

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

**QUESTIONS ON NOTICE
Inquiry into the DEEWR Tender Process to award employment services
contracts**

EEWR_SIH_W40

Senator Back provided in writing.

Question

What strategies does DEEWR have in place to treat those risks identified in EEWL_SIH_W37 above?

Answer

The Department has well established risk management practices in place as part of its management and oversight of employment services to treat any risks identified.

Firstly, in checking whether an organisation has a capacity to meet its contractual obligations the Department undertakes checks of a tenderer and its relevant persons. To enable the Department to assess a tenderer's financial viability, tenderers must supply the information specified in the Request for Tender (RFT). In determining the tenderer's financial viability, the Department considers the information provided using tools such as financial ratio analysis.

In accordance with section 3.8 of the RFT the objective of the financial viability process was to determine, on the basis of information provided with the tender whether the tendering organisation may be considered financially viable to meet the service requirements of the RFT, and whether there are any circumstances that may adversely affect the tenderer's ability to meet its contractual obligations to supply services for at least the Contract period. This process is used to minimise risk to the Australian Government.

Also, the Department has put in place extensive arrangements to ensure a smoother transition and ensure all providers are ready to deliver services. Key actions have included:

- information and choice for transition job seekers
- additional support for disadvantaged groups
- better access to services in the lead up to transition:
- consultation with industry on systems, procedures and guidelines
- working closely with providers on their preparations
- comprehensive provider training, IT support, guidelines and reference material
- timely access of providers to job seeker details.

The Department has demonstrated experience in managing employment services contracts effectively and to oversee and mitigate risks on an ongoing basis.

The RFT at section 1.4 sets out the performance management framework for Job Services Australia Stream Services. The framework provides for monitoring and timely feedback to providers on their performance and will ensure quality services are delivered and help to inform job seeker and employer choice of provider.

The performance framework includes:

- Key Performance Indicators that assess the efficiency, effectiveness and quality of services
- social outcome measure for job seekers in Stream 4
- performance ratings that reflect a provider's performance compared to average performance
- six-monthly performance feedback by the Department
- a mid-contract performance-based business reallocation.

Employment services providers also abide by a Code of Practice that reflects the Australian Government's expectations of how providers will interact with job seekers, employers and each other. Service Guarantees specify the level of service each job seeker can expect from their provider. These commitments form part of the performance framework and are included in the contract between the Department and providers. Job Services Australia providers must also enter into Service Level Agreements (SLAs) with Community Development Employment Project (CDEP) program providers where CDEP operates, and are encouraged to establish SLAs with other local services, including Indigenous Employment Program services.

In addition, a Charter of Contract Management is being finalised in consultation with stakeholders which will support the Department's National Contract Management Framework including ongoing risk management practices. The Charter provides a principles-based approach a strategic partnering relationship with providers. It recognises that the Department is committed to building a positive working relationship with providers as well as having a responsibility to ensure that taxpayer funds are spent efficiently, effectively and ethically. It is committed to carrying out its contract and performance management responsibilities in a way that strikes the right balance between its need to be accountable for taxpayers' funds, and the need to ensure that providers can work flexibly and innovatively with job seekers.