

# ESS - 4 and 5 Stars to be “Invited to Treat”

Government makes the following assertions:

1. *The Government has agreed to a higher benchmark for the Employment Support Service contract extension than for other purchasing approaches because this service has never been universally open to interest from other organisations. Therefore any provider performing at the average level needs to be considered against other available options that may have the capacity to deliver better outcomes for people with disability and employers i.e. ESS has never been to tender*

Response: This assertion is not correct. DES - Employment Support Services (ESS) is a new program made up of the former “capped” job seekers and 40% of the former “uncapped” job seekers. There was an RFT for the Uncapped Program in October/November 2005. The Uncapped Program commenced in July 2006 and terminated at the end of February 2010.

The tender was open to all service providers including Job Network. The successful tenderers included existing DEN providers as well as providers that were new to DEN.

2. *All Employment Support Service providers in non remote areas will be offered a contract extension for eight months until 3 March 2013 to allow time for robust performance data to be collected. Providers who have achieved a four or five star performance rating at the ESA level as at 31 March 2012 will be offered a further contract extension for 2 years and 4 months until 30 June 2015 in non remote Employment Service Areas. A competitive tender process for other organisations who want to deliver these critical services will be conducted. This will ensure that the most vulnerable job seekers get the highest quality service.*

Response: It is difficult enough for individual sites to achieve 4 stars and above, but when this is a requirement at ESA level many high performing sites will be dragged down by their lesser performers in the ESA. Naturally this problem only exists for providers with multiple sites in any one ESA. This situation has however been encouraged by the Federal Government and DEEWR when the RFTs clearly state that preference may be given to

providers that service the whole ESA rather than only part of it. It is strongly recommended that star performance ratings be at site level and not at ESA level.

It is fanciful to imagine that the most vulnerable job seekers will get the highest quality service through a tender process that has the potential to eliminate the large majority (over 80%) of the existing DES providers. One only has to look at the results in the previous DEN contract to see that the Job Network providers did not in general achieve star performance ratings superior to the average DES provider.

3. *The Government wants to minimize the disruption to services provided to the most vulnerable job seekers and to employers.*

Response: The proposed tender has the capacity to create major disruption to services provided to the most vulnerable job seekers and to employers. The proposal is reckless and risks setting back the disability employment sector by many years. At a minimum, ESS providers should be allowed to "show cause" why they should receive an Invitation to Treat rather than have to participate in the proposed ESS tender.

Government should be attempting to build a high quality disability employment sector, and not simply responding to the expansion ambitions of large JSAs who have for years operated in a high profit environment which may currently be somewhat less generous than previously.

The proposal for an ESS tender process, which excludes the 3 star service providers from an invitation to treat, appears unfair and punitive. At the very least, sites (not ESAs) which have a positive performance percentage should also be invited to treat. The ill-conceived elimination of the half stars has had the effect of making the large majority of sites and providers appear average. The very wide spread of 20% above and below average qualifies as 3 star performance. In fact 1% above average is not average performance.

The Government believes that there is a "hair's breadth" of difference between the job seekers in Stream 4 in JSA, and those in ESS. While there may be some overlap and similarities between individuals, it can be disputed that the two overall pools of job seekers resemble each other so closely. If however the Government insists that job seekers from the two programs are so similar, then why are 3 star performance ratings sufficient for roll-over in the JSA program, but inadequate for the ESS program? This question is particularly relevant given that JSA services are able to offer employers much larger wage subsidies than ESS providers, and are thereby able to effectively buy jobs for their job seekers.

The cautious approach taken in the extension of the DMS Program to providers other than CRS is to be commended, and similar caution is advisable in the extension of the ESS Program to providers currently not participating.

If Government truly wants to ensure that the most vulnerable job seekers get the highest quality service, it will reconsider its current position on the proposed ESS tender and Invitation to Treat.

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