

Intework Senate inquiry response on Procurement Process

Intework is a multifaceted Disability Service provider operating in the Metropolitan area of Perth and also has outlets in Peel and Busselton to the South. We have been in existence for a little over 20 years and have grown in that time to service over 1000 clients in four programs both Federally and State funded. Intework operates out of 14 offices employing around 240 staff covering four ESA's for DEEWR. Intework delivers successful employment related services to people with disability and we pride ourselves on the individualized, high quality outcomes we deliver to both our funders, clients and stakeholders.

Intework is of the firm believe that the upcoming proposed procurement process not only represents a waste of tax payers monies but also constitutes a major upheaval to the long term relationships built up between Current Providers, Community Partners, DEEWR and most importantly, People with Disability and Employers.

On conservative estimate, at least 80% of the total Australia wide business currently delivered via the DES contract will fall within the parameters of 3 STAR providers or below as at 1st March 2012 and this represents the overwhelming proportion of the work done within the DES field as it stands. If the stated aim of the Procurement Process is to 'encourage new players into the field' this approach will wholly change that field forever as at present these services are delivered via a range of Not for Profit and Small to Medium for Profit organizations, many will not survive the possible loss of this business and thus be unable to retender in three years.

It has been estimated that the Procurement Process will cost upwards of \$10 Million and this does not factor in the cost to existing and new Providers in writing and submitting documentation. This cost will be borne by Job seekers as many organizations will have to pull front line staff from service delivery and Management positions to collect, collate and write submissions. Economies of scale do not exist for these providers to the same extent as to large National and International companies and so it has to be asked if this process will lead to a cohort of providers delivering a service because they have the time, expertise and money to write a tender document rather than be able to provide a quality service under the Disability Service Standards. Exacerbating the difficulty with being burdened with an expensive, time consuming and complex tender writing is the fact that over the lifetime of the DES contract and it's extension, there has once again been no indexation to offset the rising cost of providing the service. DEERW has not increased funding leaves through the period of this contract as so the margin to contribute to the time spent in tender writing is significantly reduced.

Intework believe that the systems and procedures to allow new providers to enter the environment exists within the present contract management arrangements in place with DEERW through the use of business reallocation from less successful providers

and by asking existing contract holder to 'pass back' business share on a voluntary basis with a licence to operate an Open Employment service outside of the Centrelink referral stream. Allied to that the existing volatility within the Kpi measurers used due to the short nature of the contract needs to be taken into consideration. Intework have a site that has a referral rate of just 0.5% and has therefore yet to receive a STAR rating. At present this site has a small cohort in Ongoing Support and so if but one Participant losses a job the impact can be huge. This is basically true for all the existing Kpi's for this site and is difficult if not impossible to control.

More time needs to be given to the DES contract to embed Providers who are working well and achieving results that the Minister herself stated were well above comparable DEN results, whilst poor performers can be managed through the Performance Management Structure built into the contract.

It is difficult to see the positive outcomes envisaged by the imposition of a Procurement Process for all 3 STAR Providers and below and this seems to be at odds with the treatment of other Services within the DEEWR employment Programs and therefore Intework ask that this process be reconsidered and a less invasive, less destructive method used to realign service and allow new Provides into a successful market place.

Intework.

Paul Rogers.