



Australian Government
Department of Education,
Skills and Employment

Enhanced Services Payment Model

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Overview of webinar

- Key features of the provider payment structure being tested
- Learnings so far
- Potential policy considerations

Overview of NEST payment model

- There are significant differences in the provider payments being tested in the New Employment Services Trial and those under jobactive.
- Payments under the Trial include:



Engagement Fees



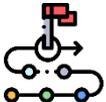
Employment Outcomes



Progress Fees



Very Long Term Unemployment Bonus



Progress in Service Bonus



Employment Fund Regional Loading

Service types

Digital First



For **job-ready job seekers** capable of self-managing online.

- serviced online through the digital employment services platform.

Digital Plus



For job seekers **requiring some additional support**, such as help gaining employability skills or a qualification.

- predominantly self-manage online via the digital service.
- may receive face-to-face skills training and other targeted support.

Enhanced Services



For job seekers with **multiple or significant barriers to work**

- receive face-to-face servicing from a provider, including:
 - help finding a job
 - case management
 - access to training
 - post-placement support
 - referral to other social services.
- two tiers of service, based on vocational and non-vocational barriers and capability to undertake intensive activities.

Engagement Fee: Policy

What?

- An upfront payment of \$1,000 when a job seeker commences with a provider.
- Only paid once per period of job seeker service. Not pro-rated.
- Replaces time-based administration fees under jobactive.

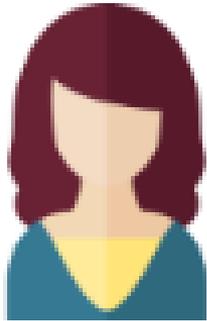
Why?

- To support early and immediate intervention for those job seekers who would benefit. Research shows the longer a person remains unemployed, the lower their chances of finding employment.
- To provide flexibility and funding certainty.

Engagement Fee: **Learnings**

- Two approaches being used to manage the Engagement Fee

- **Fee per job seeker**



- **Aggregated Funding**



Engagement Fee: **Policy Considerations**

- **Key Questions**

- Does the Engagement Fee support tailored investment in job seekers?
- Does it support flexibility and innovation?

- **Practical Considerations**

- Job seeker transfers between providers
- Transition and end of contract arrangements
- Bulk transfers following a transfer of business

- **Alternatives?**

- Smaller amount but not once-off?

Employment Outcomes and VLTU Bonus: Policy

What?

- Retained 4, 12 and 26 week outcomes, including full and partial as per jobactive, but rates are generally higher in the new model.
- 45 pay points reduced to 13.
- Uses JSCI score instead of Stream.
- Includes a Very Long Term Unemployment (VLTU) Bonus.
- Outcomes paid from first day of service – no wait time.
- No regional loading.

Why?

- To ensure the model remains outcome focused but with simplified arrangements.

Employment Outcomes and VLTU Bonus: Policy

New Employment Services Trial – Outcome Payments

Outcome Type	Outcome	Moderate JSCI	High JSCI
Partial	4 week	\$240	\$400
	12 week	\$400	\$1,000
Full	4 week	\$500	\$1,000
	12 week	\$1,000	\$3,000
	26 week	\$2,000	\$5,000

Very Long Term Unemployment Bonus	Outcome	Payment
Paid alongside outcome payments for job seekers unemployed >24 months	12 week partial	\$1,000
	12 week full	\$2,000
	26 week full	\$4,000

jobactive – Outcome Payments in non-Regional locations

Partial Outcomes	Duration of unemployment	Stream A	Stream B	Stream C
4 week	<24 months	\$172.48	\$323.40	\$431.20
	24-59 months	\$215.60	\$431.20	\$646.80
	60 months or more	\$258.72	\$539.00	\$862.40
12 week	<24 months	\$215.60	\$646.80	\$862.40
	24-59 months	\$431.20	\$842.40	\$1,293.60
	60 months or more	\$539.00	\$1,078.00	\$1,742.80

