



Jobs Australia

1 May 2015

Dr Richard Chadwick
General Manager
Adjudication Branch
Australian Competition and Consumer Commission

Email: adjudication@acc.gov.au

WORKING FOR
A FAIR AND EQUITABLE
AUSTRALIA

Dear Dr Chadwick

Re: A91493 & A91494 – Job Futures Limited - submission

I am writing in support of the application for Authorisation by Job Futures Limited.

Jobs Australia is the national peak body for non-profit 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 disadvantaged people into work. 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.

Under the previous authorisation period (2008 to 30 June 2015), Job Futures successfully tendered for and delivered employment services under the Job Services Australia (JSA) and Disability Employment Services (DES) programmes. Job Futures has recently been awarded business under the new jobactive contract 2015-2020.

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

- disadvantaged job seekers benefit from a diverse employment services market that includes smaller, local and community based not for profit providers.
- the community sector will often choose to operate in locations where there is insufficient return on investment to attract the larger providers. 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 by providing an arrangement through which small and medium sized providers may participate in the market;

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- the arrangements therefore represent an overall increase in diversity and competition, rather than any lessening of competition;
- the public benefits delivered by these arrangements to disadvantaged jobseekers and the community outweigh any detriments.

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.

The new *jobactive* programme, which replaces JSA on 1 July 2015, reduced the diversity of the employment services provider market. Government has chosen just 44 organisations to deliver the new programme, down from around 80 JSA providers. The consolidation is, in part, associated with a tender that significantly increased the size of service delivery areas by consolidating 110 contract areas under JSA to just 51 in *jobactive*.

In an acknowledgment of the difficulty that the larger regions would pose for small providers, and in an implicit endorsement of the Job Futures model, the Department of Employment explicitly encouraged group tendering arrangements in the *jobactive* procurement. In the Request for Tender, it stated:

“Small organisations are encouraged to consider group tendering arrangements if they do not wish to Bid in their own right.” (ES 2015-2020 RFT, section 1.2.1)

“Some Tenderers may want to deliver Services through Subcontractors.” (ES 2015-2020 RFT, section 6.4.4)

“Preference will be given to Tenderers that demonstrate ability and clear strategies (such as formal links or subcontracting/partnering arrangements with specialist organisations) to deliver quality service and achieve employment outcomes for specific client groups.” (ES 2015-2020 RFT, section 7.2.3)

Job Futures has helped to ensure that small to medium sized locally-based community organisations retain their capacity to provide services despite the Government’s procurement settings favouring organisations with much larger footprints. 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.

Any potential loss of efficiency associated with smaller participants in employment services markets is mitigated by the performance framework in the contracts, under which the Department of Employment (for *jobactive*) or the Department of Social Services (for DES) reallocates business share away from poor performing providers and towards better performing providers. This means that Job Futures members must compete with larger organisations not only to win contracts in the tender, but to remain in the market on an ongoing basis.

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 feel free to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Thompson', with a small dot at the end.

David Thompson, AM
CEO Jobs Australia