



Good Samaritan

INDUSTRIES

Employment Choices for People with Disabilities

Submission to the Senate Enquiry into the Administration and Purchasing of Disability Employment Services in Australia

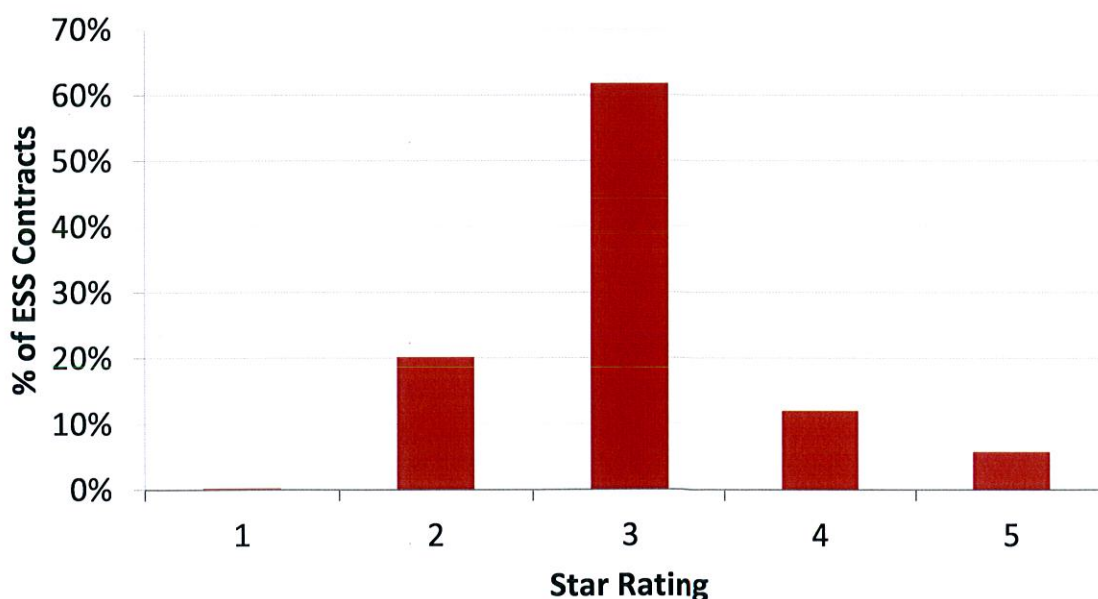
The recent Federal Budget announced an eight-month extension for non-remote Disability Employment Support (ESS) contracts to 3rd March 2013 with an open tender process applying to 80% of all existing contracts in the lead up to that date and successful contracts awarded for only two years and four months to June 2015.

The ESS contracts are in place to over 200 specialist disability employment providers in non-remote areas, mostly in metropolitan and regional centres. These providers support in excess of 75,000 Australians with a disability. The current contracts are highly outcome focused and as a result more people with disabilities than ever before are participating in work through ESS

June 2011 data released by DEEWR shows that job placements for people with disabilities in ESS are increasing and an increasing proportion of these are converting their placement to 13 week and 26 week job outcomes. For example, the number of people with disabilities achieving 13 weeks of work was 1708 in May 2011 and increased to 2670 in June 2011. This is a significant achievement by providers in partnership with people with disabilities and with employers.

Good Samaritan Industries (GSI) believes these improvements in job outcomes demonstrate the changes made prior to the commencement of the 2010 service contracts are getting bedded down, are delivering improved outcomes and we are reaching a critical stage in building continued momentum.

Based on this performance and other indicators, DEEWR then rates each service provider as having scored 1, 2, 3, 4 or 5 stars. Under this system developed by DEEWR only about 20% of providers achieve 4 or 5 stars for their performance:



The Federal Budget announced a tender process that will see all 1, 2 and 3 star providers put through the open tender process following the March 2012 star ratings. The focus of this 80% of providers will necessarily shift to an expensive, time consuming tender process to continue their service presence – right at the time when we would instead be looking for services to consolidate their improved service outcomes and continue to improve.

The Government's desire to 'test the market' is understood however the scope of this process is far too wide in a growing, high performing employment system and potentially penalises many solid providers who are delivering a quality service and high level of job outcomes.

An extensive tender process might be justified if the ESS sector overall was performing poorly, but that is not the case. There is a need to replace persistently poor performers, but the proposed tender process goes far beyond this.

There is a wide range of outcomes covered by the 3 star rating. It may be more appropriate to set the star rating cut-off at 3.5 stars, which recognises better performing services, whilst still addressing the risk of underperforming providers.

ESS providers are known for their long-term, strong and supportive relationships with their clients and the businesses that employ their clients. These are relationships built on trust and understanding employer needs – all of which takes time to develop. People with disabilities are one of the most marginalised groups in Australia, their relationships with ESS providers require careful work to develop and maintain.

An extensive tender process will put these relationships at significant risk and:

- It will be extremely difficult to transfer these very 'personalised', client centred relationships to other providers;
- It diverts resources to tender preparation as opposed to job creation in an economy that needs such creative drive, for example GSI believes it will spend \$100,000 preparing for the tender, at \$20 per hour this would create 24 jobs for people with disabilities with an 8 hour benchmark for six months – highlighting the waste behind this exercise;
- Destabilises the ESS sector and creates uncertainty for tens of thousands of people with disabilities;
- Ignores the efficacy of the current performance and funding model introduced in March 2011 which financially rewards job creation making it difficult for consistently 'low performers' to remain viable anyhow;
- Ignores the overall excellent performance of the ESS sector
- Treats poor performers (e.g. 1&2 stars) the same as good performers (3 stars)

It is important that the Government marry its desire to improve performance through the tender process and find a less disruptive and damaging solution and one that has a focus on more jobs for people with disabilities through the ESS contracts.

Alternative approach proposed

For these reasons the tender process should:

- Be restricted to 1 and 2 star providers, that is, about 20% of providers;
- In future it should be a condition of contracts that should a providers star-rating drop below 3 at pre-determined times, their market share will be tendered or reallocated – this would drive improved performance on a continual basis and be highly consistent with the Government's agenda in this area.

John Knowles
Chief Executive Officer