources available to undertake activities. This would help to ensure that important tasks such as monitoring are not postponed.

**34.** It is recommended that, for future contracts with CWCs, the department review provisions in the contract that relate to monitoring, discrimination and access.

## Contract monitoring

**35.** The ANAO found that the department has been slow to carry out an effective program of contract monitoring under the CWC model. The department's ability to implement monitoring under the CWC model was affected by the significant changes being introduced at that time. The ANAO also considers that the extent of monitoring of projects in previous rounds of WfD was insufficient at two of the four offices visited.

**36.** Under the CWC model, the ANAO considers that the department should develop a monitoring strategy incorporating a risk based approach. The ANAO considers that the department faces a considerable risk of not knowing how well CWCs and sponsors are delivering the Programme where a sound monitoring program is not in place. Remedying these deficiencies should be a key priority. In addition, undertaking a Quality Assurance program would assist in the development and implementation of a consistent national approach to monitoring.

## Management information and performance information

**37.** The department recognised that the management information produced prior to July 2000 was inadequate for contract management purposes and has given priority to completing the reporting framework being developed by the Management Information Services Section.

**38.** The ANAO considers that the information on WfD post assistance outcomes, and the evaluation of the Pilot Programme, have provided satisfactory information on the effectiveness of the Programme in the early rounds of WfD. In the department's evaluation of the Pilot Programme, projects were seen to provide communication skills, team-work, self esteem and good work habits for participants. Another conclusion drawn by the department, from the Net Impact Study, was that even though the Programme does not have a direct employment objective, participants had better achievement in terms of full or part-time employment or study compared with job seekers who had not participated in WfD. In addition, the department's evaluation of the Pilot Programme and the review of the CWC administrative model have made a useful contribution to the further development of the Programme.

**39.** Future evaluation work in relation to the Programme should give a high priority to the measurement of benefits to communities and participants, and CWCs' performance in the fostering of quality projects. In addition, the ANAO supports the department's approach in conducting a work study of CWA and of the automated referral system in October 2000.

# Recommendations

**Recommendation No.1 Para. 3.7**

The ANAO recommends that, as part of the planning for each Community Work Coordinator tender process, the department undertakes a comprehensive risk assessment and suitably applies the results in determining the project plan for the tender.

*DEWRSB response:* Agreed

**Recommendation No.2 Para. 3.17**

The ANAO recommends that, in drawing up future Request for Tender documents, the department:

(a) examine whether provision for industry specific tenders is warranted; and

(b) develop a clearly stated method for dealing with local labour market conditions in the Request for Tender and tender assessment.

*DEWRSB response:* Agreed

**Recommendation No.3 Para. 3.49**

The ANAO recommends that the department review future tender arrangements with a view to making cost-effective improvements regarding:

(a) processes used to follow through on points raised during the tender assessment, and the documentation of such follow up;

(b) processes applied to ensure consistency in assessments; and

(c) controls over the accuracy of all information in the tender information system.

*DEWRSB response:* Agreed

**Recommendation No.4 Para. 4.15**

The ANAO recommends that DEWRSB:

(a) further clarify the roles of State offices and Community Work Coordinators in project assessment to minimise duplication of effort; and

(b) provide both State offices and Community Work Coordinators with specific guidelines on matters such as the assessment of in-house projects and community benefit with individual projects.

*DEWRSB response:* Agreed

**Recommendation No.5 Para. 5.10**

The ANAO recommends that consideration be given to providing Community Work Coordinators with ongoing training in the role of delivering services that require a fundamental understanding of public sector administration and its values (for example, recruitment, use of sanctions and privacy).

*DEWRSB response:* Agreed

**Recommendation No.6 Para. 5.21**

The ANAO recommends that:

(a) information relating to the staff effort deployed to undertake particular activities in the State and District offices be obtained on a regular basis;

(b) such data be analysed to help determine the underlying reasons for the level of resources being devoted to particular activities; and

(c) suitable changes be made to administrative practices and resource allocations where existing staff effort does not reflect Programme management priorities.

*DEWRSB response:* Agreed

**Recommendation No.7 Para. 5.30**

For greater effectiveness and accountability, the ANAO recommends that, in preparation for future tender rounds for Community Work Coordinators, DEWRSB considers the inclusion of improved provisions in the contract that relate to monitoring, anti-discrimination, and the department's, as well as the Auditor-General's, access for contract related purposes.

*DEWRSB response:* Agreed

**Recommendation No.8 Para. 6.15**

The ANAO recommends that DEWRSB:

(a) consider the development of a monitoring strategy incorporating a risk based approach that includes directing resources, in a cost effective manner, more to the 'higher risk' Community Work Coordinators and sponsors; and

(b) introduce a Quality Assurance program to ensure a consistent national approach to monitoring.

*DEWRSB response:* Agreed

# Audit Findings
# and Conclusions

# 1. Background

*This chapter provides background information to the Work for the Dole Programme and sets out the audit objective, scope, methodology and criteria.*

## Introduction

**1.1**    Work for the Dole (WfD) is a Commonwealth Government funded programme, managed by the Department of Employment, Workplace Relations and Small Business (DEWRSB), and is a key element of the Government's Mutual Obligation Policy.  The pilot phase of the Programme began in November 1997 with almost 10 000 unemployed people participating in 179 community projects.  The Programme provides work experience opportunities and activities for eligible job seekers, with the objectives to:

- develop work habits in people;
- involve the local community in quality projects, and help unemployed people at the end of the projects; and
- provide communities with quality projects that are of value to that community[6].

**1.2**    Each project/activity must provide an additional service to the local community.  Participants may also be required, from time to time, to undertake activities in response to urgent community needs such as natural disasters.

**1.3**    The legislative basis for the Programme is the *Social Security Legislation Amendment (Work for the Dole) Act 1997.*  The legislation enables a person to voluntarily participate in an approved program of work in return for unemployment payment, or be required by the Secretary of Employment to participate in such a program, in order to remain entitled to the payment of the Newstart allowance.

## DEWRSB funding[7]

**1.4**    Funding for the Programme has doubled from just over $50 million in 1998–1999 to a projected $104 million for the financial year 2000–2001. The target number of placements for these years also doubled as indicated in Table 1.1.

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[6]    Work for the Dole 2000 Community Work Coordinators Request for Tender, p. 4.

[7]    Source: DEWRSB Annual Reports, Portfolio Budget Statements and departmental advice.

**Table 1.1**

|  | *1997–1998* | *1998–1999* | *1999–2000* | *2000–2001* |
|---|---|---|---|---|
| **Announced placements** | 10 000 | 25 000 | 32 500 | 50 000 |
| **Actual placements** | 7 479 | 24 104 | 41 586 | |
| **Budget Estimate (million dollars)** | 9.30 | 45.00 | 73.20 | 104.55 |
| **Actual cost (million dollars)** | 6.48 | 50.80 | 67.20 | |

# The administrative model

**1.5**    Subsequent to the Pilot Programme, there were three tender rounds for projects.  These first rounds were conducted with sponsor organisations proposing specific projects, usually with a six-month time frame.

**1.6**    Projects for Round 1 were announced in July 1998, for Round 2 in December 1998 and for Round 3 in July 1999.  From January 2000, the department changed to a new administrative model.  Round 4 required organisations to submit tenders to be Community Work Coordinators (CWCs) rather than project sponsors.

## The CWC model

**1.7**    The new CWC model was introduced because:

- changes to Mutual Obligation arrangements required more places to be available throughout the year, which meant the size of the Programme was increased significantly;

- the six-monthly tender rounds imposed a significant burden on the organisations and government offices involved with putting forward proposals; and

- the previous arrangements only allowed for projects to be considered at fixed periods twice a year. Under the new model, proposals can be put forward, approved and commenced throughout the year[8].

**1.8**    CWCs are responsible for developing and making available quality as well as diverse activities, which provide valuable work experience opportunities for eligible job seekers and are tailored to the individual needs of job seekers and their local communities.  Many of the CWCs are relatively small community based organisations.[9]

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[8]    Work for the Dole 2000 Community Work Coordinators Request for Tender, p. 1.

[9]    There are 119 different Community Work Coordinators across Australia.  Some CWCs deliver services in more than one state.  The two largest CWCs in terms of percentage of business (number of placements) are Mission Australia and Salvation Army with 23 per cent and 11 per cent respectively.

**1.9**     CWCs are contracted to make places available commencing in the period January 2000 to June 2001.  CWCs are required to manage and develop work experience opportunities for eligible job seekers in either:

- their own organisation (if it is a government or not-for-profit organisation);
- other not-for-profit or government organisations; or
- a mix of the above[10].

**1.10**     Sponsors are responsible for providing work experience for participants in the Programme and working with CWCs in managing the placement of participants so that the placement and project is successful. Sponsor organisations can be not-for-profit organisations, including charities, church and religious groups, local community service organisations, local, state and Commonwealth Government organisations and agencies.  Area Consultative Committees (ACCs) are given the opportunity to comment on the local community benefit criteria of project proposals.

**1.11**     The roles of Centrelink and the Department of Family and Community Services (FaCS) are described at Appendix 3.  Further detail on the differences between arrangements under the previous model and the new CWC model is provided at Appendix 4.

## Changes since July 2000

**1.12**     Since July 2000, the Programme has undergone further change with the introduction of the Preparing for Work Agreement (PFWA) and an automated referral system.  The introduction of the Goods and Services Tax (GST) also had an impact on the administration of the Programme.

**1.13**     The PFWA is an Activity Agreement under the *Social Security Act 1991.* Since 1 July 2000, all job seekers are required to negotiate a PFWA with Centrelink when they apply for, and before they can receive, unemployment payments.  The agreement is updated to reflect any changes in the job seeker's circumstances.  For those job seekers required to undertake a mutual obligation activity, for example WfD, the PFWA will also specify the activity selected.

**1.14**     In July 2000, the department introduced the automated referral system, which electronically refers eligible job seekers for participation in Projects to Community Work Assistant (CWA), the computing system used by the CWCs[11].  Details relating to the priority of job seekers referred to CWCs are at Appendix 5.

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[10]     *'Introduction'* in Community Work Coordinator Work for the Dole Resource Manual, p. 4.

[11]     CWA also enables CWCs to enter data directly into the Department's information systems.

**Contract variation**

**1.15**    In December 2000 the department proposed further changes to the Programme which have subsequently been adopted as a contract variation to the WfD Services Contract between the department and CWCs.  The changes, and a brief reason provided by the department for initiating each change, are as follows:

• CWC Infrastructure Funding—an additional payment to compensate CWCs for increased workload in managing referrals and costs associated with the installation of broadband Internet connectivity;

• Modification of Management Fee payment—to provide CWCs with a minimum level of payment;

• Modification of Work Experience Fee payments—to ensure project sponsors are not out of pocket when costs exceed the 80 per cent upfront payment; and

• Contract Extension and Transitional Issues—to extend the period of the existing contracts by up to six months

**1.16**    The department estimates that the cost of these variations will be accommodated within existing funding allocations.  The increase in management fees as a result of these changes is on average 18.5 per cent higher than was originally estimated for 2000–01.

**1.17**    Due to the timing of the contract variation, the ANAO did not examine the variation as part of its audit.  However, the audit work drew attention to specific risks that this variation is, in part, designed to address.  Further details relating to the contract variation are outlined in Appendix 2.

## Participating in the Programme

**1.18**    The Government introduced Mutual Obligation (MO) in July 1998. Unemployed job seekers aged 18–34 years old, who have been in receipt of unemployment payments for six months or more, are required to actively seek work; constantly strive to improve their competitiveness in the labour market; and give something back to the community that supports them.  In other words, job seekers must undertake an additional activity as well as continue to look for work.

**1.19**    Job seekers can satisfy their MO requirement by participating in WfD.  A list of other activities that satisfy the MO requirement is provided in Appendix 1.

**1.20** The following people may be required to participate in the Programme if they are on the full rate of unemployment payments and do not nominate an alternative MO activity:

- 18 to 19 year old Year 12 school leavers who have been receiving Youth Allowance as a job seeker for three months;

- 18 to 24 year old job seekers who have been receiving Newstart or Youth Allowance for six months or more; and

- 25 to 34 year old job seekers who have been receiving Newstart Allowance for 12 months or more[12].

**1.21** Figure 1.1 shows the age profile of WfD participants compared to the age profile of all allowees (those on unemployment benefits). Figure 1.1 also indicates that a small number of volunteers aged over 35 participate in the Programme.

**Figure 1.1**
**All allowees and WfD participants by age[13]**
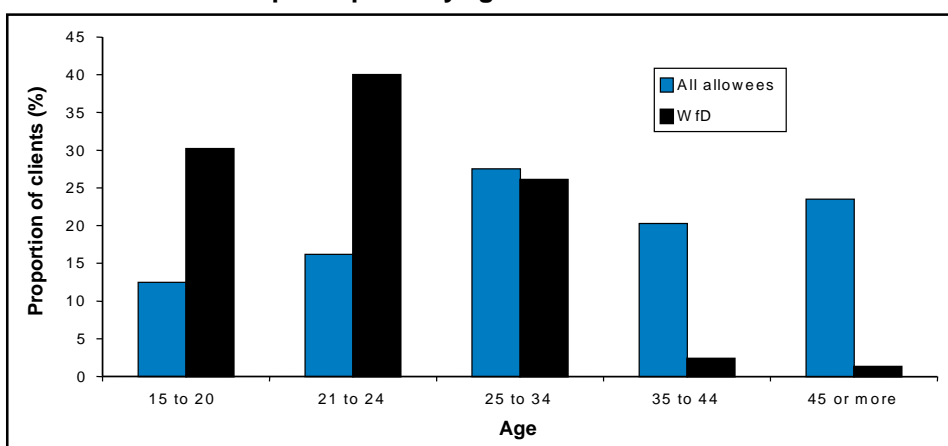


Source: DEWRSB Work for the Dole—A Net Impact Study

**1.22** Eligible job seekers may be required to participate in a WfD activity once in each 12-month period. Participants work for six months for 24–30 hours a fortnight depending on their age. Participants receive $20 a fortnight, in addition to their normal social security payments, to help with the costs of working, such as transport to and from the project.