Full Outcomes	Duration of unemployment	Stream A	Stream B	Stream C
4 week	<24 months	\$431.20	\$808.50	\$1,078.00
	24-59 months	\$539.00	\$1,078.00	\$1,617.00
	60 months or more	\$646.80	\$1,347.50	\$2,156.00
12 week	<24 months	\$539.00	\$1,617.00	\$2,156.00
	24-59 months	\$1,078.00	\$2,156.00	\$3,234.00
	60 months or more	\$1,347.50	\$2,695.00	\$4,312.00
26 week	<24 months	\$700.70	\$2,048.20	\$2,695.00
	24-59 months	\$1,347.50	\$2,695.00	\$4,042.50
	60 months or more	\$1,670.90	\$3,395.70	\$5,390.00

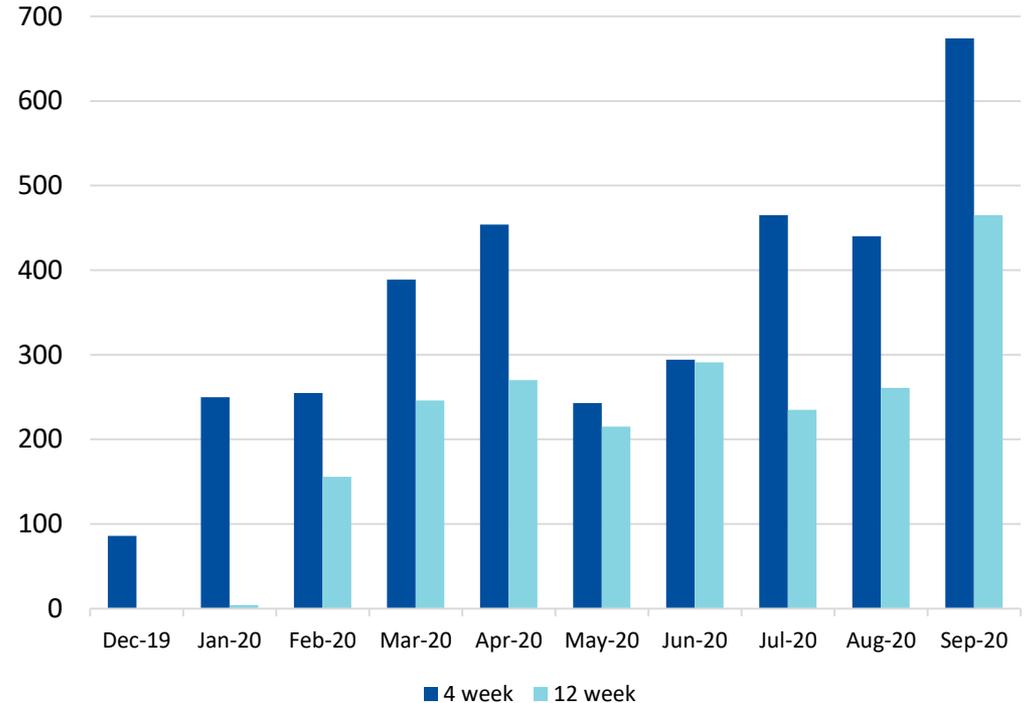
Employment Outcomes and VLTU Bonus: Learnings

To date in the Trial there have been:

- **7,729** job placements
- **3,546** 4 week outcomes
 - **2,825** full outcomes
 - **728** partial outcomes
- **2,154** 12 week outcomes
 - **1,365** full outcomes
 - **792** partial outcomes
- **794** VLTU bonuses
- **638** 26 week outcomes
 - **195** VLTU bonuses

Data as at 30 September 2020

Enhanced Services Outcomes



Employment Outcomes and VLTU Bonus: **Policy Considerations**

- **Key Questions**

- Does the approach support sustainable employment?
- Does the approach sufficiently incentivise job placements?

- **Practical Considerations**

- Partial outcomes thresholds and values
- VLTU bonus timing
- JSCI – moderate and high differentiations

- **Alternatives?**

- Don't retain 4, 12 and 26 week outcomes?
- Change partial outcomes?

