

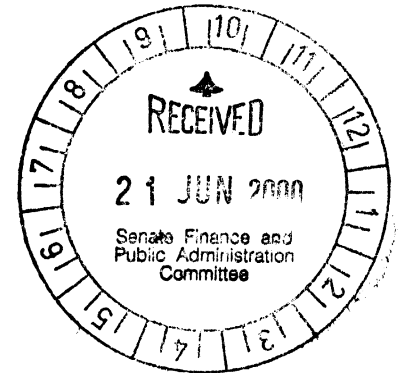
Submission No. 20



Secretary

GPO Box 9879 CANBERRA ACT 2601

Ms Helen Donaldson
Secretary
Senate Finance and Public Administration
References Committee
Australian Senate
Parliament House
Canberra ACT 2600



Dear Ms Donaldson

Thank you for your letter of 17 May 2000 inviting me to provide a submission to the Senate Finance and Public Administration References Committee about the mechanism contained in general business Notice of Motion 489 providing for accountability to the Senate in relation to government contracts.

The Department of Employment, Workplace Relations and Small Business currently has in the vicinity of 4,000 contracts. The Department funds the delivery of some substantial services by contracted service providers, including contracts for Job Network, Work for the Dole and the Australian Job Search system. Contract management of these services was the focus of two submissions the Department made to the Joint Committee of Public Accounts and Audit *Inquiry into Contract Management in the Australian Public Service*. The Department appeared before that Committee on 29 March 2000.

The Department's Internet site already provides a wide array of information about contracted services: for example, on 29 May 2000 the Minister for Employment Services, The Hon Tony Abbott MP, announced conditional offers of business to tenderers for the second round of the Community Support Programme. A complete list of successful providers and the number of places they have been offered is published both on the DEWRSB website, www.dewrsb.gov.au, and Centrelink's website, www.centrelink.gov.au. Similarly the DEWRSB site includes lists of organisations contracted as Job Network providers by labour market region and site location, and Work for the Dole projects by provider, project description, location and available places. This is in addition to the gazetted information about contracts.

With respect to Senator Murray's general business Notice of Motion 489, the Department shares concerns expressed by a number of agencies on the possible duplication of, and overlap with, existing reporting and accountability mechanisms if the motion were adopted.

The Department would encourage investigation of the feasibility of restructuring or enhancing the Gazette Publishing System (GaPS), assuming that this can be done in a cost

effective manner and in a form suitable to the Committee. We note that a number of agencies are preparing estimates of the costs that would be involved.

As discussed before the Committee on 12 May, there may be merit in setting a threshold that reflects an appropriate level of materiality. Figures in the magnitude of \$50,000-100,000 were discussed. The Department believes such levels would be more appropriate than the initially proposed \$10,000 threshold for the nature of reporting envisaged by the Committee.

With respect to paragraph 2 c of the Notice of Motion about confidentiality provisions of contracts, the Department's concerns relate to pricing information provided as part of major tenders. The Department encourages the use of standard contracts when its staff procure goods and services and it would have no objection to making the standard contract proforma available on its Internet site. The contract proforma are tailored as appropriate for the procurement of major services such as for Job Network or Work for the Dole. However, these forms of contract have always been published, both as exposure drafts for public comment prior to the tender, and subsequently as part of the Request for Tender documentation.

For a number of the Department's contracts, such as those for Job Network and Work for the Dole, it is not possible to gazette the value of the contract at the commencement of the contract since payments are based on outcomes and there is no guaranteed flow of job seeker referrals to Job Network providers and no guaranteed flow of participants to Work for the Dole projects. The successful per placement bid would be regarded as commercial in confidence under the terms of the Requests for Tender and the contractual provisions: for example, in the *Employment Services Contract 2000-2003*, clause 14 deals with confidential and personal information. Clause 14.1 provides that the Job Network member cannot disclose any information that is confidential to the Commonwealth, and clause 14.2 provides that the Commonwealth cannot disclose any information that is confidential to the provider unless there is agreement. The Department takes the view that maintaining confidentiality of pricing bids is part of moving to a fully competitive framework for the delivery of employment services. It would expect that the great majority of successful tenderers would want the prices at which they have won tenders to be kept confidential and that this information if made available would have a very significant impact on any future tenders.

If you would like further information the contact officer in this matter is George Kazs, Senior Executive, Audit and Assurance, telephone 02 6121 7510; email george.kazs@dewrsb.gov.au.

Yours sincerely



Peter Shergold

20 June 2000