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[12]  Work for the Dole 2000 Community Work Coordinators Request for Tender, p. 6.

[13]  WfD participants include those who commenced a WfD placement in 1999. All allowees include those on Newstart and Youth Allowance during September 1999.

## Departmental and Ministerial role

**1.23** DEWRSB has three main roles in the delivery of the Programme. It:

- purchases WfD services on behalf of the Commonwealth Government;
- fosters relationships with CWCs so as to promote the delivery of quality work experience opportunities for eligible job seekers; and
- monitors and evaluates the effectiveness of CWCs in achieving the Government's objectives.

**1.24** The Programme is managed by the Targeted Employment Assistance and Infrastructure Group (TEAIG) in DEWRSB's national office and staff in the department's State and district offices. TEAIG has overall responsibility for the management of contracts between the CWCs and the Commonwealth and WfD related policy development. The State and district offices play a key role in undertaking day-to-day contact with providers, contract management including monitoring of contracts, project approvals and the administration of payments. State offices are located in all state capitals, with district offices in Townsville, Newcastle and Bendigo.

**1.25** The Minister for Employment Services is responsible for announcing the projects after they have been approved and must receive an invitation to all WfD public events.

## Audit objective, criteria, scope and focus

**1.26** The objective of the audit was to examine the efficiency and effectiveness of the administrative arrangements for the Programme. Particular aspects of the Programme that were examined were whether:

- the CWC tender assessment process and the related business allocation (number of placements per Employment Service Area and per CWCs) were fair and equitable;
- the assessment process for the selection of projects under the CWC model includes appropriate guidelines and criteria;
- the contract management arrangements have been effective and timely, including monitoring arrangements for both compliance and performance aspects;
- the mechanisms used for measuring the performance of the Programme against its objectives are adequate, including the reliability and appropriateness of management and performance information; and
- the mechanisms in place support effective communication between DEWRSB's National office and State/District offices, CWCs, project sponsors and Centrelink.

**1.27** The audit examined the activities of DEWRSB and Centrelink, focusing on the components of the Programme that are ongoing in nature, or will be repeated in the future, such as the CWC tender assessment.

## Audit methodology

**1.28** The audit approach included interviews with DEWRSB staff and the examination and analysis of records. The audit team conducted visits to three DEWRSB State offices (Perth, Sydney and Brisbane) and one district office (Newcastle). The audit team:

- interviewed staff responsible for managing and implementing the Programme including senior executive and administrative staff in the National Office (Canberra) and personnel, such as Programme Managers in the State Offices;

- analysed relevant documentation such as guidelines and planning documents; and

- examined a representative sample of tenders and project applications, including an assessment of the management and operation of projects against the guidelines, conditions and procedural requirements established by DEWRSB.

**1.29** The audit team also interviewed staff at Centrelink's National Office regarding its role in issues such as management of placements.

**1.30** Interstate fieldwork included visits to CWCs, Centrelink Area Offices and Centrelink Service Centres, and industry bodies relevant to the delivery of the Programme, to obtain a better understanding of their roles in the Programme and to seek the views of relevant stakeholders. The industry bodies visited included National Employment Services Association (NESA), Jobs Australia (JA) and the Australian Chamber of Commerce and Industry (ACCI).

## The report

**1.31** A consultant, Mr Pat Farrelly, was engaged to assist the ANAO with the audit. His contribution included determining relevant criteria, designing and carrying out fieldwork, evaluating data gathered and drafting some sections of the report.

**1.32** The Australian Bureau of Statistics was consulted in relation to sample selection for the review of CWC tender assessments, project assessments and project monitoring.

**1.33** The audit was conducted in conformance with ANAO auditing standards at a cost of $ 300 000.

# 2. Introductory Comments on the Community Work Coordinator Administrative Model

*This chapter comments on the extent of change that has taken place with the introduction of the Community Work Coordinator (CWC) administrative model, and raises for consideration some amendments to the model that would reduce the impact of certain risks that currently exist.*

## Introduction

**2.1**    One of the underlying reasons for introducing the CWC model was to make the Programme simpler for sponsors.  No longer do sponsors have to undertake a full tender process for a project to be approved.  Now a sponsor only has to submit an application for a project via a CWC in its local Employment Service Area (ESA)[14].  In addition, sponsors are able to bring forward potential projects each month and do not have to wait for the periodic six-month tenders.

**2.2**    The department has already undertaken a review of the CWC model.  It is currently considering comments on the recommendations of that review with a view to incorporating agreed changes in the next contract round.

## Expanded role for CWCs in WfD 2000 compared to sponsors' role in earlier rounds

**2.3**    In earlier rounds, the department considered proposed projects on a six-monthly basis and decided on successful projects against a set of criteria.  Sponsors were then responsible for delivery of the projects.  Centrelink referred eligible job seekers to the sponsors for the specific projects that were approved.  In these circumstances the sponsors were passive recipients of participants, and their responsibility was to ensure their individual projects provided good work experience for those who were referred.  Ensuring that a mix of projects was available and that the projects approved were appropriate for the needs of local job seekers was the responsibility of the department.

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[14]    There are 137 ESAs across Australia.  ESA divisions are used for administrative purposes.  They provide flexibility for tenderers to provide wide geographic coverage.

**2.4**     Under WfD 2000 the CWCs have been given the responsibility for a greater management role in achieving the objectives of the Programme.  The CWCs are responsible for fostering a range of projects for a particular ESA, managing the timing of the projects and ensuring that the eligible job seekers that are referred to them are placed in appropriate projects.  This expanded role has much greater administrative responsibilities carried out on behalf of the Government compared with sponsor organisations under the previous arrangements.

## CWCs also acting as sponsors

**2.5**     Current arrangements are made more complicated because CWCs can themselves also be sponsors.  This can have a major impact on the structure of the relationships and related responsibilities.  Some individual CWCs tendered on the basis that 100 per cent of their projects would be conducted within their organisations.  For projects in South Australia over the first five months of the operation of the new model, over 60 per cent of all approved projects were being conducted within the CWCs themselves.  Such an approach can have the effect of giving other potential sponsors little opportunity to bring forward new projects. It would be more equitable and reduce the potential for conflicts of interest, if CWCs had a set maximum percentage of their places that could be undertaken by the CWCs themselves as sponsors.

## Changed financial arrangements

**2.6**     Under the previous administrative model the payments made to the sponsor organisations related to a funded project.  The project proposal set out a budget for certain project costs and certain participant costs.  Payments were related to the project meeting particular milestones and the numbers of participants that were involved with the project.

**2.7**     Under the CWC model there are two payments—a management fee and a work experience fee.  There was no equivalent of the management fee under the previous rounds as the functions performed by CWC organisations were largely undertaken by the department and Centrelink.

**2.8**     Tenderers were asked to provide a disaggregation of the costs that made up both the management fee and the maximum average work experience fee.  This continued seeking of disaggregated costs suggests that there remains an underlying interest in the make up of a CWC's and sponsor's costs and that the department is not solely interested in a fee for service arrangement.

## Management fee

**2.9**    Set out below is a sample of the management services that CWCs are expected to deliver:

- seeking WfD activities/projects from prospective sponsor organisations, including small community organisations;

- assessing, completing and making recommendations on applications for WfD activities against the selection criteria for the Programme;

- entering into contractual arrangements with sponsor organisations for the provision of work experience activities for eligible job seekers;

- monitoring projects being operated by sponsors;

- recruiting job seekers and managing their placement over the six months work experience period;  and

- notifying Centrelink of any unauthorised absences by participants, or any other behaviour that would cause a participant to be breached[15] by Centrelink.

**2.10**    Under the contract with the Commonwealth, CWCs are required to carry out certain matters related to provisions of the *Privacy Act 1988,* the *Freedom of Information Act 1982* and the *Crimes Act 1914.*  The contract also refers to Commonwealth Material and how it is to be dealt with. The purpose of all these provisions in the contract is an attempt to make CWCs more aware of their contractual arrangements and responsibilities in delivering services on the Government's behalf.

**2.11**    While many of the CWCs have experience in previous labour market programmes, and as sponsors of projects under earlier rounds of WfD, this experience will not necessarily have prepared CWCs for their new role in protecting public property, revenue, expenditure, rights and privileges—tasks that have traditionally been the responsibility of the public sector.

**2.12**    There has been a major shift in responsibility for delivering the Programme from government to non-government organisations in the form of CWCs.  This change needs to be properly managed.  CWCs should be fully educated in all the roles they are now undertaking on the government's behalf.

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[15]    If a job seeker does not meet his/her obligations under the PFWA, Centerlink can apply penalties such as the job seeker losing part or all of the unemployment benefit for certain periods of time.

**2.13** The functions on which the management fee was based had not been performed by tendering organisations in the previous model. Therefore a risk existed that they may not have understood the precise nature of the service that the department wished to buy. The recruitment process that CWCs now operate was brought into operation in July 2000. Because tenders for the management fee were made in September 1999 without a full appreciation of the work involved, there is a risk that tenderers may not carry out the management role properly because the organisations have not allowed sufficient margin in their bids for this part of the work.[16]

## Work experience fee

**2.14** Under this model, CWCs had to tender to provide placements within an average work experience fee. While most CWCs would have had experience in this from being sponsors, the ANAO notes that setting a maximum fee may have implications for the Programme's flexibility to have the best blend of projects in place.

**2.15** The work experience costs vary considerably between individual projects as the nature of the projects themselves vary. For example, a project that involved placing participants into shop or office environments will not have the same level of costs that a project involving minor capital works and supervision by an appropriately qualified person. In the case of work experience costs associated with a project, there is some benefit in having the breakdown of costs available, and the opportunity for departmental staff to question the make up of a particular project's costs. The department's aim with project costs should not be to minimise them necessarily, but to look at them in view of the variety of placement options that are being made available to job seekers and the quality of the placements available. Having greater flexibility in setting work experience fees also allows more opportunity to include innovative projects that may be more costly to run, but are more attractive to participants.

**2.16** The ANAO is not convinced that attempting to set an average work experience fee as part of the tender process necessarily aids the provision of appropriate and diverse work experience for job seekers.

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[16] The department initiated a contract variation in January 2001 that provided for an average increase of 18.5 per cent in management fee payments in 2000-01.

## Monitoring

**2.17**     There exists potential for confusion in understanding what are the respective monitoring responsibilities of CWCs and the department's State and district offices (see Chapter 6). The ANAO suggests that the monitoring role may not be carried out effectively by CWCs for a number of reasons. The ongoing role in bringing forward new projects, and managing the recruitment of job seekers to projects, will have some in-built pressures (from potential sponsors and existing sponsors) to encourage CWCs to pursue these activities, at the expense of the formal monitoring role.

**2.18**     In addition, many CWCs are relatively small non-profit organisations, not dissimilar to the organisations that are sponsoring projects. Both sponsors and CWCs would also operate in the same geographical area and could have relationships other than that relating to the Programme.

**2.19**     In the light of experience with existing monitoring responsibilities, the ANAO suggests that there could be merit in considering whether the department should carry out the full formal monitoring role. If this were done CWCs would be responsible for bringing forward projects and recruiting job seekers, and the State and district offices would be responsible for approving projects and carrying out the formal monitoring role.

## The recruitment process

**2.20**     An important part of the overall management of the Programme is the recruitment process whereby eligible job seekers are recruited to become participants in WfD. Appendix 5 sets out in detail the WfD eligibility requirements for job seekers. The recruitment process underwent a major change in July 2000 and therefore the ANAO was unable to examine its administration in great depth.

**2.21**     For the early rounds of the Programme, before CWCs were introduced, Centrelink undertook the complete recruitment process. Centrelink obtained lists of 'eligible' job seekers from DEWRSB in an electronic form. These lists were examined by Centrelink and those job seekers that the records indicated were ineligible were taken off the list. Letters were then sent out to job seekers requesting that they attend seminars at Centrelink to be told about the Programme and the projects to be operated in the local area. Centrelink officers indicated that, based on their experience of changing eligibility (eg. study, casual or part-time work, medical reasons) and job seekers not coming to seminars, they would normally send out letters to about three times the number of job

seekers that was required for the projects on hand. Studies by the department have indicated that since March 1999, about one third of job seekers referred to WfD places did not subsequently commence a placement (See Figure 2.1).

**Figure 2.1**

**WfD referrals and commencements**
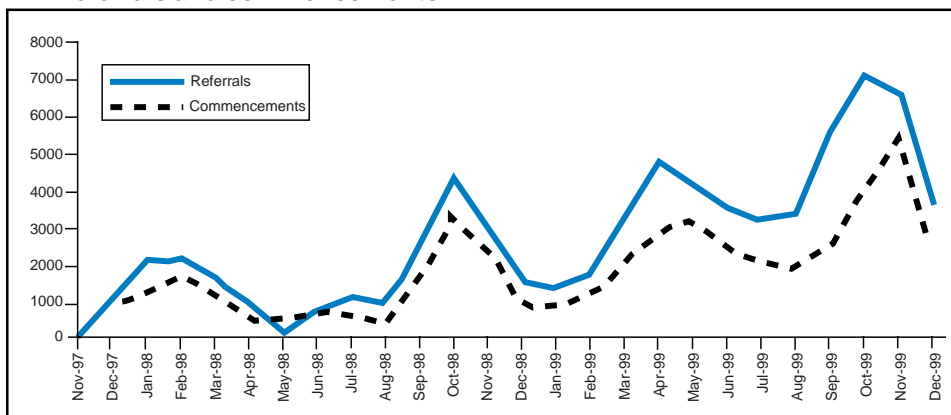


Source: DEWRSB Work for the Dole—A Net Impact Study

**2.22**    Some job seekers were signed up at the seminar and some were called in for interviews at a later time to determine their preferences.  If job seekers did not comply with these requests Centrelink would normally apply certain sanctions (ie. breaches) against job seekers.  All data entry into the department's information system (IES) was carried out by Centrelink based on hard copy forms completed by sponsors.

