



**Response to the Senate Education,  
Employment and Workplace Relations  
Committees' Inquiry into the  
administration and purchasing of  
Disability Employment Services in  
Australia**



## About Break Thru People Solutions

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Break Thru People Solutions (Break Thru) would like to express appreciation for the opportunity to respond to the Senate Education, Employment and Workplace Relations Committees' Inquiry into the administration and purchasing of Disability Employment Services in Australia. With Disability Employment Services playing an important role in the Australian Government's labour force participation, productivity and social inclusion policies (Department of Education Employment and Workplace Relations 2011a), Break Thru sees this inquiry as having potential to contribute to a real improvement in outcomes for people with disabilities in Australia.

Break Thru is an Australian not-for-profit organisation whose core vision is to "Break Thru barriers and create futures" by being the leading diversity champion, courageously promoting the value, potential and inclusion of all people in the life of the Australian community. Break Thru believes work is fundamental to a fulfilling and productive life and for almost 20 years has offered free employment and training programs to the most disadvantaged in our community such as people with a disability and Indigenous Australians. Break Thru conservatively estimates that it has assisted 6,000 clients with disabilities achieve employment through services set up by the *Disability Services Act 1986 (Cth)*.

**As a Disability Employment Services (DES) - Employment Support Service (ESS) program provider** Break Thru offers specialist assistance to people with a disability who require ongoing support to help find and maintain open employment. Break Thru staff provide short-term pre-vocational assessment and job seeking, reverse marketing to employers, on-the-job assessment and ongoing support once a jobseeker is placed in a job. In the past 12 months, approximately 1190 clients with disabilities have commenced with Break Thru's DES-ESS program. That is nearly 100 clients a month turning to Break Thru for support.

The other main programs offered by Break Thru include:

- *Disability Management Service (DMS)*: This is the other arm of the DES program. It provides assistance for jobseekers with injury, disability or health condition that substantially reduces their capacity to look for and keep a job. Break Thru combines vocational rehabilitation with specialist employment assistance aimed specifically at working to increase a jobseeker's functional levels and ultimately their participation in a job.
- *Job Services Australia (JSA)*: Provides one to one or group based assistance in prevocational skilling, overcoming barriers to employment, job search and job matching to employers with job vacancies. Jobseekers may experience a range of issues, including mental illness, homelessness, drug and alcohol abuse, domestic violence survivor.
- *Training Department*: Delivers both accredited and non accredited vocational training for those with disabilities, disadvantages, early school leavers and for those who are disconnected from the mainstream training and education system.
- *Community Programs*: Provide an alternative to paid employment for people with a disability who have high support needs. These programs assist people to increase their independence and participate as active members of their community.

***"...Break Thru conservatively estimates that it has assisted 6,000 clients with disabilities achieve employment through services set up by the Disability Services Act 1986 (Cth)..."***

## Break Thru's Submission Key Points

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(1) The Minister and the Department of Employment, Education and Workplace Relations (DEEWR) must acknowledge the specialised nature of Disability Employment Services (DES) and ensure that any procurement process is congruent with the long term relationship-based nature of DES activities. These long standing relationships comprise not only those that providers have with people with disabilities but also with the employers who employ them. Procurement processes also need to take into account the importance of provider consistency for client stability, well-being, and engagement with the employment services system.

(2) A tender of over 80 per cent of the market does not represent value for money for achieving the three stated objectives of the procurement process. There are more cost effective and less disruptive options available to the government that will test the market; allow new players in and remove poor players. This includes contract extensions for those DES providers performing at 3 Stars<sup>1</sup>.

(3) Any assessment of the value for money of a competitive tender procurement process will need to consider the particular features of rural and regional areas that will make clients with disabilities, employers and experienced staff in these areas more vulnerable to the negative effects arising from DES provider displacement, disruption to longstanding relationships and turnover of experienced staff.

(4) The current Star Ratings system fosters DES provider behaviour that is contrary to the objectives of the Disability Services Act 1986. These flaws are inextricably linked to a DES model that privileges short term gains rather than long term sustainability in the work force or the quality of the placement.

(5) Increasing the minimum contract term from three to five years will minimise the disruption a tender process creates on the long-term relationship building that underpins the achievement of meaningful and enduring employment outcomes for DES clients

(6) Given that the impact of the government's changes to the Disability Support Pension on disability employment servicing is unknown, and considering that the DES program is still relatively young, and in a sector that will also be planning for the changes arising from the recently announced National Disability Insurance Scheme, means that there is too much uncertainty to tender 80 per cent of contracts now.

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<sup>1</sup> The Star Rating system assesses and compares DES provider performance. Each provider is given a star rating based on their performance relative to that of other providers across Australia. Star ratings are awarded within the range of one to five stars. Performance measures KPI 1 - Efficiency (e.g. Proportion of referred clients who commence in the program) and KPI 2 - Effectiveness (proportion of clients are who maintain 13 and 26 weeks of employment) are used to calculate DES star ratings. DES KPI 3 - Quality is not used in the calculation of the star ratings Department of Education Employment and Workplace Relations (2010). Understanding Star Ratings v1.0. Canberra..

### **(a) the impact of tendering more than 80 per cent of the current DES on the clients with disability and employers they support under the current contracts;**

All work within the DES sector is based on longstanding relationships, individualised and tailored services to meet the needs of the participants and the community in which they operate (ACE National Network Inc 2011). Tendering more than 80 per cent of the current DES-ESS will constrain the existing support offered to clients with disabilities and their employers, as DES providers channel existing vocational support resources into tender preparation and submission activities. Moreover, the uncertainty and upheaval following business reallocation irrevocably disrupts and damages what can be a fragile employer-employee-DES provider relationship, leading to an employer who feels unable to support a person with a disability in the workplace and a client unemployed. These situations have a detrimental impact on client outcomes.

**Impact on clients with a disability: “I believe it will have a direct impact on my wellbeing by putting at risk my strong supportive relationship and trust that myself and agency have developed over the last two or three years”**

The story of Tom<sup>2</sup> below, recounted by his Employment Consultant, highlights some of the key features of a good DES provider-client relationship, including: (i) continuity of support; (ii) knowledge of the client’s changing needs over time and how to flexibly deliver support appropriate at that time; and (ii) perseverance in the face of setbacks.

*“Tom came to Break Thru as a direct registration in June 2010. At the time he was a pre-release prisoner completing his sentence through the Drug Treatment Correctional Centre. Tom had a long criminal record, hadn’t worked for over five years and had limited transferrable skills. In October of 2010 Break Thru assisted Tom into work as a labourer at the Sydney fish markets. Tom worked night shifts and attended Narcotic Anonymous meetings during the day where possible. A relapse in early 2011 meant that he was required to return to the correctional centre for four weeks, but with the support of his caseworker and Break Thru consultant Tom was given permission to continue working at night and return to the centre in the day. Tom worked an average of 40 hours per week for seven months before he was exited in Ongoing Support as an independent worker. Tom still maintained contact with Break Thru and when his hours were reduced he re-registered with Break Thru and began job searching. Break Thru secured a casual position as a general hand for Tom in May of 2011. He soon moved to full time and has subsequently become a valued member of the team with excellent feedback from his employer about his work and his attitude. Break Thru continues to support Tom and his employer to assist them to maintain a productive and mutually beneficial relationship”.*

NSW Corrective Services has provided a letter which further describes how Break Thru DES works with clients with disabilities from the Compulsory Drug Treatment Correctional Centre. This is located in **Appendix B**.

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<sup>2</sup> **Break Thru requests that client names in this submission not be published to protect privacy.**

***“...the uncertainty and upheaval following business reallocation irrevocably disrupts and damages what can be a fragile employer-employee-DES provider relationship...”***

DES providers put in a lot of time building rapport with clients with disabilities to enable staff to fully understand the client's goals, strengths, barriers and needs. Academic research in this area has not been extensive, nevertheless there is a small body of research showing that the strength of this relationship is positively related to a range of vocational outcomes for people with disabilities (see for instance Deane, Crowe et al. 2010).

*"...I suffer from anxiety and depression and at times fall psychologically into very dark places...My goal is to become fully self sufficient financially and psychologically. This goal has not yet been reached but 'Break Thru People Solutions' have helped me greatly in maintaining this goal and making some progress despite my occasional sense of inadequacy...The regular and continuity of contact with [consultant name] is in itself very supportive...This sense of being known by and knowing those at 'Break Thru People Solutions' who support me and not feeling like a stranger has been very significant to me in sustaining my direction and my sense self."* – **Ross, Break Thru Client, Victoria**

If a client is required to transfer to a new DES provider after tender business re-allocation this will mean both the client and the new provider will have to start from scratch and re-commence the same relationship-building work again, delaying progress to vocational success.

