

## The Senate Inquiry into the administration and purchasing of Disability Employment Services in Australia

### Executive Summary

#### Introduction

SensWide Employment welcomes the Senate Inquiry into the administration and purchasing of Disability Employment Services (DES). We believe that government is on the precipice of an exceptionally important but questionably timed paradigm shift – to force upward of 80% of Employment Support Services (ESS) providers to tender for business in 2012.

The Senate Inquiry provides us, along with many of our colleagues within the DES sector, in addition to people with disability who use our services, an opportunity to address some inconsistencies that have arisen despite the extensive consultation process that the Minister of Workplace Participation, Kate Ellis, undertook in late 2010/early 2011.

#### About SensWide

SensWide Employment, a division of the Victorian Deaf Society, is a small DES provider which operates throughout metropolitan Melbourne, with one fulltime office in the Melbourne Central Business District. Essentially SensWide is a specialist provider, working predominantly with jobseekers and workers with a *sensory* impairment, that is clients who are deaf, hard of hearing, blind or who have low vision. However SensWide also delivers ESS to *all disability type* clients in two primary areas.

SensWide runs both Employment Support Services (ESS) and Disability Management Services (DMS), with 10 very small contracts for ESS throughout the 8 Employment Service Areas (ESAs) of the Melbourne Labour Market Region (LMR), and 4 small DMS contract covering 4 of these ESAs.

SensWide was established in 1992 as a disability employment advisory service under the Competitive Employment Placement and Training model, in response to the additional barriers faced by jobseekers and workers with a sensory loss. For the first 10 years of operation SensWide provided support throughout Victoria, however, as the focus of the disability employment space changed over the years, becoming increasingly focussed on output, our service model adapted and evolved until we became a full employment service. On the whole we have adapted well to these changes and the associated challenges.

The Department of Education, Employment and Workplace Relations (DEEWR) has consistently stated that it values a mix of small and large providers, those that have a national and local presence, and those with a generalist and specialist focus. It is worth noting within the Senate Inquiry that the most recent iteration of disability employment model seems biased towards large and generalist providers, and indirectly supports those who have parallel Job Services Australia (JSA) contracts. DES occupies a very important space within both the disability and employment sectors; that this Senate Inquiry has been established is in recognition of this.

### **Our concerns**

SensWide outlines four specific concerns:

1. That the inclusion of 3 star rated DES-ESS providers (along with 1 and 2 star rated) equates to over 80% of business being opened up to tender and is likely to see the loss of business from solid performers, adversely altering the disability employment sector overall
2. The performance data is not sufficiently robust at this point of time to use it to determine the fate of so many providers
3. The requirement to tender will be detrimental to the services SensWide and DES, overall provides
4. That DES is moving too far away from the Disability Act upon which it was established and is no longer reconciled to the services standards under which it ostensibly operates

Each of these concerns is addressed in relation to the Senate Inquiry terms of reference below.

In the DEEWR discussion paper *Review of Disability Services*<sup>1</sup> (September 2008) one of the three themes that emerged from the broader Employment Services Review and National Mental Health and Disability Employment Strategy was “reduce complexity and red tape” (page 4). The follow-up

---

<sup>1</sup> Disability Employment Network and Vocational Rehabilitation Services September 2008

discussion paper *The Future of Disability Employment Services in Australia* (December 2008) stated “The administrative burden and red tape associated with contractual requirements and an over-emphasis on processes rather than outcomes reduces the capacity of providers to service job seekers. The addition of new program elements over time and the corresponding imposition of contractual and other program requirements have created a complex funding model with an increase in associated administration” (page 9). In the Minister’s Foreword, the then Minister for Employment Participation, Brendan O’Connor announced: “Administration will be simplified and red tape reduced, this will allow providers to do what they do best, that is to assist people with disability to get jobs” (page 3).

