



# Transition to Work

## Consultation Paper Presentation Talking Points

### Slide 1: Transition to Work Consultation Paper Presentation

I would like to welcome you to this presentation on the Department of Education, Skills and Employment's (the Department) Transition to Work Consultation Paper.

Before we start, I respectfully acknowledge the traditional owners and custodians of the lands on which we meet today, and pay respect to their elders, past, present and emerging. I extend that respect to other Aboriginal and Torres Strait Islander peoples who are viewing this presentation.

To assist in the operationalising and implementation of the new Transition to Work service (will be referred to as TtW from here on), and to inform content for the Request for Tender for the new TtW service commencing on 1 July 2022, the Department has released a Consultation Paper.

The TtW Consultation Paper provides you with the opportunity to express your views on the new TtW contract. This consultation process is open to all stakeholders.

Today I will do a high level walk through of the Consultation Paper. Throughout the presentation you will see the questions posed in the Consultation Paper on the slides and I will provide a brief explanation of the policy and why we have posed the questions.

I will also provide you with details on the purchasing process and information on the Request for Tender.

If you have questions, in the first instance please refer to the Frequently Asked Questions document on the Department's Employment Services Purchasing Information webpage. If you still have questions, please email the Department's Employment Services Purchasing mailbox for a response. A slide at the end of the presentation has the contact details for both the Employment Services Purchasing Hotline and the Employment Services Purchasing mailbox. These addresses are also available from AusTender.

Responses to your questions will be published on the Employment Services Purchasing Information webpage. Respondents are encouraged to regularly check this site for publication of new responses to questions. A copy of the PowerPoint slides used in this presentation is now available on the Department's website.

### Slide 2: TtW 2022 and the new employment services model

TtW is the Australian Government's specialist youth employment service. It is targeted at disadvantaged young people aged 15–24, who are at risk of not successfully transitioning from school to work including apprenticeships and training or further education.

Since commencing in 2016, TtW has achieved strong outcomes for young people who are at risk of being long-term unemployed. Going forward alongside the new employment services model, the purpose of TtW will continue to be empowering participants to make a successful transition to employment and contribute to the economic, social and cultural life of Australia. The Government is implementing a new employment services model from July 2022. The new model aims to ensure that the needs of disadvantaged job seekers, including young disadvantaged job seekers, are better addressed in the future.

TtW is delivered by youth specialist providers with strong connections into their local schools and community. TtW providers work closely with young people on their caseloads, providing individualised and tailored support to build participant's human capability to enlist them as an agent of their own change and ensure they have the skills they need to find work and successfully operate within society. Providers are responsible for identifying relevant and appropriate training and education opportunities to help young people develop the skills and attributes employers are looking for and to better position them to take up local jobs and opportunities.

The TtW program has a strong reputation for delivering solid Outcomes and quality of service. The Department expects providers to engage in a process of continuous development and improvement, to work closely with young people to embed service delivery strategies that suit them, such as mental health care and support, as part of their default service offer.

Maintaining a good knowledge of government supports and strong connections with employers, community organisations and other employment services, are key responsibilities for TtW providers. These connections ensure providers are best able to support young people on their caseload and their local community.

The success of the program has resulted in the Australian Government announcing the expansion of the service as part of the 2021–22 Budget. An additional \$481.2 million is being invested in the service over the next four years to build on this success and to integrate TtW as the Government's specialist youth employment services under the new employment services model 2022.

While the youth employment rate has now dropped to levels lower than that seen immediately prior to the COVID-19 pandemic, it is still unacceptably high at 10.6% as at April 2021, TtW will play an important role in the youth labour market recovery post-COVID-19. TtW providers will help to mitigate the impact of labour market scarring on young people who most need help transitioning to employment.

### **Slide 3: What's staying the same in TtW?**

There are a range of core elements which have contributed to TtW becoming a successful and well-respected service in the community, valued by participants and employers alike. The Department remains committed to maintaining these features.

The slide lists the settings and high level policy principles that will be retained in the new model.

Non-competitive service delivery, that is, one provider operating per dedicated service location. This has allowed TtW providers to develop a strong collaborative approach which has supported the sharing of best practices and successful delivery strategies between all providers.

The flexible service delivery settings allow providers to work with participants to address vocational and non-vocational barriers in ways which work for the individual and that are aligned with opportunities in the local region.