*"If I had to change providers I would have to put a lot of ground work into getting to the stage which I've reached with Break Thru to get my employment consultant on the same page as me."* – **Nicholas, Break Thru Client, Victoria**

*"Break Thru has provided a fantastic service in helping me to get back to work they have been there for me every step of the way, and it would be detrimental to have to start with a new provider."* – **Alex, Break Thru Client, Victoria**

*"My fear is if my agency is no longer in business because of the tendering process what does that mean for me? Where is my support? Will I have go through all this again i.e. telling someone new about things that are painful and embarrassing? Where is the continuity of services and assistance for me?...It's taken many years of hard work to get where I am."* – **Robert, Break Thru Client, Queensland**

Having an unbroken, continuous relationship with a DES provider who offers familiarity, regular and consistent support is crucial for helping many of our clients maintain their progression towards or achievement of their vocational goals. When that established source of support is removed, the resulting practical upheaval and emotional uncertainty can lead to consequences such as the client losing their job or dropping out of the employment services system completely.

*"I write this in the hope it will be of some support for you "Break Thru People Solutions" in being able to continue as my service provider, for I believe I am progressing and continuity of support such as yours is important in my stability."* – **Ross, Break Thru Client, Victoria**

*"It is very important to me that I continue to have contact with my consultant and BTPS [Break Thru] because this is the organisation that helped me back onto my feet and made me feel better about myself as a person."* – **Leanne, Break Thru Client, New South Wales**

Employers too, have acknowledged to Break Thru that they too recognise the importance of continuity of DES provider support amongst their employees with a disability:

*"[Client] would not cope. [Client] has anxiety and does not like change, she has been with the service for a long time (15yrs) and feels comfortable with Break thru staff being on site. If a new organisation came in and took over there would be problems due to no established relationship or consistency. Other organisations would not have any idea of [Client's] needs."* - **Gavin Brinkman Manager/ Owner High Mountains Motor Inn Blackheath**

**Impact on employers: *"It would be very hard for me as an employer to build a relationship with another agency in my business"***

The significant amount of time and energy Break Thru invests into building a good working relationship with an employer (e.g. so Break Thru understands that particular employer's needs; and so the employer understands Break Thru processes etc) is part of the bedrock that enables people with disabilities to obtain and retain sustainable employment. One Break Thru Regional Manager has noted that it can take up to six months to build a relationship with an employer and to gain a placement.

*"The person I deal with at Break Thru understands me and my business and knows the type of person/s I am looking for when employing persons. This saves me time and money."* – **Harry Hunt, OAM, JP, Managing Director, Comfort Inn Hunts Liverpool, President Liverpool City Chamber of Commerce & Industry**

*"All parties [employer, Break Thru and client] have a good working relationship and mutual understanding that works well. Break Thru has come in to support [clients name] and have achieved positive outcomes because they know and understand us and [client name] needs."* - **Gavin Brinkman, Manager/ Owner, High Mountains Motor Inn Blackheath**

*"Break Thru has developed a close relationship with myself and my company over a period of time and it has largely been a successful relationship built on trust and professionalism. Break Thru has provided a*

*range of solutions for my recruitment needs which has also given people with disabilities an opportunity that they may not have had.” - Mario Ciarrocchi, Director, Pro Industries Pty Ltd*

The importance of DES providers engaging in these activities was also acknowledged in DEEWR (2011b)'s recent report, *Employer Perspectives on Recruiting People with Disability and DES*:

*“Employers are most concerned with getting the right person for the job and this is the key to...securing long term employment. Financial incentive alone is not enough to achieve sustainable employment for DES participants...The role of DES providers in getting to know an employer's business so that they can recommend suitable candidates and deliver good post-placement support cannot be underestimated”. (p. 18)*

Employers have identified to Break Thru that retaining their connection with an DES provider that they 'trust' is very important as many employers have been 'burned' by poor servicing from other employment agencies and are very cautious to begin another relationship. This point was also acknowledged in the DEEWR consultation with DES Employers (Department of Education Employment and Workplace Relations 2011b).

*“I would like to start by saying it was a lucky day for my business when I was contacted by Break Thru People Solutions to see if I had a vacancy...I was a little bit reluctant to invite the consultant for an interview when they called me....but that's because we worked approx. 3 years ago with another agency...[that] wasn't very helpful at all. We have also tried to work with another employment agency but the consultant wouldn't turn up for two appointments...It didn't make us want to work with a consultant who doesn't listens to our needs...It would be very hard for me as an employer to build a relationship with another agency in my business. I really want to take the opportunity and thank the staff of BTPS [Break Thru] for all the support and I will definitely be dealing with BTPS [Break Thru] for my employment needs now and in the future.” - Christine Spiegel, Manager, Carina's Cafeteria & Party Service*

Similarly to the issues identified for clients, a tender of this size creates problems with regards to disruption to existing relationships e.g. the employer would be required to re-invest their time in building a new relationship with another DES provider to enable them to understand their particular business needs. All too often this has the unfortunate consequence of making it 'too hard' for the employer to retain the current worker with a disability, or to consider hiring another person with a disability.

*“I feel strongly that Break Thru should not have to enter into a tender process as they already do an excellent job. I understand that this process is time-consuming and will no doubt impact on our relationship and this will have a flow on effect for the jobseeker. Relationships between a business and an employment provider need to be long standing in order to*

***“The importance of DES providers engaging in these activities was also acknowledged in DEEWR (2011b)'s recent report, Employer Perspectives on Recruiting People with Disability and DES...”***



*make this relationship work. If I was forced to deal with another provider there would be a definite lag in our ability to provide further employment opportunities for People with Disabilities and this would indeed be a backward step.” - Sam Cavallaro, Director, Pasticceria Cavallaro*

*“We have invested time in developing our relationship with BTPS [Break Thru]. There are cost implications of starting up with someone new.” - Mark Duckworth, ForMaz Parts Plus Auto Dismantlers*

Having to cope with a change of DES provider is particular difficult for rural and regional employers. Many businesses in these areas are family based with a small number of employees, and thus are in a weaker position to cope with the disruptions created by a change of provider.

Within small or isolated communities, developing a sound and productive relationship that hinges on regular and consistent DES provider-employer communication can take much longer. In many cases these communities are serviced via outreach, for example staff from Break Thru’s Dubbo office travel to Gilgandra, Galarganbone and Narromine one day each per fortnight to service employers and clients in the area. Break Thru’s current Employer Engagement Manager in the Western NSW Region has been networking with businesses in the region for the past five and a half years, which has enabled them to establish the long term relationships with employers and has led to repeat business. But all this hard work, trust and potential job opportunities would be lost with a change of DES provider.

Added to these points the finding that DEEWR (2011b)’s consultation with employers of DES clients has also shown that the majority of employers are satisfied with their DES provider. This only further reinforces the conclusion that the impact of tendering 80 per cent of the market will create an unjustifiable and unwarranted disruption to the already effective servicing of the employers that DES providers support.

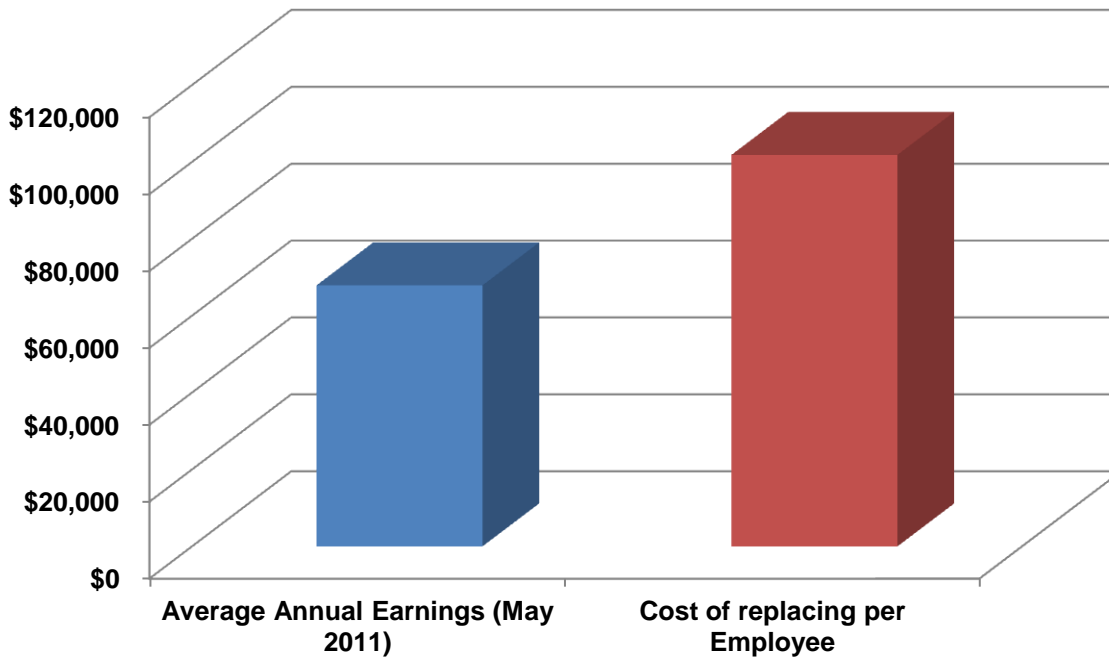
Some letters of support for these arguments that Break Thru has received from our clients and employers are included in **Appendix B**.