**2.23**    In the case of job seekers leaving WfD because they had found jobs, commenced an approved education course or for some other reason, sponsors contacted Centrelink and additional job seekers were referred to the vacancies in projects.

**2.24**    With the introduction of CWCs in early 2000, Centrelink continued to play the major role in recruitment, although the CWCs were the ones who dealt with Centrelink instead of individual project sponsors. Seminars continued to be set up and run by Centrelink.

**2.25**    From July 2000 the recruitment process changed substantially. The CWCs now access information on 'eligible' job seekers through Community Work Assistant (CWA)[17]; organise for letters to be sent out to job seekers; organise seminars; sign up job seekers for the Programme; recommend sanctions against job seekers for non compliance with requests; and enter information about participants through CWA.

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[17]    CWA is an Internet based system that allows access to the Department's information system.

**2.26** As part of the introduction of CWA, and the automated referral process that is now in operation, the department has been required to determine how many 'eligible'[18] job seekers should be referred to CWCs given the number of placements they need to fill the approved projects.

**2.27** The number of 'eligible' job seekers advised to CWCs was increased from 100 per cent of required placements to 200 per cent in late July 2000, and more recently to 400 per cent.[19] This was a response to the low conversion rate being experienced, and has a number of implications for CWCs. Firstly, there is a risk that CWCs will not be able to fulfill their contracts because they can't get enough conversion of referrals to commencements. Secondly, the workload associated with processing large numbers of clients who proved to be ineligible or not available for placement was, in many cases, not anticipated by CWCs. There is a risk that other tasks that CWCs have been contracted to undertake, such as monitoring of sponsors, will not be completed in a timely manner. While the ANAO did not examine CWA as part of the audit, developing solutions to this problem is a key issue for the ongoing management of the Programme at this time.[20]

## Conclusion

**2.28** The ANAO considers there is a risk that, when tendering to be CWCs, organisations may not have appreciated the full extent of their management responsibilities and that some may not have allowed sufficient margin in their bids to enable them to carry out the required tasks fully. The department should monitor this situation and may need to consider options to ensure that the CWCs can continue effectively in their role.[21]

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[18] Changes in the circumstances of job seekers, such as commencement of casual work or study, can occur after a job seeker has been referred to WfD and this may result in a job seeker no longer being eligible to participate in the Program when contacted by the CWC. Centrelink is frequently not advised of the changed circumstances of job seekers.

[19] For example, if a CWC had 25 placements to fill, 25 people would have been referred originally. Now, with 400 per cent referrals to placements required, the CWC would have 100 people referred to it.

[20] Part of the additional funding provided to CWCs in January 2001 is designed to help CWCs cover the additional cost of obtaining broadband Internet connectivity to allow CWA to operate more efficiently for them.

[21] The department initiated a contract variation in January 2001 to provide additional funds to CWCs and sponsors and extend the period of the contract with CWCs. See Appendix 2 for details of the contract variation.

**2.29** With the introduction of the automatic referral arrangements for recruitment of participants in July 2000, the workload associated with processing large numbers of clients who proved to be ineligible or not available for placement was, in many cases, not anticipated by CWCs. There is a risk that other tasks that CWCs have been contracted to undertake, such as monitoring of sponsors, will not be completed in a timely manner. While the ANAO did not examine CWA as part of the audit, developing solutions to this problem is a key issue for the ongoing management of the Programme at this time.

**2.30** The ANAO supports the department's review of the CWC administrative model to help reduce some of the risks that are present with the current model. Changes flowing from such a review could include:

- having a set fee for the management responsibilities that the department wanted the CWCs to carry out (this could vary across metropolitan, regional and isolated areas) and judging the performance of the CWCs on how well they carried out that management role;

- setting an indicative range of work experience fees, but retaining flexibility by assessing the appropriateness of work experience costs on a project by project basis;

- in the light of experience, considering whether the mix of monitoring responsibilities between CWCs and the department is optimal; and

- allowing CWCs to continue to be both the CWC and sponsor for up to an agreed percentage of their placements, but that there be a requirement that they maximise the variety of community organisations that benefit from the Programme.

**2.31** The ANAO suggests that, as part of its review, the department considers introducing changes to reduce risks associated with CWCs delivering services on the Government's behalf, the lack of experience with some of these newly introduced administrative mechanisms and the benefits of considering the cost of projects on a case by case basis.

# 3. Community Work Coordinator Tender

*This chapter examines the planning and conduct of the tender assessment process. It discusses particular matters related to industry specific bids and local labour market conditions, as well as proposing improvements to tender assessment processes.*

## Introduction

**3.1**    With the introduction of the Community Work Coordinator (CWC) concept, the department was seeking organisations that could generate a variety of projects that would meet the needs of job seekers, match eligible job seekers to those available project places, manage the ongoing flow of participants and oversight of projects. Accordingly, the tender could not be heavily based on past performance, with earlier rounds of the Programme being project based.

**3.2**    A total of 1118 applications were made for business in individual Employment Services Areas (ESAs). Of this number, 318 applications were successful (from 119 different organisations). Of the 800 unsuccessful applications, 56 failed because of inability to meet financial viability requirements and 22 failed because of non-conforming tenders.

**3.3**    The ANAO examined whether the tendering process that was undertaken for CWCs was effective, efficient and equitable.

## Planning for the tender process

**3.4**    The department undertook consultation with industry prior to the tender process and allowed opportunities for comments to be provided on an exposure draft of the Request for Tender (RFT) document. The ANAO considers this is a sensible, practical way to include the views of prospective tenderers. The department also appointed an internal probity adviser to oversee the tender processes and the training of staff who would be evaluating the tenders. The department produced a timetable of events relating to the tender and internal audit examined various aspects of the tender process in accordance with the Probity Plan.

**3.5**    Guidelines were produced for the various activities that needed to be undertaken (such as assessment, business allocation) and these were cleared with the probity and legal advisers. The ANAO found that the guidelines provided appropriate guidance on the routine matters to be covered as part of tender assessment.

**3.6** There was no comprehensive planning document developed for the tender itself. Given the significant differences between WfD 2000 and the previous rounds, the ANAO considers that it would have been appropriate to undertake a risk assessment and project plan that addressed risks as appropriate. With changes likely to be made to the CWC model over time, and the prospect of moving to longer intervals between CWC tenders, it is important that each tender process be informed by a comprehensive risk assessment.

## Recommendation No.1

**3.7** The ANAO recommends that, as part of the planning for each Community Work Coordinator tender process, the department undertakes a comprehensive risk assessment and suitably applies the results in determining the project plan for the tender.

### *DEWRSB response*

**3.8** Agreed. The department supports the notion of conducting a comprehensive risk assessment for the tender process. For the previous CWC tender round the department adopted good practice tender processes for risk minimisation. The department has since developed a risk assessment and management strategy that will be utilised in future tender processes, and revised when required.

## Issues affecting tender assessment

**3.9** There were a number of matters included in the RFT that led to particular difficulties in the tender assessment process.

### Industry specific bids

**3.10** The RFT provided for bids to be made for specific activities across a Labour Market Region (LMR)[22]. These were termed '*industry specific*' bids and were subject to different criteria than the general bids. Industry specific bids did not have to meet the required minimum number of placements that was set for each ESA, although there was a minimum number of 150 placements across the LMR. In explaining what was meant by this category of bid, the RFT referred to '*a proposal to have participants involved only in historical research projects for towns across the LMR, or for the provision of child care assistance only across an entire LMR*'.

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[22] Work for the Dole 2000, Request for Tender, p. 13. See Appendix 4 for more information on LMRs.

**3.11**    The ANAO found that this category of application added to the complexity of the process in the treatment of tenders.  The ANAO noted that one particular tenderer described the specific industry it operated in as being '*Community Services to support disadvantaged people*'.  The projects that this particular tenderer later put forward involved participants assisting in shops, offices and grounds maintenance.  This tenderer also submitted basically the same tenders in different States, with tenders in some states being industry specific where the tender did not meet the minimum number for an ESA, and in other States the tender being general.  There was no obvious difference between what the tenderer proposed to do for job seekers in either State.

**3.12**    In other cases, tenderers submitted both industry specific bids and general bids in the same areas.  The department advised that only the general tender was accepted where both general and industry specific tenders were received from the same tenderer.  However, the ANAO observed one instance where the tenderer was successful in having both tenders considered.

**3.13**    Despite concerns associated with industry specific bids, the ANAO considers that the ultimate business allocation decisions were appropriate based on the tender documentation that was examined.

## Local labour market conditions

**3.14**    The RFT asked tenderers to demonstrate their capacity to help, and to communicate effectively with, job seekers from particular client groups[23].  The particular examples referred to were where:

- Five per cent or more eligible job seekers are Aboriginal and Torres Strait Islander people; and/or

- Ten per cent or more of eligible job seekers are from non-English speaking backgrounds.

**3.15**    The RFT itself did not set out in which ESAs these factors should be considered.  The ANAO found that, in several states, specific comments were sought from departmental officers involved in indigenous matters.  However, it was not clear how these comments were incorporated into assessments, and how well the comments related to what was sought by the department under the RFT.  In other cases, where the ANAO had difficulty in attempting to understand particular scoring, comments related to factors were made by officers, but it was difficult to see where these factors had been taken into account in the assessment process.

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[23]    Work for the Dole 2000, Request for Tender, p. 14.

**3.16** The ANAO found that the process, whereby local labour market conditions were included in the tender assessments, was not spelt out clearly or undertaken in a uniform manner for all applicable ESAs.

# Recommendation No.2

**3.17** The ANAO recommends that, in drawing up future Request for Tender documents, the department:

(a) examine whether provision for industry specific tenders is warranted; and

(b) develop a clearly stated method for dealing with local labour market conditions in the Request for Tender and tender assessment.

*DEWRSB response*

**3.18** Agreed.

(a) The department has concluded that if this type of service is warranted in the future, a stricter definition for Industry Specific tenders and a more stringent assessment process, different to that applied to general tenders, will be used. This is currently being considered in the context of developing the next Work for the Dole tender.

(b) In Work for the Dole 2001 the Request for Tender will emphasise the importance of tenderers researching the labour market in their areas. The Request for Tender will also identify Employment Service Areas with high indigenous and non English Speaking Background populations, and it will require tenderers to identify their proposed strategies in providing services to these prospective clients. Tenderers' knowledge of, and strategies for servicing, their proposed clients will be considered in the assessment process.

## Goods and Services Tax (GST)

**3.19** With the tenders for WfD 2000 being made some nine months before the introduction of the GST, the department faced a difficult task in having tenderers bid for, and appropriately price, work that would attract the GST. Tenderers were required to submit one set of prices for work up to 30 June 2000, and separate prices including GST for work after that date. The RFT indicated that the price impact of the GST on the broader industry sector 'Other Business Services', which includes employment services, was expected to be 7.2 per cent[24.] Tenderers were required to include an explanation where they believed that their individual circumstances required them to submit prices that were

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[24] Work for the Dole 2000, Request for Tender, p. 33.

significantly higher than the Government's estimated price effects for the broader industry. The ANAO notes that tenderers were advised to seek professional advice in preparing their tender. The RFT made no reference to the situation that many of the non-profit organisations that were tendering to be CWCs, and were currently exempt from many taxes, would be affected by the introduction of the GST.

**3.20** For the purpose of decision making in the tender assessment process, the ANAO notes that the price applied was the post 30 June 2000 price (ie. including GST).

**3.21** The ANAO's principal concern is that organisations whose bids had included little or no price increase as a result of the GST may have underpriced their bid. Since contracts were signed, the department advised that a number of providers have requested contract variations as they consider they underpriced their GST price. The department's legal advice has been that providers must comply with their contract level for price.

**3.22** The ANAO examined information from MUTUAL (the information system used for tender assessment), and some contracts, that related to the pre- and post-GST prices of each package of business awarded in ESAs. Figure 3.1 demonstrates that there is a considerable disparity in the percentage change that was tendered by successful organisations.

**Figure 3.1**
**Range of Increases Sought Related to GST**
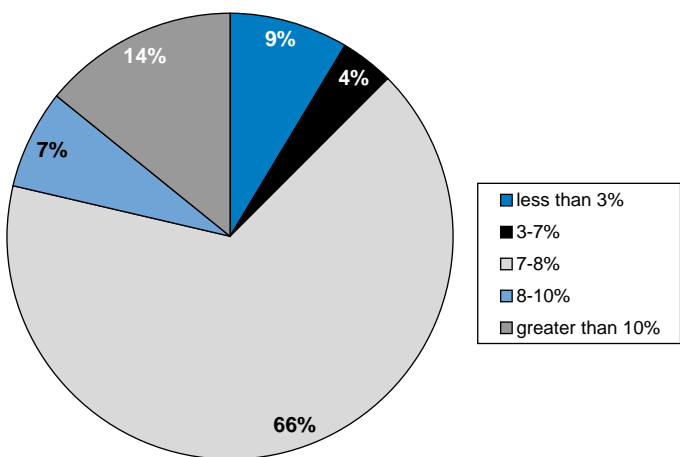


Source: ANAO analysis of departmental data

**3.23** As can be seen from the graph, nine per cent of business packages were awarded to CWCs whose bids included no increase after 1 July, or a very small increase (less than three per cent). To the extent that individual CWCs find that their financial position is affected by the

application of the GST and they are unable to vary their contract, there is a risk that such CWCs will provide a lower level of services in order to protect their financial position.