Demand driven funding based on Places allocated to providers will be maintained at levels which support intensive servicing and low consultant to participant ratios and ensures providers are able to invest up front in the development of young people.

Giving equal weighting to Employment and Education Outcomes recognises that there are a number of pathways to employment for young people and allows providers to assist them to achieve the most appropriate Outcome for their circumstances.

Disadvantaged young people not receiving income support will still be eligible for the service.

Access to the Youth Bonus Wage Subsidy of \$10,000 will remain to support the hiring of TtW participants who are in receipt of income support and have Mutual Obligation requirements. This will help ensure that disadvantaged young people will be more competitive in the labour market.

The Youth Advisory Sessions initiative will also continue and will form part of provider responsibility under the new TtW Deed.

Generally, consequences for non-compliance with Mutual Obligation requirements will remain as they are now, that is participants who fail to engage and meet participation requirements of 25 hours per week, will be exited from TtW and transferred to an Enhanced Services provider.

Enhanced Services providers will be able to use the Targeted Compliance Framework to encourage engagement by young people who are not meeting their Mutual Obligation requirements.

The exception to this, which I will talk about shortly, is the introduction of a compliance mechanism to improve attendance at the initial appointment.

While there are a number of service settings staying the same, there are a number of changes that will be made to improve the TtW service. These changes are being made based on feedback from providers and other stakeholders, evaluation findings and the Department's experience managing the program.

#### **Slide 4: Eligibility and referral**

The first proposed change is to existing eligibility criteria.

The current base-level eligibility criteria are listed on the slide. Other factors which affect eligibility are: engagement in education, education level attained, current employment level or whether the young person identifies as Aboriginal or Torres Strait Islander.

From 1 July 2022, TtW will become the specialist youth employment service in mainstream employment services. TtW will remain targeted at disadvantaged young people and proposed changes are designed to better identify young people who face a heightened risk of not being able to successfully transition to employment. The changes will increase the number of young people in the service and ensure that those who require more support can gain access to that support.

It is important to remember that TtW's targeted eligibility criteria means young people will continue to be serviced in both mainstream employment services and in Online Employment Services. Less disadvantaged young people, such as those who have completed their education or have a solid work history, will generally be placed in Online Employment Services.

Eligibility will be based on a new assessment of risk factors, informed by evidence and based on information captured within a job seekers' initial assessment.

This will allow us to identify and engage a larger proportion of more disadvantaged young people who would have previously been serviced in mainstream employment services.

This cohort of young people is more likely to be Indigenous, ex-offenders or have a disability and may experience greater difficulties with mental health, homelessness or substance abuse. This is expected to result in an increase in the number of young people referred to TtW due to complex non-vocational barriers, compared to the current model.

TtW's eligibility criteria will continue to recognise that receipt of income support is not always an appropriate proxy for determining disadvantage for young people. Disadvantaged young people who meet the eligibility criteria will continue to be able to voluntarily participate in the service. TtW providers must only directly register a young person who is eligible and who has a legal right to work in Australia.

The Department is interested in leveraging stakeholders experience and expertise to identify primary risk factors they think contribute to young people disengaging from work or education.

Stakeholder feedback to this question will assist the Department with setting eligibility for TtW services.

## **Slide 5: Maximum duration of service**

Recognising that more disadvantaged young people generally require longer periods of support than other young people to successfully build their capabilities, the maximum duration of service will be extended to 24 months for those young people with complex non-vocational barriers.

For the majority of young people in the service the maximum duration in the service will be 18 months. This aligns with current service settings and there is currently insufficient evidence available to support that a longer period is required to help young people whose barriers are mainly vocational or less complex.

The Department is seeking stakeholder feedback on what characteristics should be used to determine whether a young person has complex, non-vocational barriers that would require extended servicing to address, and whether any other changes to service settings are needed to support TtW providers to effectively service an increased number of young people with complex, non-vocational barriers.

As TtW will remain a time limited service there will be young people who will need to be transferred to mainstream employment services following their time in TtW. The Department is seeking stakeholder feedback on what circumstances should determine whether a young person is

transferred to online services or to an Enhanced Services provider at the end of their service period in TtW.