**(b) the potential impact of losing experienced staff;**

Competitive procurement processes create significant levels of job uncertainty. Not only does this affect staff decisions to leave the industry before or during a tender, but in Break Thru's experience the instability lasts beyond the immediate tender period, with staff turnover rates highest three-six months into the three year cycle. A 2007 study by Vedior Asia Pacific found the cost of replacing an employee was in the order of 150 per cent of salary (HC Online March 18, 2008). Based on this, and Australian Bureau of Statistic (May 2011) figures, seasonally adjusted full-time adult ordinary time average weekly earnings were \$1305.60 (\$67,891 per annum). As a result, the average Australian business would therefore spend \$101,837 to replace each employee (see Graph 1 below). Increased staff turnover therefore presents a significant waste of program resources and thus taxpayer dollars.

**Graph 1: Cost to DES Providers of Staff Turnover**



*“The overwhelming evidence is that staff, whilst being very satisfied working for Break Thru, were unsure of their future because of the short term nature of DEEWR contracts.”*

Break Thru conducts an annual VOICE satisfaction survey of its 700+ staff (with assistance from Macquarie University). On the question ‘Intention to Stay’ in the 2010 survey, our marks were only average and stood out in stark contrast to our other high ratings (e.g. individual job satisfaction, agreement with Break Thru’s Core Vision and Values). Break Thru Senior Executive conducted a ‘VOICE Roadshow’ to unpack these results with all of our staff in small groups through the country. In particular, sessions questioned the seeming anomaly of the lower marks against ‘Intention to Stay’. The overwhelming evidence is that staff, whilst being very satisfied working for Break Thru, were unsure of their future because of the short term nature of DEEWR contracts.

Some were seeking more stable positions within Break Thru, some were seeking external positions and some said they didn't want to ever leave but couldn't rank this question highly due to the uncertain nature of ongoing DES and JSA contracts.

For providers that lose their business, it is highly uncertain and variable whether their staff will be taken on by any new providers, as heard in the inquiry into the process to award employment services contracts (Senate Standing Committee on Education Employment & Workplace Relations 2009). The Australian Services Union (ASU) in conjunction with employment services employer groups in an attempt to put a human face on the cost of the transition from Job Network to Job Services Australia roughly estimates 5,000 workers lost their jobs and became displaced (Australian Services Union 2011, p.6). The findings from the report led the ASU Assistant National Secretary to comment "*The brunt of the tendering process, according to the ASU research, is borne by the employment services workers themselves, the end result being experienced workers leaving the system*" (TRI Community Exchange Inc 2011).

Once experienced staff leave the industry it can literally take years to replace the lost knowledge and skills. For instance, one of Break Thru's Regional Managers has observed that as experienced staff tend to understand the importance of working within a holistic servicing framework. They develop and sustain strong and positive relationships with clients, employers, community and government organisations and the general community. The loss of an experienced staff member for any reason means unfortunately in many cases these networks and relationships are lost too, particularly if the DES provider does not have the resources to invest in re-establishing those relationships.

Many hours go into training new staff in the diverse skills they require to do their job competently. Broad agreement across the industry is that it takes between 9-12 months for a new staff member to acquire the skills to work with clients with disabilities independently and to provide the right help to support clients achieve their vocational goals (Disability Employment Australia 2011, September 19). Once again, when it comes to rural and regional areas, Break Thru has found that the problems arising from losing experienced staff are exacerbated. Rural/regional areas may contain only a very limited number of people with skills in both employment and disabilities.

Break Thru's experience when advertising for a new team member in rural/regional areas usually results in very few applications. Furthermore, many of those applicants require training in a number of areas to bring them up to industry standards. Break Thru's Regional Manager in Western NSW has found that to have a competent consultant who has started with limited skills can require an average of 12 months skills development. Furthermore, working in a rural/regional context often requires staff to possess additional skills to enable them to support clients with disabilities and employers effectively. For instance, due to the fact that it is only viable to have one staff member manage the case load at outreach sites, staff need to have the full range of skills to successfully (i) deliver pre-vocational training/capacity building; (ii) job match and reverse market to employers; (iii) support with training on the job and (iv) provide ongoing support once in employment.

**(c) whether competitive tendering of more than 80 per cent of the market delivers the best value for money and is the most effective way in which to meet the stated objectives of:**

Before making specific comments to the points below, Break Thru urges the Committee to particularly consider within any assessment of the 'value for money' of an 80 per cent market tender (i) the significant costs associated with disruption to quality servicing for both people with a disability and employers as DES providers reallocate resources towards tender preparation and; (ii) the loss of skills and experience to the sector as staff choose to leave to escape the uncertainty such a large tender creates within the sector (more detail about these effects are provided in Break Thru's response to the previous question).

***“Break Thru has estimated that the cost to the organisation of the submission for comparable tenders is \$610, 000.”***

Competitive tendering is a very expensive exercise and involves significant investment of DES provider time and resources. Break Thru has estimated that the cost to the organisation of the submission for comparable tenders is \$610,000. A detailed cost breakdown of this figure is available in **Appendix C**. Tendering more than 80 per cent of the current DES-ESS will constrain the curtail the amount of support offered DES providers are able to offer clients with disabilities and their employers. Even in large providers such as Break Thru who are able to afford a dedicated tender team, frontline staff and management are still needed to assist with gathering evidence, stories, quotes and information to support a tender application.

Another consideration is that the DES-ESS program is only 18 months old and as such it is questionable whether the program is mature enough to be in a position to go to a competitive tender at this point in time. March 1st 2010 saw some of the most significant policy and program changes the industry had seen since the move to Case Based Funding (ACE National Network Inc 2011). However one major point of difference was that Case Based Funding was subject to two phases of trial before its implementation – whereas the new model of Disability Employment Services was presented with a 12 week transition period and the release of operational program guidelines around one month from deed commencement (ACE National Network Inc 2011).

Transition to the new system has not been a seamless process for either DES providers or DEEWR contract managers, with constantly changing guidelines and problems arising from an IT management system that is based on the mainstream Job Services Australia (JSA) program rather than reflecting the needs of DES (Nevile and Lohmann 2011). Furthermore, DES providers only began to receive performance data 11 months into the current deed (ACE National Network Inc 2011). Break Thru believes that the Department is not in a position to use a competitive procurement process of the scale proposed as an effective means of achieving the identified objectives. It is our belief that there first needs to be (i) the correction of currently identified operational issues; (ii) an accumulation of long-term performance data enabling a relative comparison of DES provider performance; and (iii) an independent analysis of the success of the program.

**(i) testing the market:**

The cost this tender would represent in terms of public funds requires the highest levels of accountability and disclosure. Given this, Break Thru is concerned that to date the Government has clearly articulated what *'testing the market'* means in this context. For instance, the Government has stated that the model of service delivery will not fundamentally change between now and 2015, so the proposed tender would not be testing the market in terms of the service model (Disability Employment Australia 2011a). Furthermore, the new program was thrown out to the market to be tested on the 1st of March 2010, and Departmental data shows that in the last 12 months alone the program has grown by upwards of 40 per cent, so a tender would not be seeking verification of program demand (Disability Employment Australia 2011a). Also importantly, this tender is not a price competitive procurement process - the price is set, and remains the same across the national spectrum of the program, therefore it is unclear how this tender would ensure the best *'value for money'* if there are no financial efficiencies to be gained (Disability Employment Australia 2011a).

***"...Forcing those DES providers that are 3 Stars to tender, particularly where DES providers have a history of continually satisfied contractual and reporting requirements, will therefore represent a serious and significant waste of taxpayer dollars..."***

**(ii) allowing new 'players' into the market:**

Break Thru believes the Government must clarify why 80 per cent of the market must be tendered to achieve this; particularly since the Minister has already assured NDS that the government is not seeking a turnover of the full 80 per cent and that *'many 3 Star performers were likely to survive the tender process'* (National Disability Services 2011). Forcing those DES providers that are 3 Stars to tender, particularly where DES providers have a history of continually satisfied contractual and reporting requirements, will therefore represent a serious and significant waste of taxpayer dollars.

Break Thru observes that a variety of ways already exist in which new 'players' could enter into the disability employment service market without the consequences of wide sweeping disruption to all stakeholders. For example:

- DES providers could mount a business case at any given time in relation to an unmet need (e.g. for specialist services) and propose a way in which they could provide services to meet that need (Disability Employment Australia 2011a).
- DEEWR already conducts business reallocation at contract mid-term to remove poor performers. Currently that business does not go to tender, however doing so would be a comparatively more cost-efficient and less disruptive method of enabling the entrance of new players.

In some cases it is unlikely that the market will be able to accommodate new DES providers, such as in rural ESAs which tend to be characterised by small and relatively isolated communities plus a few larger townships (most of these are not exempt from tendering unlike the arrangements the Department has made with 'remote' DES providers). Outside of major regional cities, the current average caseload for smaller towns is six clients (with some small towns having as few as one client at any given time that requires servicing). Adding a DES provider in these circumstances would reduce DES provider viability (very low income combined with higher costs of service delivery e.g. travel costs) and may well impact on quality servicing.