Despite this, DES has been fraught with issues relating to red tape and overly burdensome administration requirements. Both National Disability Services (NDS) and Disability Employment Australia (DEA) have provided feedback to DEEWR concerning this, and DEEWR itself has acknowledged the issue: the department continues to investigate ways to reduce this burden (via *The Advisory Panel on Employment Services Administration and Accountability*). However, it seems unjust to measure the performance of DES providers based on a model that has not delivered on one of the key reforms purportedly underpinning it.

Furthermore, the current Minister for Workplace Participation, Kate Ellis, posed a series of key consultation questions relating to DES at the end of 2010. One of these key questions asked for input into the procurement process for DES-ESS.

SensWide has read through each of those responses submitted to Minister Ellis that are publicly available via the DEEWR website, to determine the overall trends relating to the DES-ESS procurement recommendations.

Out of the 111 unique submissions we were able to access:

5.5% of the total respondents supported a tender

35.5% of the total respondents recommended no tender/ extension of current contracts

59% of the total respondents made no specific recommendations

Minister Ellis frequently refers to the requests for an open tender from consumer and interested groups, however the findings from the consultation process do not support this (5.5% of respondents calling for a tender do not seem to amount to a push for an open tender).

## **Summary of Our Recommendations**

### **Recommendation 1**

That the tender process be applied to providers who are achieving 1 or 2 stars as of 31 March 2012

### **Recommendation 2**

That any procurement decisions be made with the ability to attract and retain quality DES staff in mind

### **Recommendation 3**

The procurement process, regardless of the decision made, must be managed so that small and specialist providers are not forced out of the market

### **Recommendation 4**

That DES be realigned more closely with the Disability Services Act through which it was originally created, and establish a balanced mix of social inclusion and labour market objectives

### **Recommendation 5**

That funding deals be moved to 5-year contract cycles

## Responses to the Senate Inquiry Terms of Reference

### *a. the impact of tendering more than 80 percent of the current DES on the clients with disability and employers they support under the current contracts;*

We are concerned that the impact of tendering more than 80% of DES business is likely to be significant. Such a high percentage represents the majority of DES business; the disability employment landscape could be totally reshaped by this process, and it is unlikely that this would see positive results. It would be incorrect to say that 80% of the DES space requires reshaping: 20% perhaps, but the potential to lose the accumulated expertise and wisdom of so many providers more than offsets any potential benefits gained by way of new players to the field. The impact, ultimately, will be on the support that clients with a disability, and their employers, will receive.

Particularly for small to midsized providers, the lengthy tender process would see resources diverted away from client support for many months. Using SensWide as an example, we do not have a tender writing team, unlike many large providers. Nor can we purchase the expertise we need for writing a tender; that is information that we as the provider possess, and we have learnt through experience that professional tender writers require full input from the organisation for whom they are managing the bid process. They cannot be relied upon to understand the purchasing or the service provision contexts, nor can they develop solutions to meet the tender criteria. What they can do is interpret the Request for Tender document and polish the bid response.

**Example of impact:** In SensWide (and within the broader parent company of the Victorian Deaf Society) there are only two people with the depth of understanding and experience to manage the DES bid process. These two people are the managers of SensWide. The DES model requires considerable and regular management support to staff regarding interpretation of the complex guidelines and contractual requirements. This support will diminish during the course of the tender writing process.

Other, senior SensWide staff will also be involved in the tender. Our Service Co-ordinator, for example, will be working as a subject matter expert. The Service Co-ordinator is mentor to the employment team, providing ongoing advice about all client *support* issues. Her availability to provide this support will be greatly reduced during the tender writing process, which will impact the quality of support provided by the largely new team of Employment Consultants.

**Example of impact:** During the week ending September 17, three clients have indicated to their Employment Consultants (ECs) suicide ideation. The ECs require significant advice to support these clients appropriately. The vicarious emotional impact on the EC also requires mitigation via the Service Co-ordinator. With limited availability due to the tender process, the Service Co-ordinator will be unable to provide the effective debriefing required by the ECs.

