

Committee Secretary  
Senate Education, Employment and Workplace Relations Committees  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

19<sup>th</sup> September 2011

**The administration and purchasing of:  
Disability Employment Services in Australia**

**Background**

Job Placement Ltd commenced operations in Logan City, Queensland in August 1989. Over the past 22 years we have assisted thousands of people with a disability find meaningful employment in the local community and we currently assist over 400 clients in 2 ESA's. At the time of writing this submission approximately 75% of our service is rated at 4 Stars and would not need to tender, however we believe that using the star rating system as a basis of determining performance is flawed.

**Current Star Ratings**

The current KPI's are open to manipulation and the use of regression is questionable. For instance casual positions of 8 hours a week are rewarded the same as a fulltime position. This opens the possibility that a service could place four or five people into a fulltime position and provide 8 hours work each and maximize both their Star Ratings and financial rewards.

Service providers on the Technical Advisory Group constantly raised the issue of measuring hours and wages of placements. Our aim should be to find employment that, where possible, financially empowers people with a disability. Eight hours pay a week does little to assist people become financially independent. While we were assured by DEEWR representatives that these issues would be monitored and reported on there has been no focus on hours and wages to date.

It has been assumed that it is more difficult to place a person with a psychiatric disability than a person with an intellectual disability. Because of this assumption regression analysis weights the placement of the client with a psychiatric disability much higher than others. At the recent NDS Employment Forum a DEEWR representative gave a presentation which showed very little difference in placement rates between the two disability types. This raises the concern that the regression formula the Star Ratings are based on are giving incorrect outcomes and therefore discriminating against services assisting clients with an intellectual disability as their primary target group.

A number of services assist clients who have found employment themselves however need additional support to continue in their employment due to the impact of their disability. These clients are referred to as 'Jobs in Jeopardy'. A great deal of resources may be allocated to assist this person however they sit outside the Star Rating system and the service gains no recognition for their input. Some services have a large caseload of Job in Jeopardy clients and are discriminated against for this.

### **Comments on the Terms of Reference**

*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;*

The detrimental impact on service provision caused by tendering such a large amount cannot be overstated. It is the equivalent of using a sledgehammer to crack a walnut. When the current contract started service providers were told that gaining a 3 star rating would be considered a 'good' outcome <sup>1</sup>. With the elimination of fixed bands and half stars it would be expected that the majority of services would be around the mean i.e. three stars.

*b) The potential impact of losing experienced staff;*

Unsuccessful services that tender will face an exodus of staff as they have a responsibility to ensure a stable income stream for their family. In past changeovers of JSA contracts the only thing that changed was the name on the front of the building, with many staff transferring to the employ of the successful organisation. This will not happen with the DES tender and, with the loss of experienced staff, how will services be offered to people

during the last months of the current contract? Has the Department gauged the impact on the person with the disability, especially when losing experienced staff that has developed working relationships with these people etc, especially for those people with mental health conditions?

*(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:*

- (i) testing the market,*
- (ii) allowing new 'players' into the market, and*
- (iii) removing poor performers from the market;*

We do not believe that the proposed tender will truly 'test' the market. It may show which organisations are adept at writing attractive tenders however, how can organisations with no track record *prove* that they can provide a better service than the incumbents? Services with a long track record of poor performance (taking into account the affects of floods, bushfires, cyclones etc) need to have dialogue with DEEWR regarding ongoing viability with the possibility of reducing their market share.

*(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;*

The Performance Framework is skewed to the needs of DEEWR and not to the needs of some of the most vulnerable people in our community. Standards such as client choice are trampled on when we are forced to breach people who do not fit into the DEEWR framework.

*(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;*

The current ‘drip feed’ approach to contracting services is inappropriate for the long term support needs of some people with a disability. If, after spending an enormous amount of time, as well as the human and financial resources required, a service is successful in winning a tender to continue providing services to their current client group what is their reward? A contract for a further 27 months! If they are required to tender again to continue past 30<sup>th</sup> June 2015, resources will once again be sidelined by mid 2014. It is strongly recommended that consideration is given to extending contracts for 5 years with the ability to reduce market share for services that are performing well below the average.

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

With the amount of uncertainty in the industry regarding impact of changes to the Disability Support Pension we do not believe that this is an ideal time to tender for future provision to services.

## **Conclusion**

The cloud that hangs over the reliability and veracity of the current Star Rating system and the ability to manipulate it at the expense of people with a disability makes it difficult to support a tender at this stage. If, however, a tender was to proceed it should be based on the following criteria.

### *1. Performance 40%*

Services who are ranked at 3 stars would automatically meet the requirements without needing to provide further evidence. For 1 and 2 Star Rated services the ability to use historical data to show prior performance levels and strategies to return to this level

should be used. Factors such as natural disasters (floods, bushfires and cyclones etc) and major changes to the local workforce should be given due consideration.

## 2. Quality 40%

Current accreditation for Disability Service Standards should be mandatory. Successful new entrants to the market should be given a provisional contract ensuring that they gain certification within 12 months. Failure to comply would negate the contract.

## 3. *Financial Viability 10%*

Audited financial statements proving financial viability.

## 4. *Community Involvement 10%*

Demonstrated links to other community support services should be mandatory. Links to employer groups, local chamber of commerce etc.

## **Other Issues**

There has been no indexation to the program since the benchmark was set in the 2006 to 2009 contract and there is no recognition that the cost of living has increased since that time. Considering the current funding arrangements are set until mid 2015 we could have the crazy situation of services being successful in the tender process but be unable to keep up with rising costs and eventually close down. An increase to the payments under the contract needs to be addressed post haste.

Jason McKey  
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<sup>1</sup><http://www.deewr.gov.au/Employment/Programs/DES/PerfFramework/Documents/UnderstandingDESStarRatings.pdf>