



22 November 2011

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

Dear Senators,

Firstly I would like to pay my sincere respects to you all as Senators, for the hard work that you do on behalf of the people of Australia. Secondly I would like to thank you for taking the time to make an inquiry into the Administration and purchasing of Disability Employment Services in Australia.

I have chosen to write this letter after reading through the transcript of the Inquiry as some of the matters before the inquiry are important and at the same time are potentially hard to take in in such a short time frame. I write this as a representative of Kimberley Personnel, a Community Based not for profit organization providing Disability Employment Services for around 20 years in the Kimberley Region of Western Australia.

When I read the transcript I felt that the discussions surrounding the various so called "Gaming" practices, on the part of DES providers was in danger of being misinterpreted. It is this matter that I would most like to endeavor to clarify for the Senate Committee in the hope that the significance of these "Gaming" practices in the submissions to the inquiry are correctly understood.

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I got a strong sense in reading the transcript that those practices labeled as “creaming, parking and scheming” were in danger of being interpreted solely as misdemeanors on the part of providers, particularly those with high star ratings. There was a degree of revulsion raised by the very terms used and I fear that the outcome is likely to be that DEEWR will be given the mandate to seek out providers engaged in these despicable practices and put a stop to them. On the one hand this is clearly the right course of action; however the critical issue is that to do this only, is to miss the reason why the matter was brought to the inquiry.

Those who boldly raised these sensitive matters in their submissions (in spite of the clear risk of being misinterpreted) to the inquiry were eager to make the following very important point to the Senate committee:

- That the inflexibility of the current DES ESS model + the subtle ruthlessness of the KPI’s that measure provider performance + the Government’s announcement to put all but the 4 & 5 star providers to tender = a serious departure from Disability Employment Service values and is driving the sector in directions that the sector does not believe it’s right to go in (eg. The so called “Gaming Behaviors).

I read in the transcript with great interest the remarks of Craig Harrison as he had the courage to point out the factual existence of these Gaming behaviors. He also boldly explained that he had heard them recommended as sensible practice in the KPMG/DEEWR capability sessions run for “underperforming” providers in the second half of 2011. While DEEWR were fairly quick to downplay this and change the subject in their own appearance before the inquiry, they did not deny what Craig had said; and in my opinion, nor should they

It would be very understandable for the Senate Committee to see this part of the discussion as a “finger pointing exercise,” however once again this would be to miss the point. I’m quite sure (and sincerely hope I’m right in saying so) that those who would most like to see the DES ESS program performing at a high level across the board is DEEWR. I have found as a provider of DES ESS that our DEEWR Contract Managers and Account Managers are in many ways our greatest supporters, when there are hard words to be said they say them when advice is needed they provide it in the

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interest of facilitating good performance. It is also true that it is those with oversight of the DES ESS program at DEEWR who understand the DES Model, the KPI's etc. in the greatest detail. It is my contention that the actual advice that has given rise to the terms "parking, creaming and scheming" has actually been circulated quite sincerely as best practice for achieving high star ratings.

It is very important to recognize that the notably ugly labels of "creaming, parking and scheming" have actually been applied by the current crop of DES ESS providers who are trying to make a very important point. The point is that under the new DES ESS model, particularly the KPI's, the implication that only 4 and five star performance is acceptable are unconscionable for a sector that is driven by the principle of social inclusion. They are not trying to say that "such and such a provider is doing the wrong thing," or that "DEEWR told us to do it." What they are actually saying is that the current model, KPI's and the requirement for 4+ star performance demand that DES ESS providers can only afford to work with the cream of the crop or they will be branded as underperforming and exited from the system. Whether they would admit it or not, I am convinced that DEEWR knows that this is the reality of the model and the 4+ star performance requirements under the current KPI's.

I am also convinced that the reason the DES ESS sector approached the Senate in the first place is because of this issue of which the so called "gaming" practices are simply the tip of the iceberg. This debate is actually not a "knee jerk reaction" by DES ESS providers to the Competitive tender announcement rather it is an attempt to inform Government that there is a problem that needs to be addressed as the pressing priority.

It is important that in trying to make the above point that I am not interpreted as saying the model and KPI's are so flawed that they should be thrown out. What I am saying is that constructive strategic dialogue needs to be picked up between Government and the DES ESS sector on how to get the model functioning in the best interest of jobseekers affected by Disabilities as the number one priority.

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Two other points that I think should be in the forefront of the Senates thinking in the final stages of this important inquiry. Firstly I noted in DEEWR's representation before the inquiry that they described the process of measuring the quality of outcomes as being difficult to factor into the star ratings system. I would like the Senate committee to be informed that under the previous DEN Program the KPI's measured some quality factors, which were removed in the move to the new DES program (as mentioned in my submission to the inquiry). While I am not a technical expert on the subject I find it hard to believe that such quality measures could not be returned into the mix.

The second point of note is that DEEWR mention in their submission that there are currently more Australians affected by disability in the (Mainstream) Job Service Australia Program than there are in the DES program. I was not sure what to say about this at first, in that I was somewhat flabbergasted when I read it however I am left wondering again whether this highlights a major flaw in the current system that really should be addressed. While it is likely that the jobseekers affected by disability being referred to JSA are those with lower impact disabilities the fact that DEEWR acknowledges that the number of these referrals is so high still raises a lot of questions. If the system is measurably referring such a large number of people with special needs to the mainstream program instead of to the specialist program, then is that not possibly such a glaring flaw that it may even constitute a human rights concern?

While it is possibly not the right point of your process for me to say so my opinion after reading the transcript of proceedings is that reform of DES ESS should be focused on:

- the refinement of the current model and KPI's
- the establishment of a process of improvement, which involves Government, disability representative groups, employers and DES ESS representatives with a view to establishing DES ESS as a world's best practice model
- development and implementation of a strategic service gap identification and filling process (could be by tender)
- development and implementation of a proactive and positive performance management process for all providers

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- the recognition that DES ESS should be kept as a distinct and separate program under the umbrella of the Disability Service standards.

I believe that if the above measures were sincerely adopted as the priority course of action then the idea of a full open competitive tender model as a solution to any current weaknesses in the program's performance will quickly lose its relevance and much more positive outcomes will be achieved.

Yours sincerely

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