**3.24**    With the introduction of a new tax such as the GST, some difficulties like this were probably inevitable.  However, any issues should be short term as the impact of the introduction of the GST will only affect the current CWC contracts; these contracts operated for the first six months without the GST and for 12 months with the GST.[25]

## Placement numbers included in the RFT

**3.25**    The government determined the total number of Programme placements sought over the 18 months covered by the RFT (66 250).  For the purposes of allocating the 66 250 places to ESAs throughout the country, the department used proportions based on the number of eligible job seekers at May 1999 in individual ESAs, reduced for estimates of job seekers who will be eligible for Intensive Assistance under the Job Network.  The ANAO notes that as the size of the Programme increases it becomes more important to achieve an appropriate distribution of contracted places across the country.

**3.26**    The ANAO suggests that the department consider including a broad explanation in the RFT of how the number of placements for ESAs was determined.  The ANAO was advised by industry that it would assist potential tenderers to know whether allocations are based on current numbers of people eligible for WfD or future projections.  Potential tenderers would also benefit from knowing whether allowances have been made in relation to the impact of other DEWRSB programmes for the same group of eligible job seekers.

## Tender assessment arrangements

### Probity adviser

**3.27**    A tender probity plan was compiled and the activities of the probity auditor and the probity adviser took place against the background of that plan.  The probity adviser and probity auditor were involved in all elements of the tender assessment process in accordance with the probity plan.  From an examination of the reports produced by these officers and discussions with them, the ANAO found that these officers were satisfied with the probity aspects of the tender process.

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[25]    A contract extension of one year was offered to CWCs in January 2001.  See Appendix 2 for further detail.

**3.28**    The ANAO considers that the position of the probity adviser would be strengthened if some input external to the department was involved. The ANAO suggests that the department considers cost effective means of using an external resource as part of the probity team in future processes.  This would emphasise that probity is important in the tender process, and that it should be seen to be independent of the department.

## Financial viability assessments

**3.29**    One element that is relevant to the Programme is that many of the organisations involved are relatively small community based organisations and do not have the depth of resource backing of some of the larger organisations.

**3.30**    To check the financial viability of organisations, the department undertakes a process similar to that carried out for other tender processes within the department.  The checking undertaken includes examinations relating to the existence of the organisation, known instances of fraud, credit checking and several years of financial statements.  The financial viability team also utilises a software tool that facilitates the assessment of certain summary financial information.

**3.31**    Depending on the results of the assessment, the financial viability team may indicate that a tenderer is financially viable, not financially viable or viable with certain qualifications.  These qualifications can relate to the amount of business that a tenderer should receive, or could indicate that a tenderer's financial position should be subject to ongoing monitoring, or could involve particular assurances being provided by related organisations or holding companies.

**3.32**    The ANAO found that the financial viability assessment process that was undertaken was appropriate.  However, it noted the inherent difficulty of making assessments of community organisations that did not have the financial backing that would often be required of commercial organisations.

## Assessment process

**3.33**    The ANAO examined 107 tender assessments for ESAs that were managed by the department's offices visited (Sydney, Brisbane, Perth and Newcastle).  With the actual process surrounding the tender assessment having been overseen by the probity auditor, the ANAO concentrated on examining the assessments against the four criteria that the tenderers were asked to address.  The four specific criteria applied in the assessment of tenders are set out in Appendix 6.

**3.34** The assessment process was that State office staff in five State office locations (Sydney, Melbourne, Brisbane, Adelaide and Perth) conducted the assessments. State office staff: were provided with Guidelines and trained in their use; had National Office staff present to oversee the process; and were required to undertake certain quality assurance processes.

**3.35** In the view of the ANAO, factors that affected the assessment of individual tenders included:

- several different teams in the one State assessing tenders from the one organisation; and

- teams in different States scoring criteria differently for tenders from the one organisation, with very similar written material supporting the tenderer's claim.

**3.36** Tenders could be subject to an assessment, a reassessment and an adjudication. The ANAO found that the officers in charge of the tender process in the State offices had not been provided with sufficient guidance on particular risks that existed and that should be focused on in carrying out reassessments. The ANAO considers that there would be particular merit in reassessing those tenders that were likely to be close to being successful rather than those that were clearly not meeting the criteria.

**3.37** The ANAO found that the tender assessment process was of a sufficient standard that specific concerns it had in the scoring of some individual tenders by assessment teams did not result in those tenders being successful where they might not otherwise have been.

**3.38** The ANAO also noted that, on occasions, the assessment teams made comments that particular issues should be followed up at negotiation. How these issues were ultimately dealt with was often difficult to determine. The department advised that any follow-up matter that affected the decision to allocate business was pursued during the tender process prior to a final decision. All minor matters not affecting the decision to allocate business were to be documented on file and MUTUAL and finalised as part of contract negotiations. In the case of one tenderer that was awarded business, there was a requirement from the financial viability team that certain assurances be sought before business was awarded. The ANAO was advised that these assurances were not sought. Early in the contract period this particular provider ceased business and the department had been required to put in place alternative arrangements to manage certain projects already underway.

**3.39**    The ANAO found that there were deficiencies in the follow-up process for particular matters raised in the assessment process, and this raised the risk that potentially important matters could be overlooked.

## Business allocation

**3.40**    Based on the approach that had been set out in the RFT[26] and the guidelines provided to State office staff, the ANAO found that the business allocation process had been conducted fairly.

**3.41**    In many locations it was a straightforward process of applying the amount of business to the highest scoring tenderers. Business allocation was then moderated by the requirement to limit the amount of business provided within an LMR to a specific tenderer to 25 per cent. On some occasions, the business allocated to a particular provider also had to be kept within a dollar limit that was set by the financial viability team.

**3.42**    The ANAO found that, in some cases, the spreadsheets used to help manage the business allocation process had not been retained. This documentation is an important part of the overall tender decision-making process and should be retained to provide evidence of the processes undertaken, and allow for easy review.

**3.43**    At the business allocation stage, one additional issue is that organisations that existed in the early rounds are attempting to extend their business into LMRs in which they had not previously operated. The ANAO acknowledges that assessing the capacity of an organisation to expand is not easy. However, it is suggested that there would be merit in discussing the ability of a particular organisation to expand its reach considerably with the senior staff of the financial viability team. There would also be benefit in seeking specific information from organisations that are seeking to expand substantially concerning their business plans underpinning the expansion, and their capital backing to fund such expansion.

## National Selection Advisory Committee (NSAC)

**3.44**    The NSAC was the final decision-making level within the department in relation to the tender assessment process. The ANAO noted that the Committee met on one occasion, 30 November 1999, when the States took their business allocation proposals to Canberra. Based on the record of NSAC deliberations, the ANAO found that the committee had appropriately overseen the final consideration of business allocation.

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[26]    Work for the Dole 2000, Request for Tender, p. 39.

**Information system used in tender assessment (MUTUAL)**

**3.45** The department used a computerised system (MUTUAL) to assist in the management of the tender process. The system included details of the bids made by tenderers, information relating to the assessment processes and information on the business allocations.

**3.46** The ANAO noted that that there were satisfactory controls for the input of scoring comments and the scores themselves on MUTUAL. However, the ANAO was not aware of similar controls in place surrounding the input and amendment of information in MUTUAL that did not relate directly to scores.

**3.47** The ANAO understands that when information in MUTUAL was used to mail out proposed contract amendments to contractors, there were a number of errors in the process (for example, amendments being sent to organisations that had not been successful). In examining information in MUTUAL during the audit, the ANAO noted that in two of the three States visited there were a substantial number of discrepancies between the text recorded in MUTUAL at the business allocation/negotiation stage and the changes made to the number of placements in MUTUAL.

**3.48** The ANAO considers that the reasons for these discrepancies could be the time pressure under which staff were operating, or the lack of a consistent checking process on what was being input into MUTUAL. If the tender assessment data base is to be used for other contract administration purposes, the ANAO considers that the department should consider making the input process into MUTUAL (or any successor) more reliable by instituting more thorough checking process for the relevant data.

## Recommendation No.3

**3.49** The ANAO recommends that the department review future tender arrangements with a view to making cost-effective improvements regarding:

(a) processes used to follow through on points raised during the tender assessment, and the documentation of such follow up;

(b) processes applied to ensure consistency in assessments; and

(c) controls over the accuracy of all information in the tender information system.

*DEWRSB response*

**3.50**    Agreed.  The department agrees that for effective management of the tender process tender arrangements must include efficient and cost-effective follow up processes and their documentation; consistency in assessments; and accurate recording and maintenance of data.  All tools and processes currently used in tender assessments are being examined to establish where improvements can be made.  Significant progress has already been made in some areas, for instance the information management systems used for the Programme have been reviewed and considerably enhanced.

## Conclusion

**3.51**    The department had a major task in designing a tender assessment process for the CWC concept in a relatively short period of time. The ANAO considers that the department should undertake a comprehensive risk assessment and project plan for each future tender process that it is involved in.  The ANAO also considers that the provisions in the RFT relating to industry specific tenders and local labour market conditions, together with the way in which these matters were assessed, led to a potential risk of inequitable treatment of tenders.

**3.52**    The ANAO concluded that the overall tender and assessment process was adequate given the tight time constraints to which the department was working.  The ANAO noted the use of a probity advisor and financial viability assessments as part of the overall tender process.

**3.53**    The ANAO recommends that the department review the processes used to follow through on points raised during the tender assessments, and the processes applied to ensure consistency in assessments. Suggestions were also made to improve the department's consideration of tenders that involve substantial expansion of an organisation's existing coverage.

*Work for the Dole in Schools—Perth WA*



*Gavin Fitzpatrick, a WfD participant (centre), paints the walls, hangs art work, does repairs, sets out materials and helps to clean up at the Hamilton Senior High School, Perth. He is pictured with Astrid Dahl, Head of the Art Department, (left) and Alex van Blommestein (DEWRSB Team Leader).*

Source: CWC Newsletter July 2000.

# 4. Project Assessment

*This chapter examines whether the project assessment process that was undertaken by the Community Work Coordinators (CWCs) and State Offices was effective, efficient and equitable.*

## Introduction

**4.1** CWCs are contracted to generate quality projects that provide valuable work experience opportunities for eligible job seekers. Projects can be conducted in-house (ie. the CWC acts as sponsor) or sponsored by other not-for-profit organisations. With the introduction of the CWC model, the project assessment process shifted from being primarily the responsibility of DEWRSB to being one of the services provided by CWCs.

**4.2** The ANAO examined a sample of project applications in DEWSRB offices in Brisbane, Sydney, Newcastle and Perth, in order to test that the assessment process was effective, efficient and equitable.

## The project assessment process

**4.3** CWCs undertake the following roles in the project assessment process (see Figure 4.1):

- assisting potential sponsor organisations to complete their Application for Work for the Dole Activity form;

- assessing completed Applications against the selection criteria;

- providing recommendations to the department on all Applications received;

- providing advice to successful and unsuccessful applicants after projects have been announced; and

- providing feedback, if requested, to unsuccessful applicants after decisions have been made[27].

**4.4** Under the CWC model, the project assessment process has changed from a six-monthly to a monthly process. CWCs forward all project applications to the DEWRSB State offices once a month, and include a recommendation as to which projects they believe should be awarded business.

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[27] "Creating Work Experience Places" in *Community Work Coordinator Work for the Dole Resource Manual*, p. 5.

**4.5** The DEWRSB State offices then make the final decision on the projects proposed taking into consideration comments from Area Consultative Committees (ACCs), the diversity of projects and the recommendation of the CWC. This decision is recorded in MUTUAL, advised to National Office and announced by the Commonwealth Minister for Employment Services on a monthly basis.