Ultimately what is of most importance is that those entering into the market have the capacity to provide quality disability employment services to both people with a disability and employers. This cannot be simply a matter of talking the talk on paper – it must be a claim that is well supported with actual performance evidence (Disability Employment Australia 2011a). This was a concern also expressed by the Senate Committee Majority in the 2009 inquiry into DEEWR tender process to award JSA employment services contracts (Senate Standing Committee on Education Employment & Workplace Relations 2009). Break Thru's Regional Manager in Western NSW (Dubbo, Coonabarabran and surrounding areas) has noted how small rural and regional communities can be particularly vulnerable, many of which have seen new providers who come into the area and 'make a big splash' starting up, but then fail to provide a service when confronted with the practical difficulties of operating in a rural or isolated setting.

### **(iii) removing poor performers from the market:**

Break Thru would like clarification from the Department as to why DES providers that have at least three Stars will have to go to tender in order to remove poor performers from the market. According to DEEWR (2010), a DES provider with three Stars is performing at around the average. Whilst the Star Ratings system is not perfect (further discussed in Break Thru's response to Question d), a three Star Rating by no means indicates 'poor performance' that needs to be accounted for to the Department. Another baffling situation arises for small DES providers that have caseloads of less than 20 clients and who do not achieve Star Ratings as they have insufficient data. These DES providers are assessed as having a '0' Star Rating and will thus have to tender, even though their actual performance may be perfectly satisfactory.

The Department has long had in place mechanisms and processes under the DES contractual management framework that offers appropriate and transparent arrangements to remove poor performers from the market. For instance, all DES providers are required to be regularly audited against the National Disability Service Standards (DSS). However in practice those that fail to comply are given a 'second chance' to improve their performance against these basic and fundamental standards. More rigorous enforcement of DSS auditing is one simple method already available to weed out poor performers from the market.

That existing processes are not utilised effectively reflects what has been described as a contract management process that relates not to DEEWR managing the performance of organisations, but is rather hinged more around DEEWR deciphering difficult operational questions (Disability Employment Australia 2011a). Having a tender on over 80 per cent of the market as a quasi contract management method rather than requiring DEEWR to uphold good contract management practice is an unjustifiable waste of government and DES provider resources and represents poor value for money for the Australian taxpayer (Disability Employment Australia 2011a).

Break Thru believes that if the Government is unequivocally committed to tendering, the compromise suggested by our peak body Disability Employment Australia (2011b), where

only one and two Star DES providers should be required to go to tender, is a much better method of achieving value for money whilst satisfying these three objectives. This strategy also has a lower risk profile and chance of destabilising the sector, which will negatively impact on client employment outcomes.

**(d) whether the DES Performance Framework provides the best means of assessing a provider's ability to deliver services which meet the stated objectives of the Disability Services Act 1986 such as enabling services that are flexible and responsive to the needs and aspirations of people with disabilities, and encourage innovation in the provision of such services**

For the benefit of the committee, Break Thru has provided a brief history of the Disability Services Act 1986 and disability employment services in **Appendix A**.

### **Mismatch between DES and the objectives of the Disability Services Act 1986**

It is the view of both Break Thru and our peak body Disability Employment Australia, that each DEEWR contract moves further away from the principles and the objectives of the *Disability Services Act 1986* (DSA). We believe that the current Star Ratings system fosters behavior within DES providers that is contrary to the spirit of the DSA. This flaw is inextricably linked to a DES model that privileges short term gains rather than long term sustainability in the work force or the quality of the placement.

In this section, Break Thru presents in detail how the current model fails to address the objectives of the Disability Services Act (DSA). As such, there needs to be a clear evaluation of whether or not the DES program meets the stated objectives of the DSA before even turning to the question of what method is best for assessing DES provider ability.

*(1) Services should have as their focus the achievement of positive outcomes for people with disabilities, such as increased independence, employment opportunities and integration into the community.*

This objective is wider than just getting any job just for the sake of being employed. Disability Employment Services came to be because families, on the back of the deinstitutionalisation movement, wanted more for their children with disabilities i.e. social inclusion through employment (Disability Employment Australia 2011a). Whilst employment is one pathway to increased independence and integration, Löövgrén and Hamreby (2011) point out that employment 'is no guarantee of participation in social life and working conditions have sometimes excluding tendencies' (p.100).

However, in the current DES ESS program job-search and client placement is very much a process-driven activity. With funding linked to milestone outcomes there is no alternative but for services to churn clients through the 18 month program. Clients are then referred on to the next service to begin the treadmill once more. Break Thru sees the push for employment outcomes above all else as contrary to the spirit of this DSA objective. For the Australian government to really improve employment outcomes for people with disabilities then they must consider funding for employment programs from an investment perspective and not a short-term, outcome perspective (Shankar, 2008).

***"... there needs to be a clear evaluation of whether or not the DES program meets the stated objectives of the DSA before even turning to the question of what method is best for assessing DES provider ability."***



*(3) Services should be provided as part of local co-ordinated service systems and be integrated with services generally available to members of the community, wherever possible.*

The transferring in 2004 of responsibility for disability employment assistance from the Department of Family and Community Services (FaCS), whose focus was to support and assist people, to the Department of Employment and Workplace Relations (DEWR), whose focus was to get people off welfare and into job, was a highly significant event for the industry (Micali 2006). It introduced a new culture and different priorities to DES providers. Under FaCS the social inclusion strategies of employment assistance services had a broader focus than merely employment. Consumers were supported to set life goals, of which employment may be just one of many. Under DEWR all activities were to be explicitly employment related. If people had housing needs, financial problems or perhaps felt isolated, an employment consultant's role was to "refer them on" (Ollerton 2011, p. 19).

Waghorn, Collister, Killackey and Sherring (2007) have noted that currently Australia has a major issue in how to best achieve service integration when the service delivery environment is fraught with complexity and structural barriers to inter-sectoral and inter-Government collaboration. For example, the current State-Federal funding systems currently segregate health services (State responsibility) from employment (Federal responsibility), education (State, Federal), vocational training (State), housing (State), disability support (Federal, State), and income support payments and benefits (Federal) (Waghorn, Collister et al. 2007).

Break Thru suggests that an integrated approach to employment servicing better meets this objective. Integrated employment servicing is regarded internationally as best practice (Waghorn, Collister et al. 2007). A national trial of an integrated employment program (where a specialist employment service for people with psychiatric disabilities are co-located with a community mental health provider), has been conducted across Australia under the guidance of The Queensland Centre for Mental Health Research. Whilst the results of this research are not yet published, evidence of its success is reflected in Break Thru's Fortitude Valley site, which is part of this trial and was five Stars at the 30 June 2011 Star Ratings. Unfortunately however, most DES-ESS providers do not offer an integrated service.

*(4) Services should be tailored to meet the individual needs and goals of the people with disabilities receiving those services.*

Break Thru staff have raised concerns that even from the starting point of accessing a DES program, individuality of client need is not respected. Break Thru's Queensland Regional Manager has stated: *"I do not believe that the individual has much say in who they are referred to based on relative need or resources available but are rather allocated to providers based on business share. Under the new rules coming in by Government those that would have qualified for a DSP will be placed on Newstart and hence their choice of provider and support will be even harder to realise"*. A similar point has been made by Dr Geoff Waghorn of the Queensland Centre for Mental Health Research

(Waghorn 2011), who furthermore adds that market share rules prevent the most effective DES providers from increasing the number of clients who can access their service in competition with other local DES providers.

It should also be noted that some DES client goals are not necessarily paid employment and for some people with disabilities it may take longer than the 18 month DES program time allocation to achieve. One Break Thru Regional Manager has commented: *“under the current framework there is not incentive to look at the individual or their needs, wants or desires. The whole framework is about getting the job and how fast you can get it.”*

Another concerning trend observed by Break Thru is that the current Employment Services Assessment (ESAt) system sees disadvantaged jobseekers, many of whom have multiple and complex disabilities directed away from DES into Job Services Australia (JSA), where assistance is minimal and access to job-searching is largely done by the client on their own. It is Break Thru’s experience that DES providers have very minimal power to address concerns about appropriate service-streaming arising from ESAts. Break Thru’s Penrith JSA Program Manager has recounted a typical story:

*“I met with [Client] and have major concerns about her being in JSA with a work capacity of 30+ hours per week instead of in a DES program. The ESAt refers to only two medical conditions: ADHD & Schizophrenia, both of which state “[Client] reported no current treatment or current symptoms of this condition”. When asked about the assessment process, [Client] said the JCA was very brief, “Less than 15 mins”, adding, “I can’t remember all the questions she asked me, but I know I didn’t understand most of them”. After discussions with [Client] and her mother, the following issues arose, which weren’t recorded initially in the ESAt: diagnosis of Opposition Defiance Disorder; [Client] had attended the E.D. Unit (Special Support Unit) from year 7 onwards at high school; and very poor literacy and numeracy skills. During this conversation it was also identified that there were some concerns that [Client] may also have an intellectual disability. At this stage, Break Thru was unable to refer [Client] for another ESAt.*

*Break Thru referred [Client] to Break Thru’s internal Clinical Support Team for initial assessment and WAIS Test to ascertain possibility of an intellectual disability and confirm some of the above issues. The WAIS Test confirmed [Client] had an IQ of 68. Only at this stage was Break Thru able to successfully refer the client back for an ESAt. This time, the ESAt placed the client into the DES program. The entire process took over four months.”*

*(6) Programs and services should be designed and administered so as to promote recognition of the competence of, and enhance the image of, people with disabilities.*