Enhanced Services Tiers: **Overview**

We are testing two provider service Tiers:

- Tier 1 Enhanced Services Participants are assessed as being ready to participate in intensive work readiness activities including vocational and non-vocational activities to address their barriers to employment.
- Tier 2 Enhanced Services Participants are those job seekers who are assessed as facing more substantial, non-vocational Barriers to employment than Tier 1 Enhanced Services Participants.

The allocation of service Tiers is at the discretion of the provider.

- Tiers are intended to support assessment of job seeker needs and tailoring of services.

Progress Fee: Policy

What?

Payable for demonstrable improvement in a job seeker's employment prospects through provision of intensive, tailored services.

- Maximum of one \$500 Progress Fee for a Tier 1 job seeker per period of service.
- Maximum of one \$750 Progress Fee for a Tier 2 job seeker per 24 months of servicing.

Why?

Acknowledges the different and tailored service approaches providers take to improve the job readiness of job seekers and support their pathway to employment.

Progress Fee: Learnings

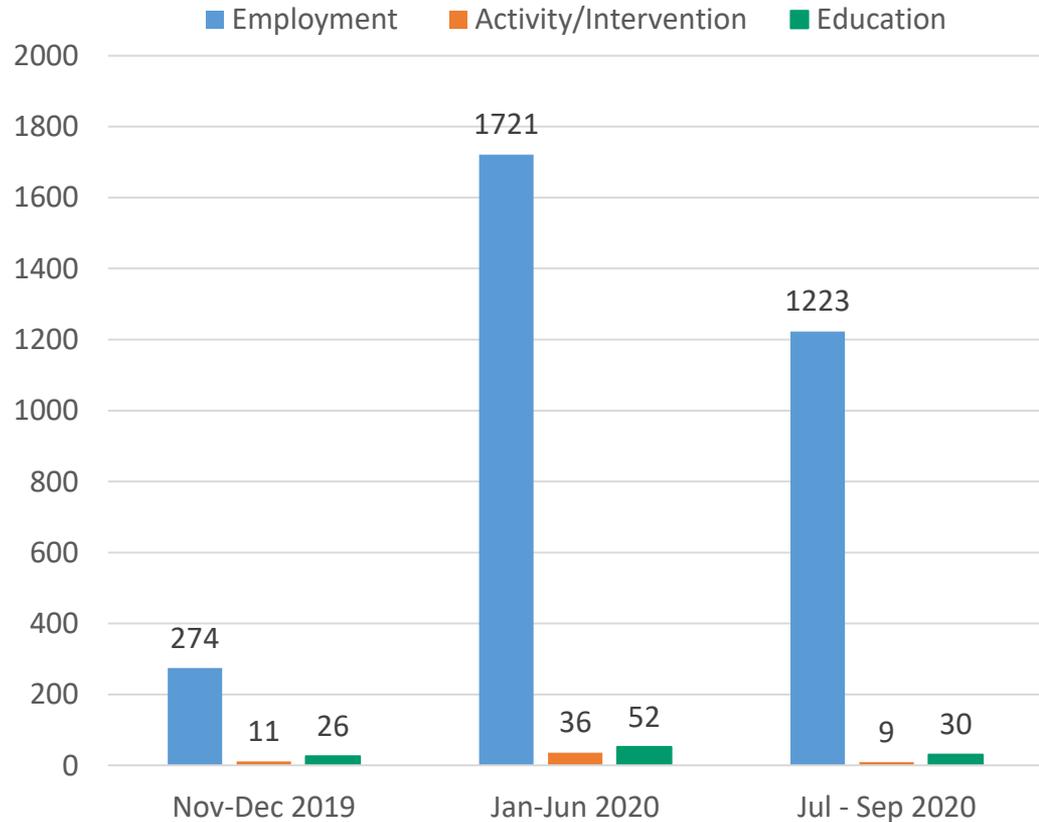
3,382 Progress Fees since the commencement of the Trial

- 2,892 (85%) Tier 1 Progress Fees
- 490 (15%) Tier 2 Progress Fees

95% (3,218) are Progress Fees for employment

Data as at 30 September 2020

Progress Fee Payments



Progress Fee: **Policy Consideration**

Key Questions

- Is this an effective way to recognise progress towards employment?
- Is it too complex in application?

