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John Carter

Committee Secretary

Senate Standing Committee on Education, Employment and Workplace Relations

PO Box 6100

Parliament House

CANBERRA ACT 2600

Inquiry into the DEEWR Tender Process to Award Employment Services Contracts

On 13 May 2009, the Senate referred the above mentioned matter to the Senate Standing Committee on Education, Employment and Workplace Relations for report by 25 June 2009. A number of key areas were identified in the Terms of Reference for the Inquiry, and the National NEIS Association submits the following information for consideration by the committee.

(a) The conduct of the 2009 tendering process by the Department of Education, Employment and Workplace Relations to award Employment Services contracts, with particular attention to:

(i) The design on the tender, including the weighting given to past performance and the weighting given to the 'value for money' delivered by previous and new service providers,

NNA: Both the Government and the long-term NEIS Providers have over 20 years of experience to rely upon in the conversion from unemployment to self-employment. The weighting of past performance and the accumulated knowledge base is considered to be an essential component in the future delivery of NEIS services. In the effort to generate more 'value for money', the combined value of NEIS administration and mentoring was set at \$1,480. We believe that in future years this figure ought to be looked at to better reflect the effort that goes into the mentoring process of new businesses in the first 12 months of operation.

(ii) Evaluation of the tenders submitted against the selection criteria, including the relationship between recent service performance evaluations in various existing programs (such as provider star ratings), selection criteria and tendering outcomes,

NNA: The star rating system whilst comprehensive should in future take into account NEIS operators whose NEIS participants set up businesses employing part time and full time employees. It could also look at participants whose businesses exceed their planned budgets outcomes.

(iii) The extent to which the recommendations of the 2002 Productivity Commission report into employment services have been implemented;

NNA: The Government was persuaded by the 2002 Productivity Commission to provide greater access to NEIS for applicants with multiple barriers. The NEIS program allows for this to happen and access to NEIS services have been further enhanced in the upcoming contract with greater emphasis to service provision given to clients in streams 3 and 4.

(b) The level of change of service providers and proportion of job seekers required to change providers, and the impacts of this disruption in communities with high levels of unemployment or facing significant increases in unemployment;

NNA: Sufficient arrangements are in place to ensure that this is not a problem.

(c) Any differences between the recommendations of the Tender Assessment Panel and the announcement by the Minister for Employment Participation of successful tenders on 2 April;

NNA: We are not aware of any differences.

(d) The transaction costs of this level of provider turnover, the time taken to establish and 'bed-down' new employment services, and the likely impacts of this disruption on both new and existing clients seeking support during a period of rapidly rising unemployment;

NNA: It is difficult to estimate what start up problems if any new NEIS providers will experience and whether this will have any marginal effect on clients

(e) Communication by the department to successful and unsuccessful tenderers, the communications protocol employed during the probity period, and referrals to employment services by Centrelink during the transition period;

NNA: The probity period was somewhat restrictive in our ability to communicate with the Department, however this was more than countered by the NNA being invited to participate in all meetings held by the Transition Reference Group

(f) The extent to which the Government has kept its promise that Personal Support Program, Job Placement Employment and Training and Community Work Coordinator providers would not be disadvantaged in the process, and the number of smaller 'specialist' employment service providers delivering more client-focused services still supported by the Employment Services program;

NNA: This does not apply to NEIS

(g) The particular impact on Indigenous Employment Services providers and Indigenous-focused Employment Services providers;

NNA: the new system will keep the status quo of support and close collaboration with Indigenous Employment providers

(h) The Employment Services Model, including whether it is sustainable in a climate of low employment growth and rising unemployment, and whether there is capacity to revise it in the face of changed economic circumstances; and

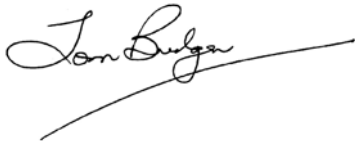
NNA: NEIS as a business development model creates and enhances employment - as such the Employment Services Model will enhance employment growth

(i) Recommendations for the best way to maintain an appropriate level of continuity of service and ongoing sector viability while at the same time ensuring service quality and accountability and maximising the ancillary benefits for social inclusion through connection and integration with other services.

NNA: Does not affect the NEIS program

Please do not hesitate to contact the Association should you have any questions regarding our submission.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Budgen', with a long horizontal flourish extending to the right.

Tom Budgen
President National NEIS Association.