

23 April 2008



Mr David Hatfield
Acting General Manager
Adjudication Branch
Australian Competition and Consumer Commission

Dear Mr Hatfield

I am writing in support of the application for Authorisation by Job Futures Limited pursuant to Section 88(1) of the Trade Practices Act.

Jobs Australia is the national peak body for more than 250 nonprofit organisations that assist unemployed people to get and keep jobs. Our members, of which Job Futures is one, range from large charitable organisations to small local community-based agencies in all Australian states and territories.

As indicated in their application, Job Futures tenders to secure funding for the provision of services to assist jobless people in receipt of income support to get and keep employment. It sub-contracts the provision of these services to its member organisations and it is a condition of Job Futures membership that providers do not tender for these services in competition with Job Futures.

We understand that these arrangements were first authorised by the ACCC in 1997 and continued until the authorisation expired in 2002.

In providing our support for Job Futures application, we believe the following points are relevant:

- jobless people who are disadvantaged in the labour market benefit from a diverse employment services market that includes smaller, local or consumer based not for profit providers;
- the community nonprofit, or third sector, will often choose to operate in locations where there is insufficient return on investment to attract the private sector. In doing so, it provides Government with an efficient means of delivering services that may otherwise be denied to some Australians;
- Job Futures contributes to greater diversity in the market, and the survival of these small and medium sized providers through its arrangements;
- the arrangements enhance competition rather than detracting from it;
- the public benefits delivered by these arrangements to disadvantaged jobseekers and the community outweigh any detriments.

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The community nonprofit sector has an important role in delivering Commonwealth Government employment programs. Typically agencies in the sector have very strong local support and linkages within their communities to enable them to tailor their services to the needs of individuals and organisations in their communities. With the generally buoyant labour market offering good opportunities for the job ready, the proportion of income support recipients with significant barriers to employment has risen sharply. Local knowledge has become even more critical in finding innovative ways to assist disadvantaged jobseekers to overcome obstacles to obtaining and keeping jobs.

I recognise and endorse Job Futures objective to ensure that small to medium sized locally-based community organisations retain their capacity to provide services. The sub-contracting arrangements have worked well to date in enabling these organisations to continue their valued contribution to an effective and innovative network of support for job seekers.

A decade ago when the Job Network was introduced there were more than 300 contracted providers - now there are just over 100. Other employment related programs have also seen a sharp decline in the number of providers and services have become more standardised.

Over time, the purchasing department has focused increasingly on processes and compliance resulting in organisations having to devote more and more time to dealing with complex administrative matters. Job Futures sub-contracting helps smaller organisations to manage the complexity of contracts and helps enable them to participate in the delivery of employment services. In this respect the arrangements promote diversity and allow more, not less, organisations to participate in the market.

Many of the locations serviced by Job Futures members are in regions with relatively small labour markets and where commercial viability would be in doubt. It is with Job Futures assistance, including through training, practice improvement and monitoring of service standards that these organisations are able to operate effectively. Without this support, it is probable that the Commonwealth would need to find more expensive alternatives to deliver services to rural, regional and remote parts of Australia than is currently the case.

We understand that for it to facilitate service delivery in all parts of the country, a high level of cooperation among members of Job Futures, and between the members and its national office is required. Such cooperation could be put at risk if members could compete with Job Futures for contracts or could use the advantages gained as sub contractors to Job Futures to bid in their own right.

Job Futures enables small-medium organisations to replicate the advantages of larger organisations to compete effectively in the employment services market. Its success relies on being able to build up a critical mass of experienced providers within Job Futures sub contractor base. This requirement underpins its limitations on sub contractors tendering for the same contract outside Job Futures.

We note that membership of Job Futures is entirely voluntary. Any organisation can tender for any business without reservation if it is not a Job Futures member. The application for Authorisation will provide certainty to the members of Job Futures and to Job Futures about the future sustainability of the organisation.

For the reasons outlined above, Jobs Australia supports Job Futures' application. Should you have any inquiries about this submission, please contact me at this office.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Thompson', enclosed within a light gray rectangular border.

David Thompson, AM
CEO Jobs Australia