MS15-000258

Briefing

Urgent/High Complexity



Assistant Minister Hartsuyker Τo

To

Minister Abetz

- For Information

Subject Tender Outcomes: Employment Services 2015-2020

(Please action before 30 March 2015)

Recommendation(s) - that you

1. Note the outcomes of the Employment Services 2015-2020 Request for

Noted

..../..../2015

Comments:

Noked in office Seen by Minisks W 1 April 2015

- The Employment Services 2015-2020 Request for Tender (RFT) was released on 7 October 2014 and closed on 17 November 2014. 183 Tender responses were evaluated across Employment Provider services. Work for the Dole Coordinator services, the New Enterprise Incentive Scheme (NEIS), Harvest Labour Services and the National Harvest Labour Information Service.
- While Tender responses were received for all services across all 51 Employment Regions, there were 11 Employment Regions where inadequate responses were received in relation to NEIS. That is, the responses were assessed as sufficiently low quality as to not demonstrate value for money for the Commonwealth. The RFT (Section 7.12.11) enables the department to undertake 'Gap Filling' for NEIS in these Employment Regions, which will be conducted shortly after the announcement of results.
- The department will enter into five year Deeds with most successful Tenderers:
 - from 1 May 2015 to 26 June 2020 for Work for the Dole Coordinators
 - from 1 July 2015 to 26 June 2020 for all other employment services providers, with a small number of exceptions as noted below (paragraph 15), where the department will offer a shorter term to assist mitigate risk to the Commonwealth.
- was engaged as the external probity adviser and has provided a probity report. The law firm This report endorses that, to the extent it was involved in the purchasing process, the process has been conducted in accordance with the RFT, Plans and Guidelines and has complied with applicable Commonwealth purchasing policies and laws.
- An overview of the Tender process is at Attachment A & A1. A summary of the innovations that successful tenderers have committed to incorporating in their service offering is at Attachment B.
- An overview (Attachment C) and details (Attachment D) of offers of business in each of the Employment Regions or Harvest Areas are attached.
- Of the organisations that submitted Tenders, ten identified as being Indigenous organisations. None of 7. these were recommended for business in their own right. However, two Indigenous organisations are nominated subcontractors by approved Tenderers.
- The Delegates for the purchasing process, Martin Hehir, Deputy Secretary, Employment and Sandra Parker, Deputy Secretary, Workplace Relations and Economic Strategy (only the Delegate for Employment Provider and Work for the Dole in the Capital Employment Region) agreed on 23 March 2015 to the following:

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- 66 organisations (from the 183 that were evaluated) were successful in gaining employment services business.
- Two organisations are either new to, or do not have significant organisational members delivering employment services:
- 44 organisations will be offered Deeds to provide Employment Provider services
- 19 organisations will be offered Deeds to provide Work for the Dole Coordinator services
- 21 organisations will be offered Deeds to provide NEIS services
- Five organisations will be offered Deeds to provide Harvest Labour Services
- One Organisation will be offered a Deed to provide the National Harvest Labour Information Services.
- Approximately 61 per cent of organisations are not-for-profit and 39 per cent of Employment Providers
 are for-profit (currently 65/35 for Job Services Australia (JSA)). Approximately 52 per cent of Job
 Seekers will be serviced by not-for-profit providers, and 48 per cent will be serviced by for-profit
 providers.
- 10. Section 7.2.3 of the RFT states that "The department anticipates there will be up to six Employment Providers in each Employment Region unless there are exceptional circumstances". TRC is recommending business be awarded to seven Tenderers in the two Employment Regions that have the largest number of Job Seekers.
- 11. More generally, the larger size of Employment Regions and a reduction in the number of Tenderers recommended for business in each Employment Region than currently operate in underlying ESAs, has often resulted in larger caseloads for Providers in each Employment Region.
- 12. Regional coverage is strong and site numbers are similar to current. However, the majority of successful Tenderers (that are current Providers) have an increased national business share, with successful smaller current Providers growing on a greater scale. For example, [current caseload of around 3000 Job Seekers) will have a caseload of approximately 20,000, representing a growth of close to 500 per cent. Similarly, has increased from a caseload of around 3000 to 11,000; from 2000 to 16,500; and from 1700 to 8500.
- 13. Many current JSA Providers will not be offered any Employment Provider business. While most of these currently have relatively small caseloads (less than 2000 nationally), there are several large Providers that will exit completely, including:
 - (current caseload is around 33,000 job seekers);
 - (current caseload is around 21,000 job seekers).
- 14. Another three JSA Providers will see a significant reduction in their business:
 - (current caseload is around 31,000 job seekers reducing to approximately 3,000);
 - currently known as (current caseload is around 18,000 and will reduce to around 13,000 job seekers)
 - (current caseload is around 6,000 and will reduce to around 2,500 job seekers)
 - (current caseload is around 25,000 and will reduce to around 4,000 job seekers)
- Four organisations will receive offers of Deeds of a shorter duration than five years to mitigate risk to the Commonwealth.

it is considered that a shorter Deed duration (with an option for the department to extend if the outcome of this analysis is satisfactory) is necessary as follows:

- 12 month Deed for
- 18 month Deeds for:
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- 16. Details of current and future organisations are in Attachment E.