**Figure 4.1**
**Project assessment process**
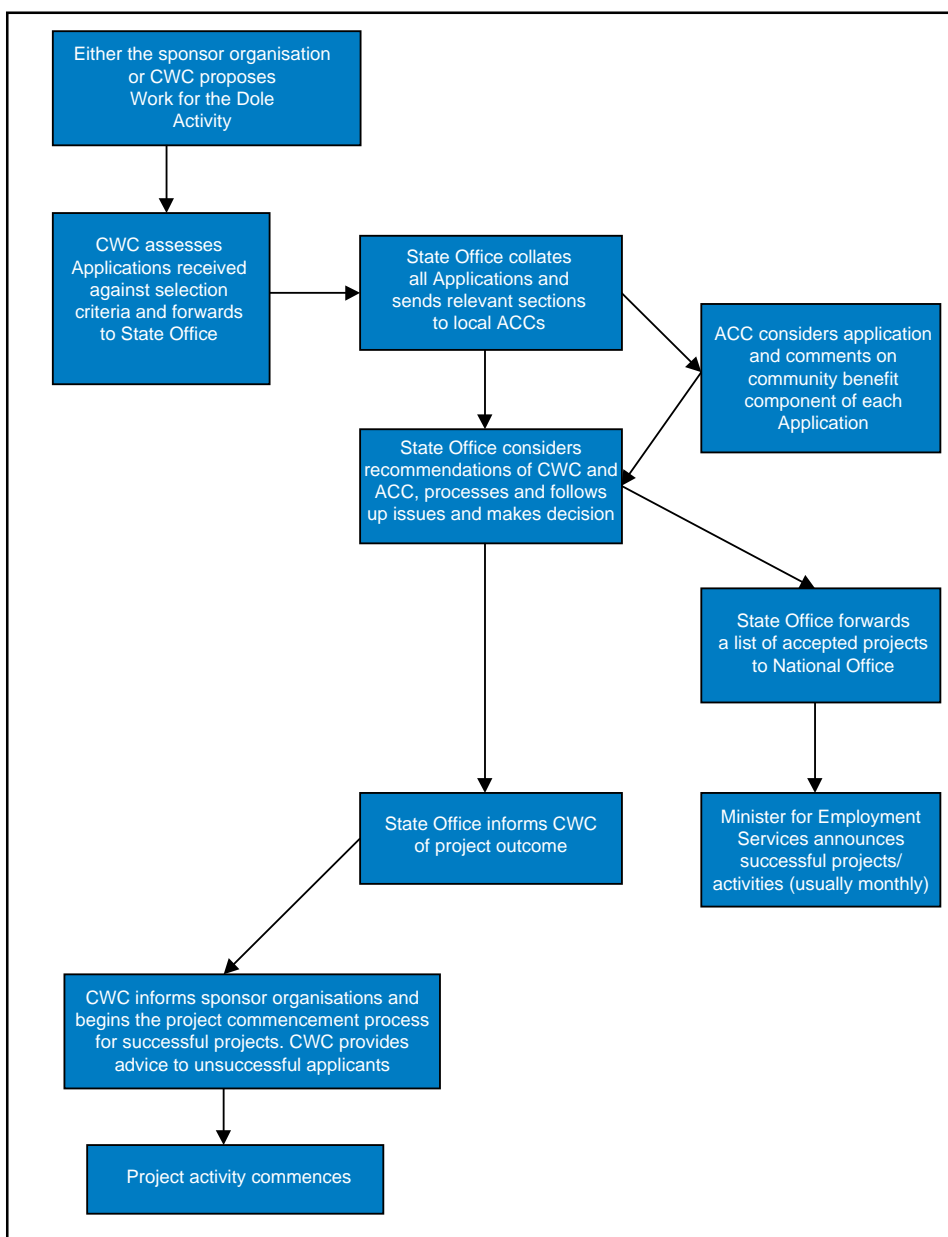


Source: DEWRSB—CWC Resource Manual.

# CWCs acting as sponsors (in-house projects)

**4.6**    With between 30–40 per cent of projects being internal to CWCs there is a question of whether all community organisations are getting the opportunity to have their projects considered.  For example, in South Australia, during the first five months of the new arrangements, over 60 per cent of all projects were internal to CWCs.  In Chapter 2, the ANAO raised the issue of ensuring that organisations that are not CWCs have an equitable opportunity to bring forward projects.

**4.7**    The chart below indicates the percentage of projects internal to CWCs being accepted each month on a State-by-State basis for the period February 2000 to June 2000.

**Figure 4.2**
**Percentage of projects allocated internally to CWCs**
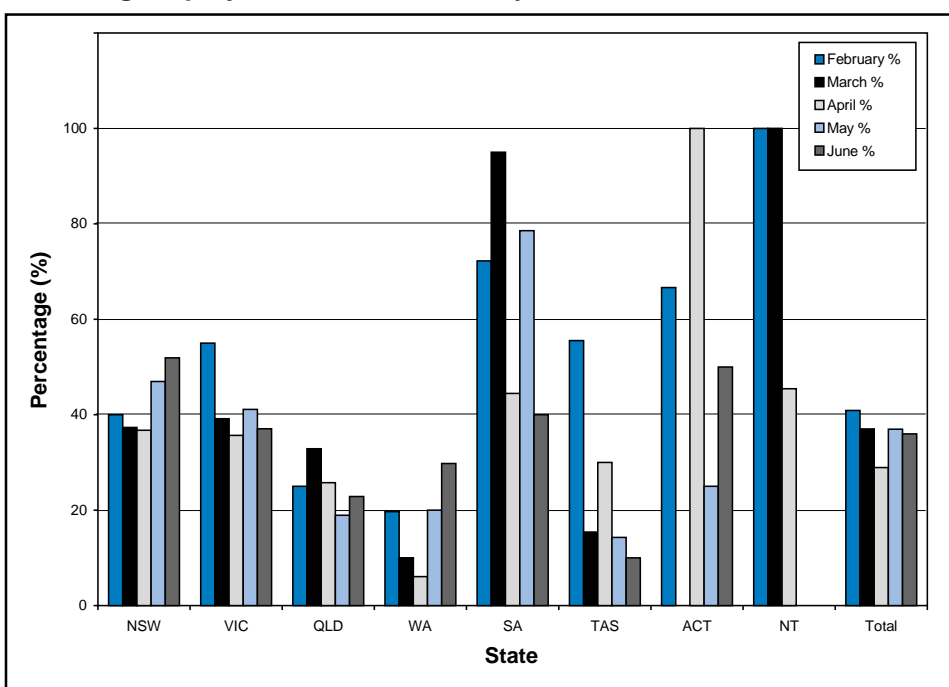


Source:  ANAO analysis of departmental data

**4.8**    Another impact of having a large number of projects being conducted internally by CWCs is that the department needs to examine such projects in more depth.  This reduces one of the desired outcomes of the CWC model—that State office staff will have more time available for tasks such as monitoring.

## The role of the ACC

**4.9**     Once the project applications have been submitted to the State or District Office the department forwards a copy of the application to the relevant ACC.  The role of the ACC is to comment on the local community benefit of project proposals.  They also advise on and promote the Programme in their communities.  The ACCs have a week in which to comment on project proposals.

**4.10**     The level of response varies significantly between ACCs.  Some ACCs provide detailed comments on the benefit of each proposal, while others do not comment at all.  The department's review of the CWC administrative model recommends that ACCs be consulted on how to ensure their expertise and resource is used to the greatest effect with a view to enhancing their current role in the project approval process.  The ANAO supports this approach.

## Displacement of existing workers

**4.11**     As part of the application form for a project, prospective sponsors are asked to respond to the question:

*'Will this proposal displace existing workers?'*

The question is not whether there is displacement in the general community, but whether there is displacement in the particular non-profit host organisation.  Both contract managers and CWCs consider whether project proposals involve displacement of existing workers.

**4.12**     The ANAO notes that there is, to some extent, a conflict in the use of displacement in the way it is outlined above and the Programme objective of providing benefit to the community.  If there is a benefit to the community, often part of that benefit will accrue to the community organisation operating as the sponsor.  In some cases, that benefit may be evident as a reduced need by the community organisation to employ paid staff.  The ANAO suggests that the department re-examine its approach to displacement to determine whether there is a better way of approaching this matter.

## Assessment of individual projects

**4.13**    As part of its investigations at State and district offices the ANAO examined 79 project applications.  The ANAO found that, in the first four months of considering projects from CWCs, the department had carried out its role satisfactorily, although there were areas where performance could be improved.  Particular areas where this process could be improved include:

- providing clearer guidance to State and district offices on how they should consider projects that are sponsored in-house (ie. by the CWC);

- providing better guidance to CWCs on how they should assess the community benefit of proposed projects;

- State and district offices adopting a more uniform approach in considering projects for approval; and

- requiring a better documentation trail of matters raised with CWCs regarding individual projects.

**4.14**    The ANAO noted that there is some duplication of effort in project assessment by contract managers and CWCs.  This appears to be largely a transitional problem, resulting from the changes in responsibilities under the new CWC model.  However, the ANAO suggests that the department further clarify the roles of the State offices and CWCs in the project assessment process to ensure that there is no unnecessary duplication of effort.  For example, contract managers should carefully consider any requests for CWCs to provide additional information beyond the *pro forma* requirements of the WfD Activity Application form, such as precise and detailed breakdowns of administrative and training budgets.

## Recommendation No.4

**4.15**    The ANAO recommends that DEWRSB:

(a) further clarify the roles of State offices and Community Work Coordinators in project assessment to minimise duplication of effort; and

(b) provide both State offices and Community Work Coordinators with specific guidelines on matters such as the assessment of in-house projects and community benefit with individual projects.

*DEWRSB response*

**4.16**    Agreed.

(a)  The department strongly supports minimising duplication of effort between DEWRSB State Office staff and CWCs in the project assessment process.  Both State Office staff and CWCs play central

but different roles in this process. The CWCs are responsible for assessing all project proposals submitted by prospective sponsor organisations, except where the proposals are put forward by the CWC itself. In the case of proposals submitted by external organisations, the CWC assesses the proposal and makes a recommendation to the department, which makes the decision to approve the project or not. Where a CWC submits a proposal as a sponsor organisation, to ensure impartiality the department undertakes the assessment as well as the decision. Existing guidelines on project assessment processes are being reviewed and updated to minimise any duplication.

(b) The department agrees that staff require clear guidance on assessing specific aspects of proposals, particularly with regard to community benefit as this is one of the main objectives of the Programme. The department is in the final stages of revising the guidelines for staff and CWCs relating to the assessment of project proposals and these two aspects of assessment have been addressed in the new version.

## Conclusion

**4.17** The ANAO concluded that the method of assessing and selecting projects is working satisfactorily under the CWC model, although improvements should be made relating to guidance and the documentation of matters raised with CWCs. The ANAO also supports the department's reconsideration of the role of the ACCs in project assessment.

**4.18** It is recommended that the department further clarify the roles of the State offices and CWCs in project assessment and provide guidance on the assessment of in-house projects and community benefit associated with individual projects.

# 5. Contract Management Arrangements

*This chapter examines the contract management framework and whether it is underpinned by appropriate contract management guidelines and procedures. The effectiveness of communication and liaison arrangements are also examined, including mechanisms to ensure departmental advice to stakeholders is consistent.*

## Contractual framework

**5.1**    DEWRSB purchases WfD services on behalf of the Commonwealth from Community Work Coordinators (CWCs).  The contract between the CWC and DEWRSB outlines the services to be provided, including the number of placements to be provided and the cost per placement.  A separate contract is signed with each CWC for each Labour Market Region (LMR).[28]

**5.2**    CWCs can provide placements within their own organisation or by sub-contracting sponsor organisations.  CWCs and sponsors determine their own contractual arrangements.

**5.3**    The CWCs main point of contact within the department is the contract managers in DEWRSB's State and district offices.  The contract managers are responsible for providing advice on contract management issues and monitoring CWC service delivery.

## Guidelines

**5.4**    Other than the contract, the main document that provides guidance as to the roles, rights, responsibilities and obligations of the various parties involved in delivering WfD services, is the CWC Resource Manual.  The Manual provides guidance on such things as creating and managing work experience places, payments, insurance, GST, monitoring and marketing.  It also contains application forms for projects, participant referral and commencement forms, and monitoring visit pro formas. Updates are produced as required and can be accessed on the department's WfD website.  In addition, the department from time to time advises on specific issues such as GST.

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[28]    There are two exceptions to this arrangement—the Salvation Army and Mission Australia each have a single contract with the Department because they deliver WfD services in multiple states. A separate schedule for each ESA is attached to the contract.

**5.5**    The other form of guidance provided by the department to the CWCs is verbal advice given by contract managers.  There is some evidence that there is variation in the advice provided from contract manager to contract manager and from State to State.  For example, the 'brokered placements' model, where the CWC acts as sponsor but places participants in a variety of organisations, is common in many States.  It is a convenient way for community organisations to place a participant without having to undergo the administrative work involved in completing an application form, signing a contract and meeting the reporting requirements.  However, during early use of the CWC approach, contract managers in at least one State have at times interpreted this project structure as being an unacceptable arrangement.

**5.6**    According to Jobs Australia, differing advice has also been given to CWCs on the question of where a project may or may not be located, and whether participants are allowed to come from neighbouring ESAs.  The rules for the metropolitan LMRs of Sydney, Melbourne, Brisbane, Perth and Adelaide differ slightly from rules for other LMRs, and these rules have been interpreted differently by contract managers.

**5.7**    The department advised that it has since provided specific advice on these matters to State and district offices.  This advice was now being brought together in a Contract Management Guide.  The ANAO supports this approach and suggests that this material should be distributed to CWCs as well as contract managers to the extent practicable.

## Training

**5.8**    CWCs received training at the beginning of their contracts on delivering WfD services.  They also received introductory training in using the Community Work Assistant (CWA).  There are plans to provide further training on the use of the CWA now that the system is up and running.  There have also been two national conferences, which have provided an opportunity for CWCs to learn more about the Programme.

**5.9**    The ANAO considers that the Resource Manual provides a comprehensive reference material for CWCs and that early training was adequate.  However, the department should consider providing further training in aspects of Programme administration, particularly those areas that have traditionally been delivered by the public sector and are new to CWCs such as recruitment of participants, breaching and privacy issues.

# Recommendation No.5

**5.10** The ANAO recommends that consideration be given to providing Community Work Coordinators with ongoing training in the role of delivering services that require a fundamental understanding of public sector administration and its values (for example, recruitment, use of sanctions and privacy).

*DEWRSB response*

**5.11** Agreed. The department agrees that adequate training is crucial, and it is committed to providing appropriate training to its staff and agents to ensure their ability to provide a quality service to clients and comply with their obligations. To this end an introductory training course, training in the management information systems for the Programme, reference material, and regular bulletins on emerging issues are provided to CWCs. The department has also established a dedicated Internet site for CWCs, and holds CWC conferences bi-annually for CWCs to discuss issues affecting them. The department is currently investigating courses offered by the Public Service and Merit Protection Commission to identify an appropriate course to provide additional training in public administration issues to CWCs.

## Relations with industry

**5.12** DEWRSB has made a concerted effort to be open and responsive in its dealings with the industry. The ANAO supports this approach.

**5.13** At the level of the department's National Office and its dealings with industry bodies, there is good consultation to help resolve difficulties and ensure that there is open and effective communication.