In Australian disability policy and research literature there are competing understandings of what is meant by the term *people with disabilities*. One way of understanding is called the ‘medical model’ approach to disability, which focuses upon an individual’s condition and the way it debilitates him or her (Grover and Piggott 2007). It looks to rehabilitation and treatment in order for the person to overcome the individual’s limitations (Llewellyn

and Hogan 2000). A medical model locates the problem of disability solely within the individual. The DES program is firmly grounded in a medical model understanding of disability, basing the definition on that articulated in the Disability Discrimination Act 1992 (Australian Government 1992, p. 4) which defines disability as:

- '(a) total or partial loss of the person's bodily or mental functions; or*
- (b) total or partial loss of a part of the body; or*
- (c) the presence in the body of organisms causing disease or illness; or*
- (d) the presence in the body of organisms capable of causing disease or illness; or*
- (e) the malfunction, malformation or disfigurement of a part of the person's body;*
- or*
- (f) a disorder or malfunction that results in the person learning differently from a person without the disorder or malfunction; or*
- (g) a disorder, illness or disease that affects a person's thought processes, perception of reality, emotions or judgment or that results in disturbed behaviour'*

By conceptualising disability as a medical problem located exclusively within the individual, this means that DES funding is determined by impairment-related support needs. Clients undergo repeated assessments with every new DES provider to identify and document their deficits, which is disempowering, stigmatising and does not recognise dignity of difference. Service practice therefore neglects areas such as capacity building or on addressing environmental factors. This approach also does nothing to help challenge discriminatory attitudes (Edwards and Boxall 2010).

International understanding of the concept of disability has changed significantly since 1992. The United Nations declared *"that disability is an evolving concept and that disability results from the interaction between persons with impairments and attitudinal and environmental barriers that hinders their full and effective participation in society on an equal basis with others"* (United Nations 2006). An alternative model widely accepted is the *'social model'*, which claims that disability is a social status not a medical condition (Rioux 1994). It does not situate disability within an individual but rather relates it to social structures that operate to exclude people with varying impairments from full participation in society (Priestley 1999; Grover and Piggott 2007). The New Zealand government adopted a social model position on disability in 2001 and make a clear distinction between impairment and disability. They explain the difference as follows:

*"Disability is not something individuals have. What individuals have are impairments. They may be physical, sensory, neurological, psychiatric, intellectual or other impairments. Disability is the process which happens when one group of people create barriers by designing a world only for their way of living, taking no account of the impairments other people have"* (New Zealand Office of Disability Issues 2001).

Break Thru believes that moving from a medical to a social model of disability would enhance DES provider's ability to promote recognition of the competence of, and enhance the image of, people with disabilities.

***"moving from a medical to a social model of disability would enhance DES provider's ability to promote recognition of the competence of, and enhance the image of, people with disabilities."***

*(9 ) Organisations providing services...should be accountable to those people with disabilities who use their services the advocates of such people, the Commonwealth and the Community generally for the provision of information from which the quality of their service can be judged.*

Under the current contract there is a considerably greater emphasis on accountability to DEEWR than to service users, their supporters or the general community. This aspect of the DSA 1986 is all but lost. The documented growth in the administrative burden DEEWR has placed on DES providers (Nevile and Lohmann 2011) is one reflection of this. DES staff become caught up in data entry and monitoring client details and outcomes, rather than in getting to know the client and working with them to gain sustainable employment. (Soldatic and Chapman 2010) also discuss how the disability movement in Australia has been marginalised from the political process as a consequence of the plethora of changes that have occurred to the DES sector.

*(10) Programs and services should be designed and administered so as to provide opportunities for people with disabilities to reach goals and enjoy lifestyles which are valued by the community generally and are age-appropriate.*

The practice within the sector by some services of "scheming" includes the establishment of work crews, consisting of approximately five people. The service then rotates 25 clients with 8-15 hour benchmarks through the work crew each week on a one day per week basis. This generates 25 outcomes for the DES-ESS provider and is primarily intended to improve their Star rating, rather than nurture the career aspirations and life goals of the client. They are not quality placements and do not enhance the employment outcomes for the people with disability they are funded to serve.

Break Thru is also aware of providers placing workers in the provider's own or a 'sympathetic' Australian Disability Enterprise (formerly sheltered workshops) to ensure that the workers achieve their 13 week or 26 outcome payments. This practice aims to reach the Service Provider's outcome goals, not the client's goals. Pseudo workplaces such as Australian Disability Enterprise, designed exclusively for people with disabilities, do not reflect the diversity of the wider workforce and are contrary to the principles of normalisation upon which the DSA was founded (Bank-Mikkelson 1980; Nirje 1985).

### **DES Performance Framework: General problems with current Star Rating system**

In the disability employment services context, evaluation KPIs tend to focus on easily quantifiable 'hard' indicators (for example, proportion of job seekers placed in a job three months after participating in job search training). However for people with a disability, these 'hard' outcomes are usually dependent on achieving 'soft' outcomes, such as improved self-confidence or self-esteem. Yet government designed

performance frameworks rarely reward achievement of these 'soft' outcomes, which are seen as more difficult to quantify and are seen as more subjective than 'hard' outcomes (Nevile and Lohmann 2011). Break Thru supports the position, articulated by peak body Disability Employment Australia (then ACE National Network Inc 2011), that the DES Performance Framework should recognise outcomes for disability employment that meets a fuller definition of social inclusion and encompasses the capacity building and workforce development that is required in the open labour market to sustain employment long term.

The current Star Ratings system drives a set of behaviours and practices that are related to short term gains. They do not reflect broader indicators of service quality, such as the compliance with the National Disability Standards. Scores are a reflective of how many and how quickly DES providers place people into employment, rather than long term sustainability in the work force. To illustrate this, Break Thru's Queensland Regional Manager has explained how the use of wage subsidies has increased dramatically over the last two years. Where once wage subsidies were used to encourage an employer to take a chance or to compensate the employer for the extra training they would need to do for a client; they are now used as a performance driver for the industry. This in turn has led to jobs being terminated when the wage subsidy runs out. Another consequence of the focus on short term outcomes is that it leads to provider behaviour known within the industry as 'scheming'. Break Thru is aware that some DES providers are negotiating with employers to split a 40 hour per week job into five separate eight hour per week jobs, arranging 'supported wages' for the clients (who continue to receive their Disability Support Pension), and arranging a support person to 'manage' the enclave.

The Star Rating system does not measure the quality of the placement, such as the number of hours worked, length of tenure, the level of pay received and how closely the job they are doing reflects the person with disability's skills, interests and ambitions. This means that DES providers can secure poor quality jobs with minimal hours and be rewarded with high Star Ratings. Break Thru's Western Sydney Regional Manager has highlighted that there is also no consideration as to how the position fosters true social integration and acceptance; i.e. whether the job is an open employment position where the person with a disability is in a 'normal' work environment, or if the client is still segregated within an Australian Disability Enterprise (sheltered workshop) or similar environment. Consequently, if a DES provider placed a person with a work capacity benchmark of 8-15 hours into an eight hour per week position in an enclave of six people, all working on reduced wages under the supported wage scheme, that DES provider would receive the same rating as a provider who placed that person in an 15 hour per week open (competitive) employment position with individualised support at full Award wages.

Break Thru is concerned that the Star Rating system encourages behaviours and practices that run contrary to the spirit of the DSA. Recent research (Nevile and Lohmann 2011) has confirmed that the current performance framework, despite all the controls placed on DES providers by the Department, still creates situations of 'creaming and parking'. "Creaming" refers to the practice of focussing marketing efforts on the job seekers perceived by the service provider as an easy placement and who is likely to stick with the job. Break Thru is aware of occasions where clients have been referred to our DES offices from other local providers, having been told that the other provider "is full".

***“...the DES Performance Framework should recognise outcomes for disability employment that meets a fuller definition of social inclusion and encompasses the capacity building and workforce development...”***

Break Thru DES Management has subsequently checked with the Contract Manager and been advised that the provider was "not full" (i.e. not yet at 130% capacity) and yet this provider regularly turns away prospective clients seeking assistance. Break Thru regards this practice as another example of Creaming, choosing only the best applicants for employment assistance. "Parking" refers to bringing clients onto the DES register and immediately 'suspending' them until a later date without any negative impact on the agency's income streams or Star Ratings. *Parking* also includes the practice of ignoring those more *difficult* clients who are not deemed to be quick placements, without suspending them. These practices are intended primarily to improve the DES-ESS provider's Star rating, rather than enhance the employment outcomes for the people with disability they are funded to serve. Break Thru's Western Sydney Regional Manager has reiterated this, describing their experience of the performance framework as "*encouraging providers to target their efforts towards those who need the least help (e.g. young people with mild or borderline disabilities) because providers will be able to get an outcome more quickly, instead of clients with disabilities with higher support needs that traditionally have been our core business*". This manager sees this behaviour as driven by "*the statistical volatility in the ESS market, which is much higher than for JSA (because net client numbers are smaller percentages are more easily impacted)*". As such, outcomes are worth more in raw percentage terms" In this context, it falls to a DES provider's adherence to its own core values that ensures clients with more moderate or severe disabilities are provided with an appropriate level of assistance (Nevile and Lohmann 2011).