### **Slide 6: Commencement into service**

As I mentioned earlier, to improve attendance at the initial appointment, a limited compliance mechanism will be introduced. This mechanism is being introduced based on provider feedback and in response to what the Department is seeing when it looks at current commencements. Data shows that roughly 33,000 activity tested income support recipients referred to the service do not commence.

Under this change, young people who do not attend their first appointment without a valid reason may have their income support payments temporarily put on hold until they have attended their appointment and engaged with the service. Once they have engaged with the service they will be back-paid.

The Department is investigating ways to implement this change that removes the need for providers to implement this suspension.

This will allow providers to focus on service delivery of engaged participants and will see more young people connect to the specialist service that is best positioned to provide the support they need.

As I said earlier, once the young person commences in the service, current arrangements will continue to apply.

The Department is seeking stakeholder feedback on the change and how it should be implemented.

### **Slide 7: Upfront Payments and Funded Places**

Providers will continue to receive Upfront Payments in the new model based on the number of Funded Places the provider has been allocated by the Department.

In this regard, a Place is a funded unit of servicing. It can be occupied by different people at different points in time, but it is not ideal for more than one person to be in a Place at any given time.

The Department regularly reviews provider utilisation of allocated Places. If the review results in a change to the number of Places allocated to a provider a formal Deed Notice is sent to the provider. This process is manual, time consuming and complicated.

The Department is looking to streamline this process, to leverage the IT system to develop a new method of calculating Places to better reflect demand in each Employment Region and we are seeking stakeholder feedback on what improvements could be made to the current review and allocation of the Funded Places process and what factors should be taken into account for when determining Funded Places.

### **Slide 8: Delinking Outcome Targets from payments**

Providers can claim a range of Outcomes when assisting participants to become work ready and move into employment. These include 12 Week Employment Outcomes, Education Outcomes and

12 Week Hybrid Outcomes. A high level definition has been included on the slide you are looking at, however, it is important to remember there are a range of factors that influence the calculation of Outcomes.

I explained earlier that Upfront Payments would be retained in the new model. Upfront Payments will continue to make up the majority of the money a TtW provider receives from the Department. The primary difference in the payments model are changes to receipt of Outcome payments.

The quantum of Upfront Payments currently reflects the expectation on providers to achieve a specific number of Outcomes per quarter – this is known as the provider’s Outcome Performance Target. Once a provider has met their Outcome Performance Target, they are eligible to receive a bonus payment of \$3,500 for every additional Outcome they achieve.

The Consultation Paper outlines a number of issues associated with calculating Outcome Performance Targets in the current model. In recognition of these factors the Department is delinking Outcome Targets from payments. This means that under the new model, providers will be able to access all 12 Week Outcome payments as soon as they are achieved, rather than being paid only after a performance target has been met. This change is in recognition of the fact that providers in the new model will be servicing young people with more complex non-vocational needs and is in addition to the Upfront Payments mentioned above.

However, it is important to note that TtW providers will mainly, have access to more funding than mainstream employment service providers and lower caseloads. Accordingly, TtW provider performance will continue to be held to a higher standard than mainstream employment services. This will be achieved through the introduction of a new performance framework which I will talk about in the next slide.

The Department is seeking stakeholder feedback on how performance should be benchmarked in the new model.

### **Slide 9: New performance framework and KPIs**

As flagged in the last slide, a new provider performance framework will be introduced in the new model to foster continuous improvement by all TtW providers and to hold TtW providers to a high standard of performance over the life of the Deed.

This is one of the larger changes being made to TtW’s settings and will include the introduction of new ways to measure KPIs, de-linking of Outcome Targets from payments and more frequent performance reviews with Account and Contract Managers.

The slide in front of you outlines high level KPIs it intends to measure, Effectiveness, Efficiency and Quality and some early ideas on how those KPIs might be measured. The Department may adjust expectations incrementally under these KPI’s over time to better reflect and allow for shifts within the labour market and broader economic environment. When these adjustments occur, the Department will clearly communicate these changes to providers in order to ensure transparency, market stability and trust in the service.

The Department is looking for stakeholder feedback on various elements of the performance framework, including Education Outcomes and Quality of Service and whether there are any other meaningful measures that could be included in the Provider Performance Management Framework.

### **Slide 10: Youth advisory sessions**

Youth Advisory Sessions commenced on 8 March 2021.

