

**SENATE STANDING COMMITTEE ON
EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS**

QUESTIONS ON NOTICE

Inquiry into the DEEWR Tender Process to award employment service contracts

EEWR_SIH_W10

Senator Siewert provided in writing.

Question

Was the Department concerned merely with capacity to deliver a level of service or with achieving a particular mix of service coverage?

Answer

The Department sought market coverage that was as wide as possible. The Request for Tender (RFT) at section 4.1.5 explained that preference may be given to tenders that geographically covered all of an Employment Service Area (ESA), while retaining the ability for specialist providers to be awarded business where it could be demonstrated that the specialist service was required.

The mix of service coverage was a consequence of applying the value for money principles outlined in the RFT for the procurement of employment services. The three supporting principles of *value for money* are:

- encouraging diversity and competition
- efficient, effective and ethical use of resources, and
- accountability and transparency.

In the procurement of Employment Services, where the cost is (largely) fixed and where Tenderers were required to address the needs of the job seeker and demonstrate local strategies to meet the labour requirements of employers, the value for money principles were further supported by:

- quality of services, incorporating demonstrated past performance of each Tenderer of the services or similar services being tendered, in particular, services to highly disadvantaged clients
- local linkages to, and collaboration with, other relevant services, particularly those that meet the vocational and non-vocational needs of highly disadvantaged job seekers
- diversity, including a mix of small, medium and large organisations
- client choice
- appropriate coverage
- meeting the needs of specific client groups
- the relative risk of each proposal, and
- the flexibility to adapt to possible change over the Term of the Contract.

Value for money is the optimum combination of the quality of services and other factors including diversity, coverage, meeting the needs of specific client groups and job seekers in general, and minimising risk exposure for the Australian Government. The characteristics of the ESA, conditionality and tenderers' preferred bid ranges were also considered in the comparative assessment of tenders.

Accordingly, in undertaking tender evaluation, the Department was concerned with both the capacity of tenderers to deliver the level of service and the mix of service coverage among all of the factors considered.