Another problem with a system that encourages providers to use judgments about 'easy' versus 'hard' clients is that this can lead to stereotyping of particular client groups such as those with mental illness, who tend to have high drop-out rates from employment programs and low employment outcomes, which reinforce public perceptions that they are poor candidates for employment (Shankar 2008). This can intensify feelings of hopelessness among job seekers and can further jeopardise a client's chances of gaining employment (Shankar 2008).

Break Thru's Queensland Regional Manager has emphasised that the very nature of a Star Ratings system means that DES providers have a need to continually focus on the achievement of specific quantifiable outcomes to avoid the risk of losing their contract. This has the effect of diverting DES provider attention away from individual clients and their needs. Furthermore it also creates a situation where less time being spent on organisational capacity building such as staff training and developing best practice. These in turn further lowers the quality of support available to clients with a disability.

Another problem is that the parity of the Star Ratings system has been influenced by the moderate intellectual disability loading - a \$7.4 million two-year trial of a 70% loading on selected service fees, placement fees and outcome fees for Disability Employment Services assisting job seekers with moderate intellectual disability. This provision was not part of the initial DES procurement process, it was a change made after the contract was established as the result of lobbying by large intellectual disability services. As Break Thru's Managing Director has observed: "*a 70% loading means that more staff and resources can be used to ensure successful outcomes. Thus DES Providers who only work with moderate intellectual disability clients (or who have the majority of their clients*

***"...the parity of the Star Ratings system has been influenced by the moderate intellectual disability loading... An extension of the contract rollover to three Star providers would also mean that this uneven play field does not unfairly punish providers who have chosen to work with other disability cohorts..."***

*with an intellectual disability) have a distinct advantage over providers who choose to work with other disability types, or are generalist providers". Break Thru's Western Sydney Regional Manager has described how this advantage arises:*

*"Most of these clients in this moderate intellectual disability cohort will be Disability Support Pension volunteers who tend to be more motivated - another factor that will boost performance of certain providers. Intellectual Disability exclusive services tend to leverage off low benchmark hours, high use of ongoing support and wage subsidy. This undermines the position of generalist providers who are trying to attain more ambitious "normalisation" outcomes such as financial independence, high benchmark hours and compliance (where deemed appropriate) - across a more diverse disability group".*

One problem arising from this is that these other providers, for example mental health specialists (who arguably have a tougher job maintaining employment of clients due to the episodic nature of the illness), are now 'on the back foot' and are therefore less likely to be in the four or five Star grouping. An extension of the contract rollover to three Star providers would also mean that this uneven play field does not unfairly punish providers who have chosen to work with other disability cohorts.

The continuing pressure to achieve a narrow range of performance goals also leads to a situation where experienced staff are leaving the industry because their work and how it is valued no longer fulfils their individual needs. Comments from Break Thru's Exit Interview (when staff leave the organisation) Summary Reports have included:

- *"I felt that my personal values and beliefs conflicted with the guidelines and structure of the DES contract (the need to push clients into employment)."*
- *"KPIs made the environment competitive, whereas the focus should be more on the job seekers getting work."*
- *"The drive for KPI/placements is at the expense of clients which conflicts with Break Thru values."*
- *"Getting them involved in Job Focus Groups and attending them should count towards your KPIs."*

The ability of organisations to encourage innovation is hampered in the current system; taking the time to develop, implement and assess new approaches may have a short term negative performance impact which could cost business. Furthermore, if activities are deemed outside program guidelines this could put performance at risk as DEEWR may not count any vocational outcomes gained from these initiatives.

Break Thru's Queensland Regional Manager has also observed that the Star Ratings framework has dramatically reduced cooperation and collaboration between DES providers. The requirement to achieve a certain benchmark and how you get there is now a commercial in confidence matter. This has led to suspicion and distrust between providers, which in turn has led to a drop in appropriate service for clients.



One of the major issues in the Star Ratings system is the Regression Model factor, of which a large part is based on the Employment Services Assessments (ESAs). ESAs recommend the most appropriate employment service assistance program (e.g. JSA or DES) based on an assessment of the job seeker's barriers to finding and maintaining employment, and assessed work capacity. It is Break Thru's experience that these are increasingly being done by phone rather than face to face, a method which is particularly ineffective in gathering accurate and comprehensive answers. Break Thru's Western NSW Regional Manager has emphasised how this situation is particularly prevalent in rural regions. Telephone assessments disadvantage a wide selection of clients groups such as those with receptive language disorders, intellectual disabilities, brain injuries and psychiatric disabilities. They are also poor practice as the assessor does not have access to the client's unspoken communication. Studies have shown that situational assessments are particularly necessary for people with psychiatric disabilities (Shankar 2008).



Bill Langby happily on the job, for which he thanks Break Thru People Solutions training and placement consultant Marina Hobson and employer Sylvia Mawbey. Photo: BELINDA SOOLE

**(e) the congruency of 3 year contracting periods with long-term relationship based nature of Disability Employment Services – Employment Support Services program, and the impact of moving to 5 year contract periods as recommended in the 2009 Education, Employment and Workplace Relations References Committee report, DEEWR tender process to award employment services contract**

Disability Employment Services is not a generalist labour market program, and as such requires a procurement method which assists the program achieve its objectives and recognises its underpinning within the Disability Services Act (Disability Employment Australia 2011a). At the most elementary level, having to re-tender for contracts every three years is disruptive and costly (Senate Standing Committee on Education Employment & Workplace Relations 2009), with even for comparatively large providers such as Break Thru tendering represents a serious distraction from a main task of assisting clients with disabilities to achieve social inclusion via open and sustainable employment.

Break Thru has described in its response to Question a how the creation and maintenance of sustainable employment opportunities for people with disabilities involves developing strong and trusting DES provider-client-employer relationships. Key to the creation of such relationships is a DES provider that is able to take the time to understand each stakeholders' needs and requirements, and has the time and the opportunity to demonstrate the quality of and commitment to providing required support. Break Thru has also highlighted how disruption to these carefully created and sustained relationships through the replacement of DES providers hurts both clients (e.g. for many of whom having access to a DES provider that offers familiarity, regular and consistent support is crucial for helping maintain their progression towards their vocational goals) and employers (e.g. who do not want to waste resources re-forming another relationship with a new DES provider). As such, Break Thru is in firm agreement with the position taken by our peak body, Disability Employment Australia (2011b), that the minimum contract length should be increased from three to five years, in order to minimize the disruption to these longstanding relationships that a large tender process creates. Furthermore, given the shortcomings of the current DES Performance Framework identified in the response to the previous question, Break Thru also agrees with Disability Employment Australia's (2011b) recommendation that the tender process be pushed back to 2015 to allow for changes to be made to the Performance Framework. This will then enable a better evaluation of service provision that is more in line with the objectives of the *Disability Services Act 1986*, before this evaluation is used to assess DES providers as part of a competitive procurement process.

Moving to five year contracts would also align with the Productivity Commission's (2010) recommendation that the *duration of service agreements and contracts should reflect the length of time required to achieve the government's objectives in funding the service* and be guided by the overarching principle of achieving value for money (p. 335, emphasis added). For many people with disabilities, for instance those with episodic mental illness, the journey to sustainable employment is not linear (Nevile and Lohmann 2011), and in many cases may take longer timeframes than available under current three year contracting and period of service provisions to achieve this (ACE National Network Inc 2011). Furthermore in Break Thru's experience, some clients return to their DES provider even after they have been exited to seek assistance with ongoing issues that jeopardise

***“...the tender process be pushed back to 2015 to allow for changes to be made to the Performance Framework. This will then enable a better evaluation of service provision that is more in line with the objectives of the Disability Services Act 1986...”***

the sustainability of their employment, with relationships with some clients spanning upwards of 10 years.

In the longer term, Break Thru would also like to see a movement by the Department towards a contract term that provides for the automatic extension of the contract if the DES provider maintains an appropriate level of performance. This idea is similar to the licensing regime in the aged care sector where licences carry over, provided that minimum performance standards are met (Disability Employment Australia 2011b).

**(f) the timing of the tender process given the role of DES providers in implementing the Government's changes to the disability support pension.**

As a DES provider, Break Thru is experiencing considerable uncertainty in terms of how the Government's changes to the disability support pension (DSP) will affect its DES operations. Changes to the DSP eligibility process from 3 September 2011 is expected to cause a rise in DES applications as people who previously would have been eligible for DSP now need to prove they cannot find employment. It is furthermore expected this will change the profile of DES clients, increasing the number of 'non-voluntary' referrals (Disability Employment Australia 2011b). Changes to the impairment tables from January 2012 are also expected to increase the number of DES clients who would have previously been accepted onto the DSP (Disability Employment Australia 2011bb). The impact that these collective changes will have on the DES business model, service provision and performance against the current Performance Framework is unknown (Disability Employment Australia 2011b), but Break Thru anticipates it will involve a substantial cultural and practice shift for DES staff. Moreover, it is important to note that the DSP reforms are not the only government changes impacting on DES providers. With the recent announcement of the development of a National Disability Insurance Scheme (NDIS), DES providers like Break Thru who also deliver other disability services that will be directly impacted by the policy have started to commit increasing organisational resources in order to appropriately manage the large practical and cultural changes the NDIS will entail. Break Thru is thus in agreement with the conclusion reached by peak body Disability Employment Australia that combining these changes within the context of a relatively young DES program means that there is too much uncertainty to tender 80 per cent of contracts now (Disability Employment Australia 2011b).