They are a one-on-one conversation between an eligible young person in Online Employment Services and a Transition to Work provider that is designed to help the young person maintain work readiness, reduce the risk of prolonged unemployment and provide the young person with a measure of additional support. Up to 10,000 young people in online and digital services per year will continue to be eligible for these sessions in the expanded TtW model.

In this regard the sessions are complementary to Online Employment Services and should be effective in helping eligible young people address barriers and develop life skills that improve their ability to self-manage through online services and connect with education or employment.

Youth Advisory Sessions will continue as part of the new TtW arrangements from 1 July 2022. Given their recent introduction the Department is seeking stakeholder feedback on opportunities for change and/or improvement to the current running of Youth Advisory Sessions.

### **Slide 11: Other service settings to improve Outcomes**

The Consultation Paper also seeks feedback on a number of questions around service delivery and engagement.

While TtW is a national service, TtW providers deliver their services in a local context. A provider's connection to their local communities and understanding of local labour markets is fundamental to the success of the service. The Department will expect TtW providers to continue to develop and maintain strong connections and collaborate effectively with local services, ranging from schools to health services, housing, mental health and family supports in the new model

These connections can help ensure that young people who have disengaged from school or are otherwise vulnerable have pathways to connect to the TtW service.

Where local community or governance arrangements already exist, and where it is appropriate, TtW providers should be working collaboratively with these organisations to help achieve community goals for young people.

The Department is seeking stakeholder feedback on ways to improve the balance between ensuring national service standards are maintained, while also allowing providers the flexibility to collaborate and engage locally. The Department is also seeking stakeholder feedback on and how young people can be better engaged by both providers and the Department in the design and delivery of policy and services.

The Department is also interested in whether there are any service settings that may limit youth engagement.

## **Slide 12: Mental health and suicide prevention support**

The Productivity Commission has recommended the needs of participants with mental illness be specifically considered in the new employment services.

The scale of the mental health challenge is large. Around three-quarters of adults with mental illness experience mental ill-health before the age of 25, and young people (aged 16–25) have the highest prevalence rate of mental illness.

TtW providers currently support many disadvantaged young people with mental illness and mental ill-health on their caseloads.

The Department is seeking stakeholder feedback on best practice approaches to supporting participant mental health, including servicing strategies where there are longer waitlists for specialist mental health services and how supportive mental health practices can be embedded in TtW service offers.

That covers the main points the Department is seeking stakeholder feedback on.

## **Slide 13: Lodgements of submissions**

Turning now to submission lodgement.

A link to the Consultation Paper response form (SmartForm) is included in Chapter 2 of the Consultation Paper. The SmartForm is also available in the Department's purchasing Employment Services Purchasing Information webpage ([dese.gov.au/employment-services-purchasing-information](https://dese.gov.au/employment-services-purchasing-information)). Please complete the SmartForm and email it to the Employment Services Purchasing mailbox - [espurchasing@dese.gov.au](mailto:espurchasing@dese.gov.au).

The Department will not accept late submissions. Submissions must be lodged before the closing date and time as specified in the Consultation Paper.

If you have any questions or issues with lodging submissions please contact the Employment Services Purchasing Hotline 1300 733 514 (9.00 am to 5.00 pm, Canberra time) or email the Employment Services Purchasing mailbox.

Submissions will be published on the Department's website unless you do not agree to its publication and indicate your preference in the section provided on the SmartForm.

We value your privacy. If you do not want your personal details to be published, please ensure that the appropriate checkbox on the SmartForm is ticked.

## **Slide 14: Questions?**

If you have any questions, please email the Employment Services Purchasing Hotline.

Relevant answers will be published on the Frequently Asked Questions document on the Department's Employment Services Purchasing Information webpage.

Questions and responses that are published will not identify who asked the question and may be modified to assist with readability and context for others.

Respondents are encouraged to regularly check the Employment Services Purchasing Information webpage for publication of new responses to questions.

### **Slide 15: Further information**

Further information regarding the consultation process can be obtained from the Consultation Paper published on AusTender ([tenders.gov.au](https://tenders.gov.au)) and the Frequently Asked Questions document published on the Department's Employment Services Purchasing Information webpage listed on the slide.

You can also contact the Employment Services Purchasing Hotline using the contact details on the previous slide. The Hotline can only provide information that is publicly available and cannot provide interpretation or advice.

To receive future information relating to the Request for Tender, please register your interest on AusTender.