

**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\_W6**

Senator Siewert provided in writing.

**Question**

During the assessment process how did the Department determine what counts as 'value for money'?

**Answer**

As detailed in the *Request for Tender for Employment Services 2009-12* (RFT) the overriding principle guiding the selection of Tenderers was value for money to the Australian Government.

In the assessment process the Department assessed "value for money" in accordance with the legal requirements of the *Financial Management and Accountability Act 1997* (FMA Act) and regulations, and the policy and principles set out in the Commonwealth Procurement Guidelines (January 2005). The law and policy was given specific effect in the conduct of the evaluation process in the RFT.

The Department followed those requirements as they applied in relation to each category of Employment Services in the evaluation and comparative ranking of, and in making final decisions on, each tender submitted. The process was a comprehensive one. To summarise the process for Stream Services, it involved the assessment of each of the tender responses in each Employment Service Area (ESA) against each of the RFT evaluation criteria. Those assessments were then taken into account for each tenderer for each ESA, and this formed the basis for the allocation of business to, and final selection of, successful tenderers in each ESA, by applying the value for money principles set out in the RFT.

The principles and processes for the determination of value for money in accordance with the RFT, are as set out below.

The Commonwealth Procurement Guidelines, which are issued under the FMA Act Regulation 7, identify *value for money* as the overriding principle underpinning Australian Government procurement in agencies subject to the FMA Act. 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.

Price was also an underpinning principle for assessing value for money in relation to proposals for the Harvest Labour Services (HLS) and the National Harvest Labour Information Service (NHLIS).

The RFT also goes on to state that the Department will undertake for each ESA and Harvest Area a comparative assessment of the tenders taking into account the characteristics of the ESA and Harvest Area, Tenderers' preferred bid ranges, conditionality, coverage, diversity, meeting the needs of specific client groups and job seekers in general, and any risk exposure for the Australian Government.

Value for money is the optimum combination of quality of services, price and other factors (including diversity, coverage and meeting the needs of specific client groups) and minimal risk exposure for the Australian Government.