One other important consideration is that the implementation of the changes to the DSP already will impose a significant amount of uncertainty and stress for affected jobseekers (such as complying with new participation requirements so payments are not affected, understanding new DSP eligibility rules etc). Research done by Jobs Australia and the NOUS Group has shown that the confusion that arises from having to negotiate an already significant complex social security and employment assistance system is a major factor in jobseeker disengagement (Jobs Australia 2011). To add onto this the outcomes of a tender process that would mean for jobseekers having to cope with new DES providers, new service registration and assessment processes, new consultants etc would exacerbate jobseeker confusion and disengagement, and could be counterproductive to attempts to encourage a greater proportion of those with disabilities 'from welfare to work'.

***“Research done by Jobs Australia and the NOUS Group has shown that the confusion that arises from having to negotiate an already significant complex social security and employment assistance system is a major factor in jobseeker disengagement.”***

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## Appendix A: Background - Where we've come from

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The Commonwealth first became directly involved with providing support for people with disabilities in 1908 (McIntosh & Phillips, 2002). The rise of the civil rights movement in the 1960s and 1970s resulted in an increased awareness of 'disabled people' as a minority group and of the difficulties they faced. The profile of people with disabilities was enhanced by the International Year of Disabled Persons in 1981 and subsequent International Decade for Disabled People 1983-1992 plus the Asian and Pacific Decade of Disabled Persons (1993-2002 and 2003-2012) (Barnes & Sheldon, 2010). One of the main aims of these initiatives was to enhance social inclusion of people with disabilities and to lower the barriers that prevented them from achieving equality with able bodied people (McIntosh & Phillips, 2002).

In the early 1980s Senator Don Grimes championed significant changes to the way Australians with disability were supported, with changes that promoted disability rights, equality and social inclusion. Following the election of the Hawke Labor government in 1983 a range of initiatives with implications for the provision of support and services for people with disabilities were introduced. The most important initiative for Disability Employment Services was the Disability Services Act (DSA) 1986 which enabled the establishment of a large network of disability open-employment support services. These specialised support services were at the forefront of meeting the Australian disability movement's key aspirations, demands and campaigns around the right to work and social inclusion (Clear, 2000). The DSA 1986 provided a comprehensive framework for the funding and provision of quality support services for people with disabilities<sup>3</sup> (McIntosh & Phillips, 2002).

However, since 1986, the disability employment support services sector has undergone a great many reforms and the service model has been revised several times.

Since the late eighties, Australian governments have consecutively pursued policies aimed at stemming the growing numbers of people receiving the Disability Support Pension. In 1990-1991 the Labor government introduced the Disability Reform Program (DRP) to improve the participation of people with disabilities in employment, particularly those with significant disabilities (Baume and Kay, 1995). The DRP had special provisions for people with psychiatric disabilities. Before the introduction of the DRP, people with psychiatric disabilities were seen as the responsibility of state governments, not the Commonwealth, and were ineligible for Commonwealth funded employment and training services available to people with other disabilities (Whitford et al., 1993). The DRP granted this cohort access to mainstream training, rehabilitation, and other disability employment assistance services. However, access to these programs cannot result in successful employment outcomes unless the programs meet the specific needs of the individuals. The DRP failed to meet the employment needs of those with severe disabilities, and this included psychiatric disabilities (Baume and Kay, 1995).

The election of a Liberal Coalition Government in 1996 saw one of the most major changes to the employment servicing industry as the government restructured employment services along market lines. With the establishment of Job Network and Centrelink, the Government made a major shift in its role in the industry going from a provider of services to a purchaser and contractor. However,

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<sup>3</sup> For full details of disability policy and developments from the early 1980s to the mid 1990s see the Parliamentary Library publication by Mary Lindsay, [Commonwealth Disability Policy 1983–1995](#).



the Government still maintains control through its monopoly position as a dispenser of contracts and supplier of clients.

The Government maintained that competition among employment service providers (including disability employment providers) would provide “choice” to consumers, encourage innovation in service delivery as well as improve outcomes. Unfortunately choice is often limited for jobseekers in rural communities in which there may be no service providers at all and only a single provider in the region. There was evidence that the Job Network was unsuccessful in placing disadvantaged jobseekers in employment (Eardley Abello, & Macdonald, 2001). Over a period of 4 years from 1996 the government was able to cut its expenditure on labor market programs and case-management services by \$AUS1.8 billion (Ranald, 2002).

Following the 2004 Australian federal election the responsibility for disability employment assistance was transferred from the Department of Family and Community Services (FaCS) to the Department of Employment and Workplace Relations (DEWR). This move is considered to be one of the most significant changes to be made in the industry for many years (Micali, 2006). Changes in culture from FaCS to DEWR has seen economic priority for employment outcomes become a key industry priority and as a result, social inclusion has been pushed aside.

The Liberal Coalition government also introduced a series of welfare reforms to move people with disabilities into employment. One of the most contentious of these was the extension of the policy of mutual obligation to those receiving the disability support pension. This policy of mutual obligation is presented as a contract between the state and welfare recipients where adults are duty bound to develop marketable skills and gain employment. In return the State recognises the right of all citizens to financial assistance and practical help in finding work (Redley, 2009). It is a carrot and stick approach to employment assistance. Such a policy reframes citizenship’s notion of “rights and responsibilities” as “responsibilities and obligations” (Soldatic & Chapman, 2010, p.141). The government rhetoric was that an *unintended incentive* was built into the DSP as welfare dependency had increased significantly (Shankar, 2009).

This was a major ideological shift in the way disability employment services worked with people with disabilities. Up until then the majority of jobseekers in disability employment support services were voluntary. They registered for employment assistance because they wanted to work and motivation was never an issue. Shankar (2008) argues that the mutual obligation policy was not only unlikely to improve employment outcomes for people with psychiatric disabilities but it also diminished their prospect of employment and reduced their chances of recovery. Disability literature emphasises that a crucial factor in recovery for people with psychiatric disabilities is the relationship between the professional helper and the individual who is recovering. Employment Consultants "need to convey a sense of hope, be non-judgemental in their approach, and not make individuals feel they are lazy, lacking in motivation" (Shankar, 2009, p.276). There is an implicit assumption in the mutual obligation policy that jobseekers must be compelled towards work because they are, by nature, lacking in the initiative and motivation. Research evidence challenges this assumption (e.g., Shankar & Collyer, 2003).

Funding reforms were also made which resulted in industrial co-option and added another layer of complexity to the government’s welfare to work reform agenda. The most significant funding reform was the change from block grant funding to case-based funding.

The introduction of the case-based funding model meant that fiscal resources were determined by contractual program outcomes formulated against a highly medicalised classification regime of individual's impairments (Soldatic and Chapman, 2010). Such a focus on outcomes has been criticised as a deliberate ideological tactic disguising processes of inequality and exclusion (Skeggs, 2004).

In 2007 the Labor party declared their objective to "solve the problem of social exclusion" (Gillard, 2007) by developing a new agenda where social policy complemented economic policy. Addressing issues concerning employment for people with disabilities was a key strategy. Gillard (2007) claimed that the Labor government would address social exclusion by ensuring struggling job seekers receive the most intensive assistance, and that Labor would address social exclusion by putting the emphasis on preparing people for "sustainable jobs, not simply churning them through a system" (p3).

The fact that the current Disability Employment Services model and performance framework falls short of meeting these goals is one of the central tenets of Break Thru's position in this submission.

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## Appendix B: Letters of Support

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### **Letter from a Servicing Partner: Compulsory Drug Treatment Correctional Centre (CDTCC) (Corrective Services NSW)**

*The content of this letter has also been endorsed by the Program Director.*

Breakthru provide an excellent service that has been tailored to the Compulsory Drug Treatment Program's participants. Our participants are in a unique situation, where, whilst still serving a sentence, they have access to the community which includes efforts to gain employment.

The Breakthru staff work with our staff in a collaborative effort to obtain employment for the participants whose employment histories are stereotypically short term or non skilled. Breakthru assesses each individual and determines a pathway for training and employment. Breakthru provide support for each participant in acquiring skills, job searching, assisting with resumes, job applications and interviews. They also provide support for the employer and attend sites to ensure the employer is satisfied with the service and the employee.

Breakthru continue to maintain open lines of communication with us, which is essential for the monitoring and progress assessment for the participants. The staff at Blacktown Breakthru provides invaluable additional support for the participants. Although it is a difficult situation, they are also able to be transparent as to the participants' situations with employers.

It can be confidently stated that successful employment outcomes improved dramatically after this Centre enlisted the assistance of the Breakthru Service.

If the CDTCC participants were no longer able to access Breakthru services it would cause immense upheaval to the Program and participants. Breakthru have demonstrated commitment and professionalism in their service delivery to the CDTCC Program.