The support that DES providers extend to employers will also be reduced throughout the tender writing process. Employer support varies, depending on the specific needs of the employer, the range of barriers their employees (our DES clients) have and the duties that they are required to undertake. There are a number of key features that are linked to quality DES employer support:

1. A broad understanding of the employer's business needs
2. A comprehensive understanding of the client's abilities and their barriers
3. A comprehensive understanding of the client's work duties and the employer's expectations
4. The ability to respond quickly to an employer request for support (which links directly to the availability of Employment Consultants/Ongoing Support Consultants).

**Example of impact:** Joe (not his real name), who is legally blind, works for the Victorian Department of Human Services. SensWide supported Joe to access the Employment Assistance Fund (EAF) to purchase adaptive equipment so that he can undertake his role (for example speech readers and scanners to convert documents for speech reading compatibility). As with even the best technology, this equipment is subject to glitches and breakdowns. Joe has been employed for over twelve months and is excellent at his job, but as soon as there is a failure of his adaptive equipment Joe is unable to perform the bulk of his duties; his employer is limited in the ability to offer temporary alternative duties. Joe's Ongoing Support Consultant (OSC) needs to be very flexible at such times, dropping everything to visit the workplace and read documents directly to Joe. This is very time-intensive support, but without it he could not keep his job. Whilst providing this support the OSC organises for the equipment to be repaired, and where possible, for loan equipment to be couriered to the workplace until the repairs are complete. Throughout the tender writing process the OSC's time will be reduced, and both the timeliness and the quality of employer support will be reduced. The impact on the employer, when adaptive equipment fails, will be considerable: Joe will not be able to do his job.

The relationships we have developed with a range of employers are threatened by the proposed tender process. Developing relationships takes considerable time; they often develop over a period of many years.

**Example of impact:** The National Disability Recruitment Co-ordinator (NDRC) initiative is a DEEWR initiative that brokers employment opportunities for DES clients via Memorandums of Understandings with large organisations, such as Woolworths. WorkFocus, who took over the current NDRC contract has, by its own admission struggled developing new relationships and building upon ones formed by the previous contract holder, Disability Works Australia. Employers are naturally wary of a new provider making contact with them and saying that they will now handle the relationship.

DES has an identical aim as the NDRC in relation to employers, simply on a smaller scale: we create relationships with employers to increase and enhance the job placements of people with disability. Relationships can't simply be handed over. They are created and sustained.

**Example of impact:** SensWide has a strong and long term relationship supporting the HR requirements of the Australian Taxation Office (ATO). Many DES providers have placed clients into the ATO, but the branch with which we predominantly work employ many deaf sign language users. This branch speaks highly of the fact that we know their specific needs and provide frequent, intensive and responsive support (in many cases for impromptu interpreting services). Another DES provider would not be able to easily step in and provide the support that the ATO is accustomed to, especially with regard to the specific language needs of deaf workers.

Clients who experience mental illness will be particularly impacted by an unnecessary change of service providers, and a change of EC. Repeating what is often a difficult and painful personal story, building up the trust they need with an EC so as to be honest about the impacts of their specific illness, and to therefore receive the support they need is difficult and will not be served by the changing of providers and EC.

**Example of impact:** Michael (not his real name), is a young man who suffers from Body Dysmorphic Disorder. It manifests itself in a very debilitating way; he is obsessive about his looks and believes that one side of his face is larger than the other. Although he is treated by a

psychiatrist and has been prescribed medication for this, he is not always medicine compliant and finds it hard to believe that he is mentally unwell.

Michael has a complicated life and every day is a struggle for him. He is unable to walk past a window or mirror in fear of seeing himself and his 'deformity'. He is not capable of forming meaningful relationships because he believes that nobody could love him the way he is. It took a long time for Michael to trust his EC and reveal just how bad things are for him.

Working with Michael is very challenging; it has required input from his parents and siblings, his GP and his psychiatrist. To find a job that suits his condition is difficult. After many hours career counselling Michael has expressed an interest in hospitality or remedial massage work, which we are now focusing on.

It has taken Michael and his EC 12 months to get to a place where they are starting to look for work for Michael; we believe he is finally on the verge of a job placement, after undertaking a successful work trial. If he were required to go to another provider he would be starting from scratch. This would be a major set-back for him, the prospect of re-telling his story would not be in his best interests.

