

Chapter 1

Introduction

Background to the inquiry

1.1 In early 2008, the government announced it would introduce a simpler and more effective national employment services system to replace the Job Network. On 27 September 2008, the government released a \$3.9 billion request for tender to deliver the reformed employment services from 1 July 2009. The new employment services would be named Job Services Australia: People, Skills and Jobs. The tender results were announced on 2 April 2009. The tender process and outcomes received criticism from some stakeholders which has resulted in this inquiry. The terms of reference are addressed in the chapters which follow.

Terms of reference

1.2 On 13 May 2009, on the motion of Senators Rachel Siewert and Mitch Fifield, the Senate referred the following matters to the Senate Standing References Committee on Education, Employment and Workplace Relations for inquiry and report by 25 June 2009:

- (a) the conduct of the 2009 tendering process by the Department of Education, Employment and Workplace Relations to award Employment Services contracts, with particular attention to:
 - (i) the design on the tender, including the weighting given to past performance and the weighting given to the ‘value for money’ delivered by previous and new service providers,
 - (ii) evaluation of the tenders submitted against the selection criteria, including the relationship between recent service performance evaluations in various existing programs (such as provider star ratings), selection criteria and tendering outcomes, and
 - (iii) the extent to which the recommendations of the 2002 Productivity Commission report into employment services have been implemented;
- (b) the level of change of service providers and proportion of job seekers required to change providers, and the impacts of this disruption in communities with high levels of unemployment or facing significant increases in unemployment;
- (c) any differences between the recommendations of the Tender Assessment Panel and the announcement by the Minister for Employment Participation of successful tenders on 2 April;

- (d) the transaction costs of this level of provider turnover, the time taken to establish and 'bed-down' new employment services, and the likely impacts of this disruption on both new and existing clients seeking support during a period of rapidly rising unemployment;
- (e) communication by the department to successful and unsuccessful tenderers, the communications protocol employed during the probity period, and referrals to employment services by Centrelink during the transition period;
- (f) the extent to which the Government has kept its promise that Personal Support Program, Job Placement Employment and Training and Community Work Coordinator providers would not be disadvantaged in the process, and the number of smaller 'specialist' employment service providers delivering more client-focused services still supported by the Employment Services program;
- (g) the particular impact on Indigenous Employment Services providers and Indigenous-focused Employment Services providers;
- (h) the Employment Services Model, including whether it is sustainable in a climate of low employment growth and rising unemployment, and whether there is capacity to revise it in the face of changed economic circumstances; and
- (i) recommendations for the best way to maintain an appropriate level of continuity of service and ongoing sector viability while at the same time ensuring service quality and accountability and maximising the ancillary benefits for social inclusion through connection and integration with other services.

Conduct of inquiry

1.3 Notice of the inquiry was posted on the committee's website and advertised in *The Australian* newspaper, calling for submissions by 28 May 2009. The committee also directly contacted a number of interested parties, organisations and individuals to notify them of the inquiry and to invite submissions. 23 submissions were received as listed in Appendix 1.

1.4 The committee conducted a public hearing in Melbourne on 11 June 2009. Witnesses who appeared before the committee are listed at Appendix 2.

1.5 Copies of the Hansard transcript from the hearings are tabled for the information of the Senate. They can be accessed on the internet at <http://aph.gov.au/hansard>.

Acknowledgements

1.6 The committee thanks those who assisted with the inquiry.