Pauline Jeffress  
Case-co-ordinator/ Parole Officer  
Compulsory Drug Treatment Program

## Letter of Support from a Break Thru Client

20<sup>th</sup> September

To whom it may concern

My name is Robert Rowland and I am currently a client of Break Thru People Solutions, Disability Employment Services Program at their Queensland Fortitude Valley Office.

I am writing this letter as I am very concerned about the Government's plan to put out to tender services being delivered by providers of the Employment Support Services program because I believe it will have a direct impact on my wellbeing by putting at risk my strong supportive relationship and trust that myself and agency have developed over the last two or three years.

I would like to share my story as I believe it's important that the Government listen and take notice of client's opinion and concerns.

My story began two or three years ago when I was referred to Break Thru by the Inner North Brisbane Mental Health Service for employment support, they recommended this agency because they have been working with Break Thru over the last thirteen years and had built strong links with case managers, psychiatrists, allied health professionals and admin officers of the service.

Working with Break Thru made a huge difference in getting employment. They made me feel more confident about myself, they helped me with my self esteem and encouraged me to reach my goals. They would not have been able to accomplish this without their specialised knowledge in how to work with clients who experience mental health issues. They never treated me as a diagnosis but as a person who has a lot to offer the community not just an employer.

Break Thru took the time to get to know me, provided me with vocational and non vocational support as my barriers to employment were complex. They placed me into a job that suited my skills and health requirements. They were in regular contact with me and my employer to ensure that my placement was long term and sustainable and that the job was a perfect fit for me.

The support I require is long term because of my episodic condition, sometimes I am aware of the triggers and other times I can lack insight and if it wasn't for the development of this long term relationship between my employment consultant and myself I would struggle to be open and honest about myself and my needs. I need my consultant to be responsive and help me identify and deal with my concerns long term and will continue to do.

My fear is if my agency is no longer in business because of the tendering process what does that mean for me? Where is my support? Will I have to go through all this again i.e. telling someone new about things that are painful and embarrassing? Where is the continuity of services and assistance for me? I believe that I am not alone and there are other clients of Break Thru who feel the same apprehension for the future of Break Thru.

It's taken many years of hard work to get where I am. For your information, Break Thru placed me into employment and provided with extensive support to ensure I maintained

it. There came a time where I believed I was ready to be independent and exited from the program with an understanding that I could contact them any time for support if required.

Recently I paid a visit to Break Thru as I needed to discuss a serious personal issue with someone who I trusted as I really didn't have anyone else that I felt comfortable with to talk to. I was in crisis and I needed someone who knew me very well and could provide me with empathy and understanding. I felt that there were only a few people who I could turn to and they were at Break Thru.

If Break Thru weren't there for me I know I would have had a break down and surely hospitalised. For me this situation was completely unique and extremen. Not only did Break Thru support me through this crisis, they also advocated on my behalf with my mental health services case manager. The matter is continuing and I know that I will need Break Thru to continue to provide with support indefinitely.

In re engaging with Break Thru it was identified that my employment was not optimum, the employer had lost contracts and moved premises and I was only offered a couple of shifts per month. Break Thru offered to bring me back as a client and has successful placed me in a much better job where I am getting regular shifts with an understanding employer who accepts me as a disability worker.

Because of the relationship Break Thru has developed between me and my employer, there have been other employment opportunities for Break Thru clients. Through the support and encouragement Break Thru, I gained the confidence and motivation to market Break Thru to employers and consumer of the mental health services which resulted in a number of clients wishing to be referred to Break Thru. In addition with Break Thru's support not only did I gain and maintain employment but also integration into the community by acquiring stable accommodation, regular mental health case management, participation in sports events that have improved my physical health and I have also been able to indulge in my passion for war movies because I am now able to afford paid TV.

In summary I wish to send the government my message to reconsider their plans to have agencies like Break Thru tender for business. The staff and the organisation are irreplaceable to me and to the many other clients who I have met here since starting my program. I feel that the Government is basing their decision on economics and don't really understand the implication to clients if agencies like Break Thru are no longer around to support individuals like myself

I welcome the opportunity to discuss, in detail, my concerns if called upon.

Yours sincerely

A handwritten signature in black ink that reads "R. Rowland". The signature is written in a cursive, flowing style.

Robert Rowland

## Letter of Support from an Employer (A)



COMFORT INN HUNTS LIVERPOOL

19<sup>th</sup> September 2011

### TO WHOM IT MAY CONCERN

Dear Sir/Madam

It has recently come to my attention the tendering process required by the likes of Break Thru People Solutions to continue doing the work they do so well. I am most surprised that there is a tender process and that the process has to be renewed every three years. Relationship with recruitment Companies are not developed overnight with individual Companies or business communities and as long as goals are achieved should be ongoing.

Break thru People Solutions for example have developed a close relationship with myself and my Company over a period of time and it has largely been a successful relationship built on trust and professionalism. Break Thru has provided a range of solutions for my recruitment needs which has also given people with disabilities an opportunity that they may not have had. The person I deal with at Break Thru understands me and my business and knows the type of person/s that I am looking for when I am employing persons. This saves me time and money.

I feel strongly that Break Thru should have to enter a tender process and to have it every three years. As long as KPI's are achieved and I am sure that this is being achieved now I firmly believe that exemption should be offered to Break Thru. If I was forced to deal with another provider there would definitely be a lag in our ability to provide further employment opportunities for people with disabilities and this would be a backward step.

I would personally like to support a decision to offer exemption to Break thru People Solutions from having to go through a tender process every 3 years.

Yours faithfully

A handwritten signature in black ink, appearing to read "Harry Hunt".

Harry Hunt OAM JP  
Managing Director  
Comfort Inn Hunts Liverpool  
President  
Liverpool City Chamber of Commerce & Industry

Hunts Motel Function Centre Pty Ltd trading as Comfort Inn Hunts Liverpool

Corner York St & Hume Hwy,  
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Website: [www.hunts.com.au](http://www.hunts.com.au)



## Letter of Support from an Employer (B)



**Supakwik** water heaters Pty. Ltd  
ABN. 14 089 497 209  
www.supakwik.com

3/61 Boyland Avenue  
Coopers Plains.  
Brisbane, Qld. 4108  
AUSTRALIA.  
Telephone (07) 3255 6389  
Facsimile (07) 3255 6387

21<sup>st</sup> September 2011

To whom it may concern:

My business, Supakwik Water Heaters Pty Ltd has an established relationship with Breakthru People Solutions. During the course of our business relationship I have employed 6 people with a mental illness that have been supplied by Breakthru.

Breakthru understands my business staffing and job requirements. Any change to our relationship brought about by Breakthru having to enter into a time consuming, competitive tender process and thus not being able to provide support to my employees would be detrimental to my business and have a flow on effect to the employees that Breakthru have supplied to my business. Relationships between a business and an employment provider need to be long standing in order to make this relationship work.

I believe that the people with mental illness that I have employed in my business need consistency in their workplace support. Breakthru provides this. The employees that have been supplied by Breakthru and my other staff are comfortable with Breakthru staff coming into my workplace. Having to change providers may impact on my employees mental health as Breakthru staff have been working with them for a long period of time and have well developed relationships and an understanding of their mental health needs. If another organisation were to come in and take over as a result of a change of providers they would be unaware of employee needs and mental health conditions and my business needs.

In summary, I believe that consistency in employment service providers, makes good business sense for my business and my employees.

Yours sincerely

Mike Rousseau  
Director  
Supakwik Water Heaters

## Appendix C: DES Tendering Costs – Response to Requirement to tender 3 Stars and below

Hours Required - by Function

Resource	Project Management	Research (Compile Labour Market & Performance Data)	Drafting Main Tender Body	Drafting Local Area Tenders (est 15 Tenders)	Determining Referees	Finalise Response	Financials And Credentials	APET management	Total Hours	Hourly Rate (incl Oncosts )	Total Cost
CEO			80	40		24	16	32	192	150	\$ 28,800
Executive Managers		40		40		80	40	64	264	125	\$ 33,000
Project Manager	640								640	110	\$ 70,400
Writers		360	240	600	80	80		48	1408	90	\$ 126,720
Editors			96	240		32		32	400	90	\$ 36,000
Information Manager				40			40		80	110	\$ 8,800
Project Leader	640								640	80	\$ 51,200
Administrative Assistant	40		40	40					120	60	\$ 7,200
Subject Matter Experts (for 26 sites: 3 visits of 4 hours each+additional 6 hours each)									468	80	\$ 37,440
Local Experts		40		360	80				480	90	\$ 43,200
Model		40		360					400	90	\$ 36,000
Research		40		360					400	90	\$ 36,000
ESA Location		40		240					280	90	\$ 25,200
Financial Services				80			120		200	90	\$ 18,000
IT				80					80	90	\$ 7,200
Marketing				80					80	90	\$ 7,200
Human Resources				80					80	90	\$ 7,200
<b>Total Hours</b>	<b>1320</b>	<b>560</b>	<b>456</b>	<b>2640</b>	<b>160</b>	<b>216</b>	<b>216</b>	<b>176</b>	<b>6212</b>		<b>\$ 579,560</b>

Total Days 165 70 57 330 20 27 27 22 776.5

Occupancy cost (26.35 per day)

Travel costs

20457.07738

9988.582877

Total cost

**\$ 610,006**