

Senate Standing Committee on Education and Employment

QUESTIONS ON NOTICE Additional Estimates 2014 - 2015

Outcome 1 - Employment

Department of Employment Question No. EMSQ15-000081

Senator Lines provided in writing.

Question

Contracts less than 5 years

The department stated that there are four employment service providers, and one Harvest Labour provider that have been successful in tendering for contracts, but have been offered contracts of less than five years as result of targeted audits currently being undertaken into providers.

What is the nature of each of these targeted audits and what are the possible outcomes of each of these targeted audits?

Is it normal practice to offer shortened contracts to providers in these circumstances, and has this occurred previously?

Why have shortened contracts been offered instead of five year contracts with an option to withdrawn pending the outcome of the targeted audits?

If these audits find no adverse claims against the providers, will they then be offered full five year contracts?

Why is the department confident that these providers are appropriate to carry out these contracts, despite these ongoing audits?

Will these shortened contracts put these providers at a disadvantage, compared to other providers who have been offered five year contracts?

Will services provided by these providers, and their participants, be interrupted and jeopardised by the existence of these short-term contracts if they are not extended?

Answer

1. In the normal course of business and as a result of data analysis conducted by the department, targeted audits are currently underway to examine certain claims made by four providers over the period December 2013 to November 2014. These claims are being reviewed to determine whether they are valid claims. Upon completion of the audits, the providers will be given an opportunity to respond to the audit findings.
2. It is sound practice for the department to respond to commercial and programme delivery risks including by offering contracts of a shorter term, noting that this is the first instance where the department has offered five year terms to providers.
3. At the time that the department allocated business in the tender process, the audits were ongoing. So, not only in fairness to the providers where the department had yet draw any

inferences from incomplete audits, but also to protect the Commonwealth's commercial and programme delivery interests, the department offered shorter term contracts.

4. If the audits find no adverse claims against the providers, the providers will be offered full five year contracts.
5. The audits were ongoing at the time that business was allocated to providers in the tender. However, aside from the ongoing audit, the providers' tenders were such that they would have been awarded business in the tender. In fairness to the providers, prior to the department drawing any conclusions from the audits, the providers were offered shorter term contracts.
6. From a programme administration perspective, the affected providers are at no disadvantage to others as their performance measures and payment schedules are the same as those who have five year deeds. Performance measures will carry across to the full five year deeds should the audit findings support such an extension.
7. It is yet to be determined whether the relevant contracts will not be extended. If the department decides not to extend the contracts, the business will be reallocated in the ordinary manner that business reallocation commonly occurs. Services would continue and the department would not expect that any job seekers would be disadvantaged.