**5.14** At the contract management level in State and District offices, individual CWCs were generally satisfied with the efforts of contract management staff to work cooperatively with CWCs. CWCs indicated that they appreciated the maximum use being made of email to confirm advice rather than just telephone calls. The ANAO suggests that this practice should be applied widely by contract management staff.

## Relations with Centrelink

**5.15** Under the changes that have been made with the introduction of CWCs, there has been a substantial reduction in the role of Centrelink in the administration of the Programme. At the national office level there

are regular meetings between DEWRSB and Centrelink. These largely relate to matters that need to be covered under the Business Partnership Arrangement[29] between the two agencies.

**5.16**    The department's State and District offices deal with Centrelink's area offices. In the main these relationships appear to work well, although the ANAO noted that, in one office, communication with Centrelink did not appear to be a high priority. Generally, CWCs indicated that their relations with Centrelink Customer Service Centres were good.

## Contract management resources

**5.17**    Staff resources available for WfD contract management activities vary from State to State as is shown in Table 5.1.

**Table 5.1**

**Work for the Dole State Office Staffing Levels as at 30 June 2000**

|        | NSW | VIC  | QLD | SA  | WA  | TAS  | NT  |
|--------|-----|------|-----|-----|-----|------|-----|
| EL 2   |     |      | 0.5 | 0.4 |     |      |     |
| EL 1   | 1.0 | 0.5  |     |     |     |      |     |
| APS 6  | 1.0 | 2.0  | 1.0 | 2.0 | 1.0 | 1.0  | 0.8 |
| APS 5  | 5.0 | 7.0* | 4.0 | 2.6 | 4.0 | 3.0  |     |
| APS 4  | 3.5 | 1.5* | 2.0 | 0.8 |     | 1.0# | 0.5 |
| APS 3  | 2.0 |      |     | 1.0 |     |      |     |

\*    There are three staff at the APS5 level and one part-time person (0.5) working at the APS4 level in the Bendigo office. They perform a range of activities including Work for the Dole, Job Network and Regional Assistance Programme administration.

\#    This position in Tasmania is temporary.

**5.18**    Given that there has been very little monitoring of progress of CWCs accomplished to date under the CWC model (see Chapter 6), due to other demands on the contract managers' time, the ANAO suggests that an analysis of contract management priorities and resources available to undertake tasks should be carried out.

**5.19**    Because different offices operate in different environments, there will be variation in how staff resources are allocated in each office. However, there would be merit in developing a resource planning framework that identifies priority tasks so that resources can be allocated accordingly. This would be an improvement on the current situation where the urgent tasks rather than the most important tasks tend to drive the activities of staff.

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[29]    The Business Partnership Agreement provides details of the arrangement between Centrelink and DEWRSB for the provision of Commonwealth services relating to employment.

**5.20**    The department is currently investigating various models and options for integrating and streamlining contract management in State offices.  This may result in changes to the structure and resourcing of contract management teams for a number of programmes including WfD.

## Recommendation No.6

**5.21**    The ANAO recommends that:

(a) information relating to the staff effort deployed to undertake particular activities in the State and District offices be obtained on a regular basis;

(b) such data be analysed to help determine the underlying reasons for the level of resources being devoted to particular activities; and

(c) suitable changes be made to administrative practices and resource allocations where existing staff effort does not reflect Programme management priorities.

*DEWRSB response*

**5.22**    Agreed.  Progress is already well underway within the department regarding these recommendations.  The department currently captures data at the State Office level on the costs associated with producing the department's outputs.  This data will be used during 2000–01 to refine the State Offices Resource Distribution Model for application in the 2001–02 financial year.  Action is also well advanced in reviewing State Office Business Plan key performance indicators, including indicators for Work for the Dole and the operations of CWCs.  Together these actions provide a stronger performance management framework for State Offices covering both performance against departmental outputs and the cost of producing these outputs on a State-by-State basis.  Priorities are also clearly articulated to State Office Groups through the State Office Business Planning and quarterly performance reviews processes.  In addition, the findings of the Contract Management in the States project will be implemented during 2001.  Amongst other things, this will contribute to more efficient utilisation of contract management resources in State Offices.

## Contract provisions

**5.23**    As part of its examination of contract management the ANAO noted a number of matters in the contract.

## Monitoring by CWCs

**5.24**    In Schedule 1 to the contract, *'Monitoring the performance of Projects'* is included as one of the services to be undertaken by the CWC.  However, the ANAO considers this to be very broad and undefined, and thus difficult for the department itself to follow up on.  The ANAO suggests that consideration be given to including additional guidance, such as specifying a minimum standard at which the projects should be monitored.

## Monitoring by the department

**5.25**    The contract includes provisions relating to access by departmental officers to CWCs.  Given the importance of this to effective monitoring by the department and the likely need for it to conduct fraud projects related to the Programme in the future, the ANAO considers that a more comprehensive monitoring and access clause, such as clause 12 used in the Job Network Contract,[30] should be used in WfD contracts.  The notice that is required for a monitoring visit should also be in the contract.

**5.26**    Another clause that would assist the department in its monitoring activities would be a specific provision that CWCs keep proper accounts and records of their transactions and affairs.  This requirement is important if the department has to undertake investigations of particular payments and their supporting documentation.

## Discrimination

**5.27**    The contract also provides that the contractor shall comply with the provisions of any relevant legislation.  Given the importance of the relevant discrimination Acts in matters such as the recruitment of job seekers, the ANAO considers that specific reference should be made to the *Racial Discrimination Act 1975*, the *Sex Discrimination Act 1984* and the *Disability Discrimination Act 1992*.

## Access by the Auditor-General

**5.28**    There is a note included in the contract that alerts contractors to the Auditor-General's power under the *Auditor-General Act 1997* to obtain information from parties with whom the Commonwealth contracts.  The ANAO has produced model access clauses for inclusion in Commonwealth contracts and it is considered the department should include a provision along those lines in future contracts.  These model clauses bring to the attention of the contractor, in comprehensive terms, how such access should operate.

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[30]    See p. 15 of Draft Contract—Tendering Conditions for the Employment Services Request for Tender 2000–2003.

**Undertakings in the Request for Tender**

**5.29**     The ANAO notes that clause 30.2 of the contract provides for the contractor to abide by undertakings given in the RFT or in any subsequent negotiations.  The ANAO noted, during fieldwork, that some staff expressed the view that this might be over-ridden by clause 4.1, which says that the contract constitutes the entire agreement between the parties and supersedes all other communications, negotiations, arrangements and agreements.  While the ANAO understands that this is not the case, cross-referencing the two provisions should remove the possibility of these provisions being misinterpreted.

## Recommendation No.7

**5.30**     For greater effectiveness and accountability, the ANAO recommends that, in preparation for future tender rounds for Community Work Coordinators, DEWRSB considers the inclusion of improved provisions in the contract that relate to monitoring, anti-discrimination, and the department's, as well as the Auditor-General's, access for contract related purposes.

*DEWRSB response*

**5.31**     Agreed.  The department supports strengthening the effectiveness and accountability of managing the Programme through improved contract provisions.  We are currently considering the addition of appropriate clauses in the contract relating to monitoring, departmental access, anti-discrimination and the Auditor-General's access.

## Conclusion

**5.32**     A key risk that the ANAO considers exists is that State and District office staff have not received sufficient formal communication (advice and guidelines) on how they are to carry out their roles under the CWC model.  The ANAO also draws attention to the need for CWCs to receive further training in some of their administrative responsibilities, particularly those matters that have been traditionally delivered by the public sector.

**5.33**     Overall, the ANAO concluded that the department is communicating satisfactorily with industry representatives and other relevant stakeholders.  There is a high degree of goodwill on the part of most participants.

**5.34**     The ANAO considers that there would be merit in developing a resource planning framework that identifies priority tasks and the level of staff resources available to undertake activities.  This would help to ensure that important tasks such as monitoring are not postponed.

**5.35** It is recommended that, for future contracts with CWCs, the department review provisions in the contract that relate to monitoring, discrimination and access.

*Missingham Bridge park riverfront—Ballina NSW*



*A Work for the Dole project at Missingham Bridge has resulted in the construction of four new picnic shelters with barbecues, extensive landscaping, hundreds of new trees and native grasses, installation of two sets of playground equipment and 1500 metres of new fencing.*

Source: CWC Newsletter August 2000

# 6. Contract Monitoring

*This chapter examines the efficiency and effectiveness of the arrangements for the monitoring of projects under Rounds 1 to 3 of the programme and the monitoring of CWCs and projects under the new CWC model.*

## Monitoring

**6.1** The purpose of monitoring the progress of CWCs and sponsor organisations is to ensure that:

- the service provision is proceeding in accordance with the terms and conditions of the contract and with the Programme objectives and guidelines; and

- financial management, audit and accountability requirements are being met.

## Monitoring of sponsors under Rounds 1–3

**6.2** Under Rounds 1–3, according to the *Contract Management Guidelines*, the project monitoring required consisted of:

- an initial visit undertaken prior to the commencement of the contract to discuss the contract and project, to negotiate contract details and to sign the contract;

- a second monitoring visit to be conducted shortly before the first acquittal to check compliance with the contract, that participants are placed appropriately, and identify any issues; and

- a third monitoring visit in the sixth or seventh month for projects operating for 12 months or more.

**6.3** The contract manager was required to complete a monitoring visit report after each visit, a copy of which should be made available to the sponsor.

**6.4**	The ANAO found that there was significant variation in the actual monitoring undertaken by the DEWRSB State and district offices visited[31]. In general, initial visits to sign contracts and check initial compliance with contractual obligations were carried out satisfactorily. However, in two of the State and district offices visited, not all sponsors received a second visit (at one office, it was less than 50 per cent of sponsors), or a third. The difficulties associated with travel to remote locations and time constraints were cited as reasons for the second and third monitoring visits not being made to all sponsors. In the other two offices visited by the ANAO, all projects received at least two monitoring visits, some had three.

**6.5**	The documentation of the monitoring visits conducted was generally of a satisfactory standard.

## Monitoring of sponsors under the new model

**6.6**	Under the CWC model, the responsibility for the monitoring of sponsors and projects has shifted, in part, from the contract managers to the CWCs. The level of monitoring required to be done by CWCs is similar to that of Rounds 1–3. An initial visit to the sponsor organisation and/or the project site must occur before commencement of the project. Another monitoring visit should be conducted shortly before the sponsors request for a second payment. Additional visits may be necessary to follow up any outstanding issues and a third visit is required for projects operating for six or more months.

**6.7**	The monitoring process for sponsors is illustrated in Figure 6.1.

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[31]	The ANAO visited four DEWRSB State and district offices. Together these offices are responsible for the management of approximately 62 per cent of projects under Rounds 1 to 3 and 63 per cent of CWCs under the new model.

**Figure 6.1**
**Monitoring under the CWC Model**

## Monitoring of Sponsors

State office or CWC conducts initial visit

↓

Complete the monitoring visit pro forma

State office or CWC receives a copy of the monitoring visit report

Sponsor receives a copy of the monitoring visit report

Address any follow up issues and arrange for subsequent visit to discuss (if necessary)

## Monitoring of CWCs

The State office conducts an initial visit to the CWC

↓

State office completes the monitoring visit pro forma

CWC receives a copy of the monitoring visit report

Address any follow up issues and arrange for a subsequent visit to discuss (if necessary)

Source:   DEWRSB—CWC Resource Manual.

## Monitoring of CWCs

**6.8**      Contract managers in State and district offices are responsible for monitoring the activities of the CWCs.  At the time of the audit, contract managers had carried out initial monitoring visits to CWCs.  Since these initial visits, monitoring of CWCs has been limited to ad hoc visits to some CWCs, and desk based monitoring.  None of the State and district offices visited had completed a formal round of monitoring since the commencement of the CWC contracts, although all offices indicated that they would undertake monitoring visits in August 2000.  The main reason cited for the lack of monitoring activity is that contract managers have not had time.  The monthly project approval process has been resource intensive, particularly in the early stages, and the introduction of the automated referral system and other new arrangements in July 2000 have placed further limitations on the time available for contract monitoring activities.

**6.9**      The ANAO is concerned that the department is exposing itself to considerable risks by not monitoring the progress of CWCs and whether the CWCs monitoring of sponsors has been adequate.  Contract managers should be checking that CWCs are fulfilling their obligation to monitor sponsors through their visits to CWCs.  A further consideration is that, in the early stages of WfD 2000, it is likely that CWCs could benefit significantly from the experience of DEWRSB State and district contract management staff.

## Monitoring strategy

**6.10**      Another concern of the ANAO is that there is no monitoring strategy in place.  It is clear that resources are limited and therefore it is important that a risk based approach to monitoring activities be adopted. Some of the factors that could be used to prioritise CWC monitoring visits are:

- whether the CWC is new to the Programme or to the ESA;
- the quality and consistency of management and staff;
- the performance of the CWC against its contracted number of placements;
- the number and types of complaints; and
- the number and types of issues arising from previous monitoring visits.

**6.11**      In addition, clear records should be kept of when monitoring visits are conducted, to whom and why (for example, standard visit or as a result of a complaint received).

**6.12** Clarification is required on the department's role in monitoring sponsor organisations. The CWC Resource Manual states that the department will conduct monitoring visits to sponsor organisations in addition to those conducted by the CWC. There seems to be a general expectation in some offices that all projects will be visited by contract managers but this may not be possible given the resources available.

**6.13** Clarification is also needed on how projects that are delivered in-house by a CWC are to be monitored. A monitoring strategy would identify these projects as priorities for monitoring visits by contract managers. The strategy should provide guidance on other criteria that contract managers can use to determine which sponsors should be visited. In some cases, projects involving host organisations may pose a higher level of risk.

