

Record of conversation with representatives of the Commonwealth Department of Education, Employment and Workplace Relations – 26 May 2008

In response to a number of questions put to it by the ACCC, DEEWR made the following points:

- Past performance has been given a weighting of approximately 15% by DEEWR in assessing past tender proposals. Direct Job Network experience is most valuable, but similar experience can be taken into account, such as providing services under other Commonwealth programs like Community Work Coordinators (CWC) or providing comparable services for state governments.
- Small sized providers can enter the Job Network market and win tenders. DEEWR does not favour large or small providers. Assessments are based primarily on a party's ability to deliver the services, but include other aspects such as financial viability. DEEWR does not differentiate between for-profit and not-for-profit entities and noted that all providers must meet its code of practice and guidelines in terms of the quality of service provided to people.
- The last tender process largely involved rolling over existing contracts, so there was not a great opportunity for new entrants – unlike the upcoming request for tender where 100% of business will be available.
- DEEWR recognises that there is benefit in having a diversity of providers. 'The Government wants to ensure that, in the transition to the new model, the expertise of specialist providers is retained.'¹ 'All providers will, on their own, or in partnership, be required to provide all required assistance...'²
- DEEWR provides electronic access to Job Network information on an 'organisational' basis – such that all Job Futures information is available to all its members that have access, but can only be used for proper purposes. DEEWR has stringent security guidelines governing access to and use of this information, with significant penalties for improper use. Further, organisations such as Job Futures can control or limit the access their members have to reporting information, to none, some (site specific) or all.
- The information on DEEWR's system primarily relates to servicing clients. DEEWR does not keep strategic business operational information on its systems. It does not consider that its systems contain the type of information that could be used by parties to tender strategically against other parties.

¹ The Future of Employment Services in Australia, Discussion Paper p. 27

² Ibid. p.21

- A Star Ratings system is used to record service provider's performance. For each of the 1100 sites across Australia, DEEWR determines the expected performance of a provider (in terms of number of placements and outcomes achieved), given job seeker characteristics and the local labour market conditions. Actual performance is then compared to expected performance, and all sites are ranked in order. The top 5% of sites receive a 5 Star Ratings. The next 12% of sites receive a 4.5 Star Ratings. The next 18% of sites receive a 4 Star Ratings and so on. The second lowest 6% receive 1.5 stars and the lowest 4% receive 1 star.
- In addition, organisations are contracted to deliver services in an ESA. DEEWR assesses the performance for each ESA contract (an organisation operating within an ESA may have several sites). Stars Ratings are assigned to ESA contracts using the same methodology as used for sites.
- Sites and ESA contracts are rated every 6 months. Every 12 months, a business reallocation process is undertaken. All sites with a rating of 2.5 stars or less may suffer reallocation of part of their business. Up to 15% of business has been reallocated in the past.
- If a provider within a particular Employment Service Area (ESA) is underperforming, part of its business may be reallocated to a higher performing provider in that ESA. If there is not a high performing provider in that ESA, that business may be subject to a rolling tender.
- An affiliation of providers (such as Job Futures) does not have its overall business allocation affected by the poor performance of one of its members. Only Job Futures members within the relevant ESA would be affected.