

# Senate Standing Committee on Education and Employment

## QUESTIONS ON NOTICE Additional Estimates 2014 - 2015

### Outcome 1 - Employment

Department of Employment Question No. EMSQ15-000048

Senator Siewert provided in writing.

#### Question

##### Job Services Australia providers

1. What is the department's response to allegations made in the 4 corners report shown on the ABC on the 23rd February 2015 regarding Job Service providers?
2. Can you confirm how much money you have pulled back from providers who have been found to be fraudulent?
3. How have you followed up on allegations of fraud made during the 4 Corners program?
4. What have you done to ensure that the new system will not have these issues?

#### Answer

##### Question 1:

- The Department takes very seriously all complaints regarding the quality of services delivered by employment providers or the misuse of taxpayer funding.
- The Department has robust systems in place to prevent, detect and respond to misuse of funding and fraud, including:
  - responding to complaints and feedback received from job seekers;
  - a comprehensive risk-based approach to monitoring claims;
  - regular audits and unannounced site visits;
  - actuarial data modelling that highlights certain claims or claiming patterns;
  - forensic investigation of alerts received through our provider 'tip-off line'; and
  - analysing trends and variations in data, and pursuing providers if that analysis raises doubts.
- Where a provider has incorrectly received fees then the Department will recover those monies.
- The Department always acts when sufficient evidence of wrongdoing is identified. Sanctions available to the Department include:
  - referring cases for fraud investigation and prosecution;
  - imposing additional conditions on funding use or payment of fees;
  - imposing additional financial, performance or other reporting requirements;
  - temporarily or permanently reducing the provider's business share or number of available places;
  - reducing the number of job seekers a provider can service; and
  - closing sites.
- In cases of suspected fraud, matters are referred to agencies such as the Australian Federal Police and Commonwealth Director of Public Prosecutions.

#### Question 2:

- Sometimes providers make mistakes, or incorrectly claim and receive fees for work. But the Department recovers those fees, with an average of \$10 million a year being returned, which represents less than one per cent of the amount paid each year. The proportion of the fees recovered that relates to proven intent to defraud the Commonwealth is very small. Historically, instances of fraud are rare and represent a very small proportion of transactions. This recovery of fees does not necessarily relate to fraudulent claims having been lodged.

#### Question 3:

- The Department takes its obligations in assuring the integrity of the delivery of employment services programmes very seriously.
- The Department does not comment on the existence, or specifics, of any particular investigation it undertakes, as to do so may prejudice the investigation and/or any subsequent legal proceedings, or unfairly prejudice the reputation of an individual or organisation. However, the Department can confirm that matters raised by 'whistle blowers' which were previously raised with the Department were thoroughly investigated when reported.

#### Question 4:

- The payment model in the new system has been redesigned to place greater emphasis on achieving outcomes than paying service fees.
- The new Deed has been strengthened and is supported by a set of Guidelines with which employment providers must comply. While the Guidelines are yet to be released, they will be more concise and focus on what providers must do to satisfy the requirements of the Deed.
- It will be harder for providers to do the wrong thing. Changes we are introducing include:
  - Information Technology solutions designed to prevent ineligible claims being made;
  - Job outcomes will be verified using Department of Human Services Data. If this is not possible, only primary documents such as payslips will be accepted as evidence;
  - No training for training's sake;
  - Moving job seekers to a new provider after two or three years without work;
  - Further work has been undertaken on the Draft Deed to allow broader recovery when incorrect claims are found;
  - Greater use of data analytics and expert actuarial advice to detect suspect behaviour and design audit activities; and
  - Mandatory certification of providers against the department's Quality Assurance Framework by independent auditors.
- Together, these changes will reduce the scope for both intentional and inadvertent non-compliance with requirements under the new employment services.