**6.14** There would be benefit in staff from the National Office and State/district offices undertaking a Quality Assurance program to ensure a consistent national approach to monitoring. Involvement of National Office staff would increase their understanding of the important contract management role.

## Recommendation No.8

**6.15** The ANAO recommends that DEWRSB:

(a) consider the development of a monitoring strategy incorporating a risk based approach that includes directing resources, in a cost effective manner, more to the 'higher risk' Community Work Coordinators and sponsors; and

(b) introduce a Quality Assurance program to ensure a consistent national approach to monitoring.

*DEWRSB response*

**6.16** Agreed. The department has developed a monitoring strategy for CWCs. While this strategy provides for all CWCs to be monitored, it incorporates a risk-based approach for Work for the Dole contract management, where the emphasis is placed on high-risk providers. The department has established a suite of reports to assist Contract Managers identify specific providers and sites, based on their performance and/or business practices. These reports are available to all Contract Managers and are updated weekly. The reports, combined with information relating to complaints and the local knowledge of Contract Managers about the skills, experience and training of staff in CWCs, allow Contract Managers to undertake a risk based approach to monitoring CWCs. The department is currently developing a quality management framework which

encompasses CWCs, in order to develop and foster excellence in delivering Work for the Dole services. The framework will include Key Performance Indicators, Service Standards and assistance for CWCs to engage in and promote continuous quality improvement within their own organisation. It is expected that the framework will be completed by mid-2001.

## Conclusion

**6.17** The ANAO concluded that the department has been slow to carry out an effective program of contract monitoring under the CWC model. The department's ability to implement monitoring under the CWC model was affected by the significant changes being introduced at that time. The ANAO also considers that the extent of monitoring of projects in previous rounds of WfD was insufficient at two of the four offices visited.

**6.18** Under the CWC model, the ANAO considers that DEWRSB should develop a monitoring strategy incorporating a risk based approach. The ANAO considers that the department faces a considerable risk of not knowing how well CWCs and sponsors are delivering the Programme where a sound monitoring program is not in place. Remedying these deficiencies should be a key priority. In addition, undertaking a Quality Assurance program would assist in the development and implementation of a consistent national approach to monitoring.

# 7. Management Information and Performance Information

*This chapter examines the availability of management information and the performance information framework that DEWRSB has established to monitor Programme performance. This includes longer term evaluations that are necessary to make an overall assessment of the effectiveness of the Programme.*

## Management information

**7.1**　　With Centrelink undertaking the recruitment process and the Programme operating on the basis of individual project approvals, the department had operated the Programme with minimal management information. With the advent of the far greater involvement of CWCs from July 2000 there has become a need for much improved management information. This information is required for CWCs to carry out their responsibilities effectively, for contract managers to be able to assess whether CWCs are carrying out their roles and for the department to be able to exercise proper oversight of the whole operation of WfD.

**7.2**　　Management information prior to July 2000 has largely been generated on an 'as needs' basis. At the State and District office level, contract managers have created their own sources of information such as constructing spreadsheets to keep track of basic statistics. This situation, although necessary as a temporary measure, represents a duplication of effort on the part of contract managers. In addition, when information is required at a national level, data often has to be compiled manually and this can be a time consuming exercise. For example, each State provides a spreadsheet containing information on the projects approved each month, which is then brought together as one list.

**7.3**　　To improve the production and coordination of communication and management information, DEWRSB National Office set up an Information Management Section in May 2000. One objective of the Section is to establish a permanent reporting framework that will enable the following reports to be generated:

- job seeker referrals, commencements and exits;
- projects approved;
- project/programme expenditure;
- project performance (Point in Time Capacity); and
- client characteristics (for example, age, equity groups and length of time unemployed).

**7.4** The development of management information by the new Information Management Section, and its dissemination to State and District offices and CWCs, should better inform existing contract management and reduce the amount of repetitive manual processing.

# Performance information

**7.5** Performance information provides the basis for internal management monitoring and decision making and the means by which external accountability is achieved. This includes longer term evaluations that are necessary to make an overall assessment of the effectiveness of WfD.

**7.6** The ANAO examined the performance information that has been produced to date for the Programme to determine whether it related to the objectives and strategies of the Programme, and whether measurable indicators were appropriately reported.

## Pilot round evaluation

**7.7** DEWRSB's Evaluation and Program Performance Branch produced a report, *Evaluation of the WfD Pilot Programme*, in May 1999. The evaluation commented on the operational and administrative arrangements for WfD and identified areas where improvements could be made. The ANAO considers that the evaluation was timely and made a useful contribution to the further development of the Programme.

**7.8** The evaluation also examined the impact of WfD on participants including:

- the perceived benefits of the Programme by participants;
- the effect on employment of participation in the Programme; and
- the effect on participants' self-confidence, attitudes to work and capacity to look for work.

Project sponsors and supervisors felt that participation in projects assisted in the development of communication skills, team-work, self esteem and good work habits.

**7.9** DEWRSB is currently working with FaCS to develop a plan for an evaluation of Mutual Obligation arrangements which will include an examination of WfD. It is intended that a comprehensive examination of employment and incentive effects will be undertaken as part of this evaluation. At the time of the audit, the evaluation of Mutual Obligation arrangements was to be completed by the end of 2001.

## Post program monitoring

**7.10**    The Post Program Monitoring (PPM) work undertaken by DEWRSB's Evaluation and Program Performance Branch has provided information on the effectiveness of the Programme in the early rounds. Post assistance outcomes data is collected through the department's ongoing survey of job seekers.  Surveys are sent to WfD participants three months after leaving the Programme and provide, for those who respond, information on participants' post program employment and education status.  Figure 7.1 provides detail on PPM employment and education or training outcomes for the Programme by equity group.  For example, in the Aboriginal equity group, approximately 12 per cent achieved full-time work, five per cent were employed part-time and three per cent were undertaking study.

**Figure 7.1**

**Positive outcomes by equity group**
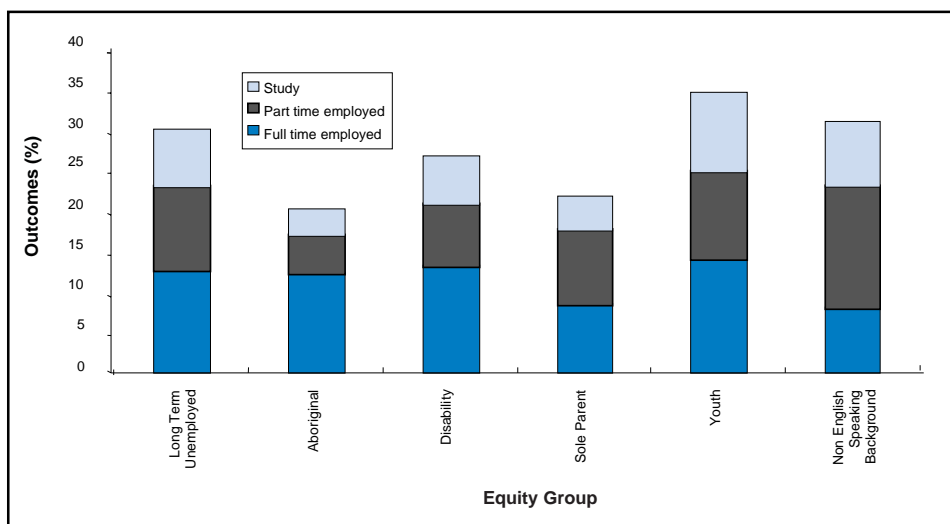


*Source: DEWRSB Work for the Dole—A Net Impact Study*

**7.11**    Survey recipients are asked to indicate their employment status and their level of satisfaction with regard to the quality of supervision and organisation of the project.  Other questions relate to whether the project contributed to the development of work skills and motivation to find work.  Performance information has been collected for the first two rounds of Projects and the beginning of the third round.

## Net impact study

**7.12** In addition, the Evaluation and Program Performance Branch has completed a net impact study. A 'net impact' approach is used to compare the outcomes achieved by programme participants with those of a matched comparison group. For example, a study of WfD participants who left assistance in August 1999 achieved an 'off benefit' outcome rate of around 30 per cent. The matched comparison group achieved an off benefit outcome rate of around 17 per cent. This represents a net impact of 13 percentage points. Figure 7.2 reveals that the net impact of WfD ranges from around 20 per cent in the month the job seeker left the project, to around 10 per cent five months later.

**Figure 7.2**
**WfD Net Impact**
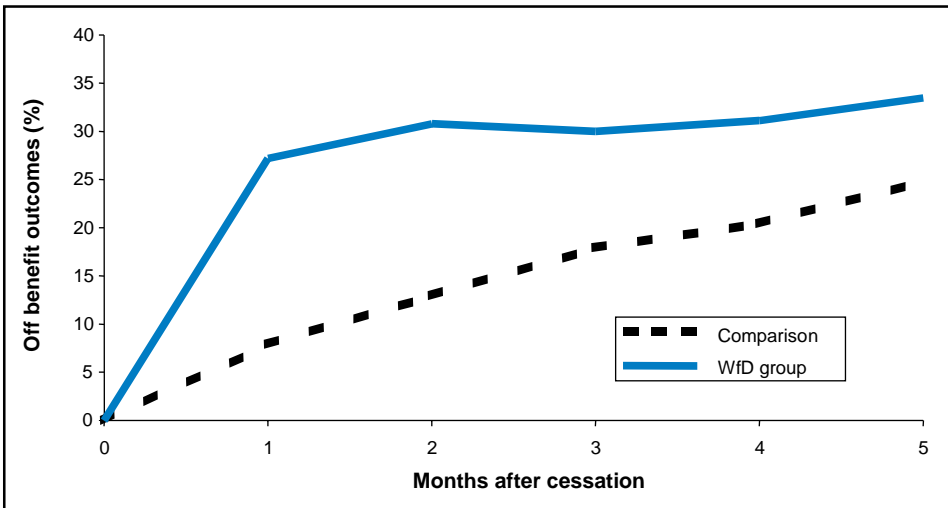


Source: DEWRSB Work for the Dole—A Net Impact Study

**7.13** The ANAO notes that the measures developed so far concentrate on the benefit to the individual participants rather than the community organisations that are involved. The department advised that work has commenced on developing measures of community benefit. The ANAO supports this initiative given that the Programme objectives are directed to both community and individual benefits.

## Departmental review of the CWC administrative model

**7.14** The department conducted a review of the CWC model during the first six months of its operation. The intention of the review was to identify issues as they arose so that they could be incorporated into the development of policy and operational processes. In addition to the review, a detailed examination of the WfD objectives and related Key Performance Indicators (KPIs) was undertaken.

**7.15** The objectives of the Programme have remained unchanged since the implementation of the Pilot Programme, and the review concluded that the objectives are still appropriate to the Programme. However, the review suggested that KPIs need to be improved with current ones not being adequately linked to the objectives. A recommendation of the review was that a set of outcome based KPIs should be developed in consultation with the CWCs. These will then be integrated into performance monitoring arrangements. A Quality Management Plan will be developed which will build on the KPIs.

**7.16** In addition, the department conducted a work study to determine the impact of CWA on CWCs' work practices in October 2000. The ANAO supports this approach given the critical nature of the referral system to the successful operation of the Programme. It is important that the effectiveness of the new arrangements be examined sooner rather than later. The ANAO considers that the involvement of CWCs in the current recruitment process should also be examined as a high priority in any evaluation of the Programme.

## Conclusion

**7.17** The department recognised that the management information produced prior to July 2000 was inadequate for contract management purposes and has given priority to completing the reporting framework being developed by the Management Information Services Section.

**7.18** The ANAO considers that the information on WfD post assistance outcomes, and the evaluation of the Pilot Programme, have provided satisfactory information on the effectiveness of the Programme in the early rounds of WfD. In the department's evaluation of the Pilot Programme, projects were seen to provide communication skills, team-work, self esteem and good work habits for participants. Another conclusion drawn by the department, from the Net Impact Study, was that even though the Programme does not have a direct employment objective, participants had better achievement in terms of full or part-time employment or study compared with job seekers who had not participated in WfD. In addition, the department's evaluation of the Pilot Programme and the review of the CWC administrative model have made a useful contribution to the further development of the Programme.

**7.19** Future evaluation work in relation to the Programme should give a high priority to the measurement of benefits to communities and participants, and CWCs' performance in the fostering of quality projects. In addition, the ANAO supports the department's approach in conducting a work study of CWA and of the automated referral system in October 2000.