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Next Steps

- Tenderers will be informed as soon as possible that they will be advised of the outcome of the Tender process on 31 March 2015.
- It is intended that, on 31 March 2015, the department will advise Tenderers of the outcome of the Request for Tender process.
- 19. Successful Tenderers will have ten calendar days in which to submit their Service Delivery Plan and fourteen calendar days in which to execute and return the Deed which will accompany the advice that their Tender submission(s) were successful.
- 20. The contracting phase will commence once Deeds are issued to successful Tenderers on the day of announcement. The contracting phase is expected to conclude by mid-April 2015 allowing Work for the Dole Coordinators to commence in May 2015 and all other employment services providers to commence on 1 July 2015.
- 21. Details of successful Tenderers will be published on the department's website and through AusTender. As noted in the RFT (Section 6.2.5, all Tenderers may seek an oral debriefing).
- 22. The transition of job seekers will be managed according to the following principles:
 - transition activities must support the continuity of employment services;
 - all eligible job seekers will either:
 - remain connected with their current employment services organisation (if it is continuing) if possible; or
 - be referred to a new Employment Provider, taking into account their circumstances.
 - connections between employers and job seekers (for example, wage subsidies) will continue to be supported during the transition where possible.

Implications

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- shortly after the tender announcement, specific providers will get tailored contact from senior staff to assist manage the relationship;
- Account Managers will also contact current providers after the announcement to offer support and arrange future meetings. Account Managers will have ongoing engagement with these organisations throughout the transition period;
- all tenderers will be informed that they will have the opportunity for a debrief;
- the department will offer to introduce, on a without prejudice basis, current providers which are not continuing to successful tenderers to explore options to form a relationship or transfer of staff or premises;
- tenderers will have access to updated Business Adjustment Modules on the internet to assist them to identify other opportunities, particularly if they are not continuing or reducing their mainstream employment services activities; and
- the Employment Services Industry Jobs Board on Australian JobSearch will connect Job Services Australia employees with providers looking for staff.

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Consultation

 State Offices, Tender Review Committee recommendations to the Delegates, Martin Hehir and Sandra Parker.

Attachments

Attachment A & A.1 Overview of the Tender Process

Attachment B Examples of innovation that have been put forward by successful tenderers

Attachment C Overview of Tender Results

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Attachment D

Details of Tender Results

Attachment E

Details for each Employment Region

Primary Contact Officer: Michael Quinn

Position: Branch Manager

Branch: Business Partnerships Branch

Ph:

Clearance Officer: Anthony Parsons

Position: Group Manager

Group: Employment Services Support Group

Ph:





To Assistant Minister Hartsuyker

To

Minister Abetz

- For Information

Subject Tender Outcomes: Employment Services 2015-2020

(Please action before 30 March 2015)

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Noted

Tender.

Signature: ...

8,4,2015

Comments:

Anthony & Michael,

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- While Tender responses were received for all services across all 51 Employment Regions, there were 11 Employment Regions where inadequate responses were received in relation to NEIS. That is, the responses were assessed as sufficiently low quality as to not demonstrate value for money for the Commonwealth. The RFT (Section 7.12.11) enables the department to undertake 'Gap Filling' for NEIS in these Employment Regions, which will be conducted shortly after the announcement of results.
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- was engaged as the external probity adviser and has provided a probity report. This report endorses that, to the extent it was involved in the purchasing process, the process has been conducted in accordance with the RFT, Plans and Guidelines and has complied with applicable Commonwealth purchasing policies and laws.
- An overview of the Tender process is at Attachment A & A1. A summary of the innovations that successful tenderers have committed to incorporating in their service offering is at Attachment B.



To Assistant Minister Hartsuyker

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Clearance Officer: Anthony Parsons

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10

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Attachment D **Details of Tender Results**

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Primary Contact Officer: Michael Quinn Branch: Business Partnerships Branch Position: Branch Manager

Clearance Officer: Anthony Parsons Position: Group Manager

Group: Employment Services Support Group Ph MS15-000258