Practical Considerations

- Measuring progress
- Potential duplication of incentives

Alternatives?

- Different structuring of progress incentives
- Funding is directed to other payments

Progress in Service Bonus: Policy

What?

Payable when a job seeker progresses towards a more job-ready tier of servicing.

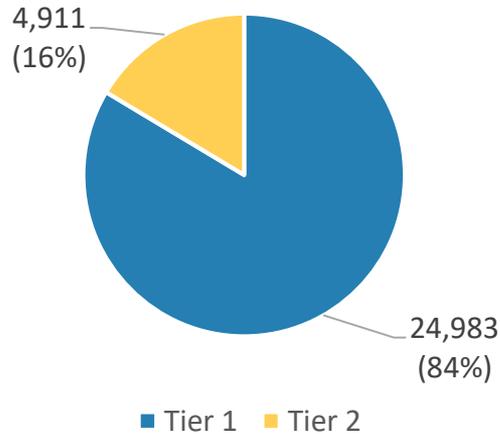
Progress in service Bonus	Progress from Tier 1 to Digital Services	Progress from Tier 2 to Tier 1
Payable for progressing a job seeker towards a lower tier of servicing	\$400	\$500

Why?

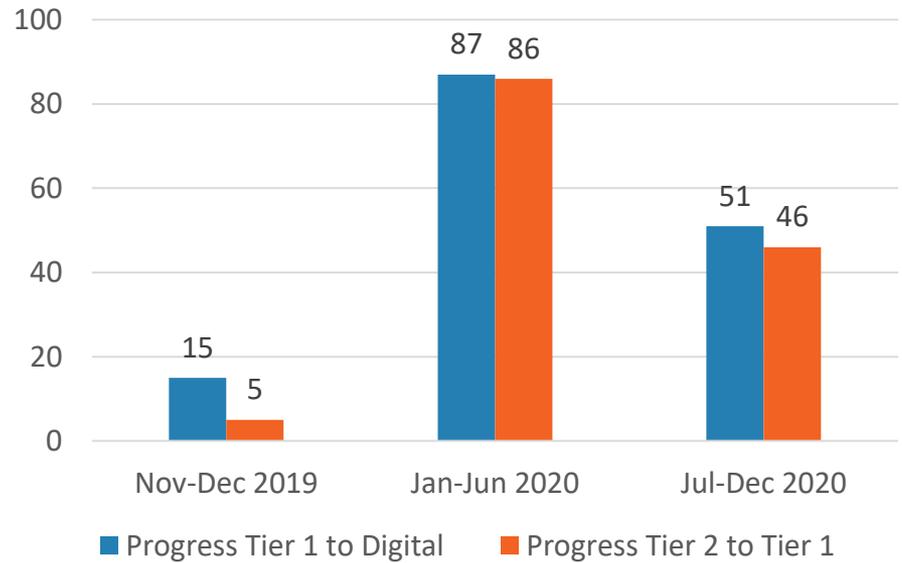
To incentivise support and progress for the most disadvantaged job seekers.

Progress in Service Bonus: Learnings

Job Seekers by Enhanced Services Tier



Progress in Service Bonuses



Progress in Service Bonus: **Policy Considerations**

Key Questions

- Do tiers make a difference to determining the service required?
- Does the Progress in Service Bonus provide a meaningful incentive?

Practical Considerations

- Additional administration

Alternatives?

- Funding is directed to other payments



Questions, comments and feedback can be sent to:

Enhancedservices@dese.gov.au

<https://www.employment.gov.au/consultation-inform-new-employment-services>

Please submit by 27 November 2020