Canberra ACT
7 March 2001

P. J. Barrett
Auditor-General

# Appendices

## Appendix 1

# Mutual Obligation options[32]

| Activities | Participation requirements |
|---|---|
| Part-time paid work | At least 128 hours over 13 fortnights or 16 hours each fortnight for at least 8 of 13 fortnights. |
| Work for the Dole | 6 months participation involving:<br>• 24 hours a fortnight for 18–20 year olds; or<br>• 30 hours a fortnight for 21 year olds and over. |
| Community Development Employment Projects | Attendance and participation requirements are set by Aboriginal or Torres Strait Islander project organisers and may vary between projects. |
| Voluntary work | *18 –20 year olds:*<br>• 200 hours; or<br>• 24 hours each fortnight for at least 8 of 13 fortnights.<br><br>*21 year olds and over:*<br>• 240 hours; or<br>• 30 hours a fortnight for at least 8 of 13 fortnights. |
| Green Corps | Generally 5 days per week. Green Corps participants receive a training allowance instead of Youth Allowance. |
| Relocation | Choosing to move to another area where you have significantly greater employment prospects or where your skills are in higher demand. This must be followed by 7 fortnights of intensive job search activity. |
| New Apprenticeships Access Programme | Off-the-job training and intensive job search for a minimum of 17 weeks. Completion of the programme is required. |
| Approved Literacy & Numeracy Training | 200 hours over 13 fortnights if 18–20 years old,<br>or 240 hours over 13 fortnights if 21 years and over. |
| Defence Force Reserve | 200 hours over 13 fortnights if 18–20 years old, or 240 hours over 13 fortnights if 21 years and over. |
| Part-time study in an approved education or training course | For **short** courses (less than 8 fortnights)<br>12 hours course contact a fortnight for the entire course and participation in another activity to make up 200 or 240 hours of activity depending on your age.<br><br>For **longer** courses (more than 8 fortnights)<br>12 hours course contact a fortnight for the whole course (if less than one semester); or<br>12 hours course contact a fortnight for a full semester.<br><br>The unit of study must be completed. |
| Job Search Training | Up to 3 weeks job search training followed by 7 fortnights of intensive job search activity. (This means double your normal employer contacts, or a minimum of 10 job contacts a fortnight, whichever is the greater).<br><br>*continued next page* |

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[32]　Centrelink Website. www.centrelink.gov.au.

| Activities | Participation requirements |
|---|---|
| Advanced English for Migrants Program | Full time training for a minimum of 8 fortnights. Completion of the programme is required. May be undertaken on a part-time basis under the part-time study option. |
| Intensive Assistance | Up to 2 years individualised job preparation and support. |
| Jobs Pathway Programme | Maintain regular contact with the JPP provider for at least 13 fortnights. |
| Job Placement, Employment and Training | Maintain regular contact with the JPET provider for 13 fortnights. Hours each fortnight can vary depending on needs. Completion of the programme is required. |

**Appendix 2**

# Contract variation

A variation to the Work for the Dole Services Contracts was formally offered to Community Work Coordinators (CWCs) in January 2001. This variation was initiated to address issues of additional workload, the responsiveness of the Community Work Assistant (CWA) and transitional arrangements between the current contract and any future contract. There are essentially four changes to the contractual arrangements.

## 1. CWC Infrastructure Funding/Broadband Connectivity to Community Work Assistant

*An additional payment to CWCs was proposed for managing all referrals made through CWA since the beginning of Milestone 2 (i.e since 1 July 2000). This addresses the issue of referrals that do not result in commencements, as well as additional follow-up of job seekers and compliance (breach) reporting to Centrelink.*

*The infrastructure payment consists of an increase of $110 in the Management Fee for contracted places in Milestones 2 and 3, as well as the new proposed Milestone 4. The payment is not contingent upon actual commencements.*

*The infrastructure payment also provides for reimbursement of costs associated with the installation of broadband Internet connectivity (ie. bridge funding between narrow band Internet tariff and the equivalent access using broadband services), any necessary upgrade in operating systems and the installation of suitable security requirements such as firewall products.*

## 2. Modification of Management Fee payments

*Due to varying environmental reasons the number of commencements achieved by CWCs is below expectations. As a result, for reasons generally out of the control of CWCs, the department has estimated that under current arrangements, around 30 per cent of CWCs will have their advance payments reduced for Milestone 3.*

*The contract variation allows for Management Fees to become payable on a sliding scale similar to Work Experience Fees. To be eligible for this arrangement the CWC must have demonstrated best endeavours to achieve contract requirements. This arrangement only applies for payments in relation to Milestones 2, 3 and 4.*

### 3. Modification of Work Experience Fee payments

*The department intends that sponsor organisations will be reimbursed for any amount they spend greater than the original 80 per cent up-front payment. At the end of each six-month period the sponsor would receive the appropriate proportion of:*

- *total expended project costs; plus*

- *the per participant unit cost multiplied by the number of job seekers actually commenced.*

*CWCs, when submitting claims for Work Experience Fees through the CWA, must be satisfied that the amount of project costs claimed equals the amount actually expended on project costs.*

*This funding arrangement will only apply to activities that have ceased since the commencement of Milestone 2 (ie. 1 July 2000).*

### 4. Contract Extension and Transitional Issues

*The department offered CWCs a contract extension until June 2002. As part of the transitional arrangements, new activities may be approved up to and including the month in which the next Work for the Dole contract commences. The date of the commencement of the next Work for the Dole contract is yet to be determined. However, all activities must be completed by 30 June 2002.*

*CWCs will continue to be automatically referred job seekers for placement in activities until the specified date. Accordingly, a Milestone 4 will be added to the contract commencing from 1 July 2001 which will provide additional places to cover the contract extension period.*

*Transitional issues between the current Work for the Dole contract and the next will be addressed as follows:*

- *CWCs who are successful in securing a further contract will be required to convert any existing activities to new arrangements that may apply under the next contract;*

- *CWCs who are unsuccessful in securing a further contract in a particular ESA will be offered the opportunity to transfer responsibility for the activity to another CWC in the area to manage for the remainder of the activity period; or*

- *CWCs may continue to manage the activity, even if they are not awarded a further contract, however no further referrals or commencements will be allowed after the commencement date of the next contract.*

**Appendix 3**

# Stakeholders under the Community Work Coordinator (CWC) model[33]

The role of each of the stakeholder groups is outlined below:

## Centrelink

Prior to July 2000, Centrelink's primary responsibility was to refer participants to CWCs. However, with the introduction of the automated referral system in July 2000, this role has diminished. Where CWCs have deemed at the initial interview that the person may not be required to participate in WfD, Centrelink is still required to check the suitability and eligibility of job seekers referred though the automated process. Centrelink can also manually refer volunteer job seekers to WfD.

From July 2000, Centrelink continues to manage some processes, such as the breach process, and is also responsible for approving the PFWA amendments. Centrelink will regularly review each job seeker's compliance with their PFWA and will also verify the completion of the requirements. If a job seeker fails to undertake an agreed activity, they may be subject to penalties. These may include reduction or loss of payments.

## The Department of Family and Community Services (FaCS)

FaCS has responsibility for social security policy and legislation. Job seekers are required to participate in WfD projects through the activity test provisions of the *Social Security Act, 1991*. FaCS administers these provisions and provides policy advice on activity testing issues.

In addition, while participating in WfD, job seekers receive a supplement of $20 per fortnight, which FaCS administers via Centrelink.

Where necessary the CWC will contact the FaCS Jobs, Employment and Training Child Care Resource Worker (JETCCRW) contact person for WfD in order to gain assistance in organising child care on behalf of participants and any child care payment/rebate they may be entitled to.

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[33]   *'Introduction'* in Community Work Coordinator Work for the Dole Resource Manual, p. 7.

# Appendix 4

## Comparison between the early rounds and the Community Work Coordinator (CWC) model

|  | Under the Previous Model | Under the CWC Model |
|---|---|---|
| **Projects** | Projects were approved every six months by DEWRSB | Projects proposals are assessed on a monthly basis by CWCs and approved by DEWRSB |
|  | Sponsors completed a long project application | Sponsors complete a six page application |
| **Sponsors** | Sponsors of projects had to be not-for-profit | Sponsors have to be not-for-profit but CWCs can be incorporated organisations |
|  | Sponsors completed a comprehensive financial viability check | There is no formal financial viability check for sponsors; there is for CWCs |
| **Role of Centrelink** | Centrelink created the Work for the Dole Activity Agreement for each participant | Up until July 2000: CWC drafts the Work for the Dole Activity Agreement<br><br>Since July 2000: CWC drafts a variation to the Preparing for Work Agreement |
|  | Sponsors notified Centrelink of any unauthorised absences of participants, breach recommendations and any participants that have withdrawn from their project | The sponsor notifies their CWC of any unauthorised absences of participants, breach recommendations and any participants that have withdrawn from their project |
|  | Centrelink referred job seekers to a particular project | Up until July 2000: Centrelink referred job seekers to a CWC who then referred the job seeker to a project<br>Since July 2000: The new CWA program receives auto-referrals of job seekers and the CWC allocates eligible job seekers to projects |
| **Contractual Arrangements** | Sponsors had a direct contract with the Commonwealth | Sponsors have no contract with the Commonwealth. They may have a contract with their CWC |

## Appendix 5

# How are eligible job seekers selected?[34]

Eligible job seekers are selected in the following order of priority:

**1.** Eligible job seekers who:

• choose to satisfy their mutual obligation requirements through participation in WfD; or

• have not commenced an alternative mutual obligation activity within six weeks of their interview with Centrelink.

**2.** Job seekers who have been breached for inappropriate behaviour or non-attendance on a WfD project/activity but who are still eligible to participate.

The above groups are automatically referred, and the CWC will be required to place them in projects/activities.

Following this, eligible job seekers in the following categories will be selected:

**3.** Job seekers who meet the other eligibility guidelines are sorted in the following order:

• 18–19 year old Year 12 school leavers who have been receiving the full rate of Youth Allowance as a job seeker for three months; then

• age of job seeker (youngest first); then

• duration of unemployment.

**4.** Eligible job seekers can also approach Centrelink, a CWC, or a sponsor organisation to volunteer to participate in a WfD project/activity. Job seekers in this category will need to have their eligibility for participation in WfD confirmed by Centrelink.

Job seeker details are stored in the Integrated Employment Service (IES) database, according to the priority listing.  Once the higher priority job seekers (those in the first two groupings) have been placed into a WfD activity in a given Employment Service Area (ESA), the CWC then generates letters on Centrelink letterhead to potential participants in the remaining groupings.

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[34] *'Filling and managing work experience places'* in Community Work Coordinator Work for the Dole Resource Manual, p. 5.

## Appendix 6

# Community Work Coordinator (CWC) tender selection criteria[35]

*Demonstrated experience in working with organisations with the ability to provide work experience opportunities for unemployed people:*

- describe & provide evidence of community linkages and networks within the ESA, or demonstrate how you will develop community linkages and networks within the ESA. Additionally, provide details of your experience in working with organisations in area;

- describe and provide evidence of proven support of local organisations in the ESA you are tendering for;

- provide a strategy of how your organisation will support sponsor organisations in providing work experience placements/activities over the contract period within the ESA;

- provide a strategy of how your organisation will maintain the support of local organisations and the community over the contract period in the ESA; and

- is there any information which you have not covered previously which supports your claims in relation to this criteria?

*Ability to implement work experience activities and to monitor Work for the Dole placements within your own organisation and/or in sponsor organisations:*

- demonstrate your organisation's ability to develop and implement a strategy for delivering Work for the Dole activities across the entire ESA you are tendering for;

- provide details of your organisation's strategy for delivering Work for the Dole activities across the entire ESA you are tendering for;

- provide a customer service and communication strategy for the delivery of Work for the Dole services in the ESA you are tendering for;

- what infrastructure will your organisation put in place to enable Work for the Dole services to be implemented during the contract period in the ESA you are tendering for;

- provide a description of the expected work experience activities within the ESA;

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[35]   Source:  Work for the Dole 2000, Request for Tender.

- provide details of the measures you will employ to attract eligible job seekers to Work for the Dole activities and how you will meet the needs of particular disadvantaged job seekers in the ESA;

- provide strategies of how you will implement and monitor Work for the Dole placements within your organisation and/or in sponsor organisations, including eligible job seekers' interviews, participants in their placements, liaising with Centrelink, etc;

- what strategy will you put in place to monitor contractual arrangements with sponsor organisations; and

- is there any information which you have not covered previously which supports your claims in relation to this criteria?

*Demonstrated experience in successfully managing similar work experience opportunities and/or activities for unemployed people:*

- outline your organisation's experience and skills of proposed personnel, especially in dealing with unemployed people. Additionally, outline your organisation's staff recruitment and training strategy/process;

- outline your organisation's experience in providing similar work experience opportunities and/or activities to unemployed people. Additionally, outline your organisation's ability to work with other organisations to provide work experience opportunities and/or activities to unemployed people; and

- is there any information which you have not covered previously which supports your claims in relation to this criteria?

*The ability to provide contract services cost effectively.*

- outline your organisation's ability to manage the allocation of Work for the Dole fees that optimise the array of WFD placements;

- outline the services and strategies you will provide against the management costs, including any additional services to those listed at Section 2.9.2; and

- provide details as requested in Section III of the Application for Work for the Dole 2000.

## Appendix 7

# Labour Market Regions and Employment Service Areas

*Labour Market region (LMR):* There are 19 LMRs across Australia. The boundaries closely align with Centrelink Customer Service Centre boundaries and the Australian Bureau of Statistic's labour force region boundaries[36].

*Employment Service Area (ESA):* There are 137 ESAs across Australia. ESA divisions are used for administrative purposes. They provide flexibility for tenderers to provide wide geographic coverage[37].

Total number of LMRs and ESAs per state are listed in the table below.

| State | LMR | Name of LMRs | ESA |
|-------|-----|--------------|-----|
| NSW | 5 | • Sydney<br>• Hunter and North Coast<br>• Riverina<br>• Illawarra and South Eastern NSW<br>• Western NSW | 47 |
| QLD | 3 | • Brisbane<br>• Southern Queensland<br>• Central and Northern Queensland | 23 |
| NT | 1 | • Northern Territory | 5 |
| WA | 3 | • Perth<br>• Southern Western Australia ·<br>• Greater Western Australia | |
| SA | 2 | • Adelaide<br>• South Australia Country | 18 |
| VIC | 3 | • Melbourne<br>• Eastern Victori<br>• Western Victoria | 22 |
| TAS | 1 | • Tasmania | 3 |
| ACT | 1 | • ACT | 1 |
| **Total** | **19** | | **137** |

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[36]   Work for the Dole 2000 Community Work Coordinator Request for Tender, p. 11.

[37]   Work for the Dole 2000 Community Work Coordinator Request for Tender, p. 11.

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Department of Health and Aged Care
Therapeutic Goods Administration

Audit Report No.1 Performance Audit
*Commonwealth Assistance to the Agrifood Industry*

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