Being a sensory specialist provider, SensWide employs many staff proficient in Australian Sign Language (Auslan). Despite only 30% of our clients being Auslan users, 81% of our staff are fluent in Auslan, including most of the Employment Consultants, the Training & Support Officer, the Ongoing Support Consultant, our Deaf mentor (for early school leavers) the Service Co-ordinator, Office Co-ordinator, the receptionist, and the two managers.

**Example of impact:** If SensWide loses any business share and subsequently vacates one or more of the 8 Employment Services Areas (ESAs) which make up the Melbourne Labour Market Region, up to 100 clients who use Auslan as their first language will be left with sub-standard support. Generalist DES organisations invariably fail to provide culturally sensitive and appropriate support. Due to misconceptions about communication modes, generalist DES providers usually resort to the following:

1. Pen and paper, a highly ineffective and inappropriate communication mode. Literacy levels of Deaf adults is typically well below their hearing peers and English is usually a second language
2. Lip reading, which only permits an understanding of spoken language close to 20% of the message content



3. Via interpreters. This is the optimal of the three communication modes, however is rarely utilised due to the associated costs of interpreters and the difficulty in booking interpreters with more than two weeks notice (as there is currently a significant shortage of Auslan interpreters throughout Australia, particularly in capital cities such as Melbourne and Sydney where the highest concentration of Deaf adults occur). Interpreters also do not allow for the building of direct relationships between an EC and a Deaf client.

The industry is likely to be transformed by applying an 80% uncertainty to the sector overall: given that DES is still developing, and given the years of experience most current providers have in supporting people with disability into employment, the transformation is neither necessary at this point, nor desirable.

SensWide *does* support the removal of low performing providers from the DES space (those who are operating consistently at 1 and 2 stars). In these cases the difficulties that both employers and clients may go through in adapting to a new provider are offset by the benefits of better service provision.

#### **Recommendation 1**

That the tender process be applied to providers who are achieving 1 or 2 stars as of March 2012

#### ***b. the potential impact of losing experienced staff;***

When faced with an uncertain future, it is only natural that staff will consider seeking job security elsewhere. The message that staff are currently receiving through the procurement process is that achieving a rating of 3 Stars is not good enough. Staff are well aware of the implications of the government's procurement intentions: steady 3-Star performance, although used as a benchmark for rolling over Job Service Australia contracts is likely to result in business being lost for DES, and jobs will naturally follow.

Although we can tender for business, and although SensWide has done well in past tenders, there is no guarantee of being successful in this process. Uncertainty abounds.

SensWide, along with many DES providers, has experienced a difficult time recruiting and retaining valuable staff since the DES model commenced in March 2010. Over a period of nine months SensWide recruited for 12 positions of which six lasted for no longer than three months (a 50% turnover rate for new recruits). Each of these Employment Consultants found reconciling supporting clients with complex needs with the administration burden of the model to be overly difficult and ultimately failed to provide job satisfaction. In essence, DES is not currently attractive to people who have usually spent considerable time studying in the area of disability. And here lies an important distinction – we need people with both skills in administration and marketing and qualifications in disability.

The loss of experienced staff from specialist providers is perhaps even more worrying. The skill-sets and qualifications required to work in specialist fields make replacing such staff extremely difficult, and it is the clients who miss out most when such losses occur.

**Example:** SensWide requires ECs proficient in sign language (Auslan) to cover the 8 ESAs (see response C for more details). Fluency in Auslan requires fulltime training for at least two years, with an additional year of study to become National Accreditation Authority of Translators and Interpreters (NAATI) qualified. Recruiting staff who are fluent in Auslan, who are able to manage the administrative requirements of the DES model and who are able to provide effective client support is near impossible – they represent a subset of what is already a tiny pool of appropriate candidates.

Skilled and appropriate staff are critical to the success of the broader objectives of DES. The recruitment and retention difficulties combined with the potential of losing staff to the uncertainty of a provider's future puts quality service provision at significant risk.

**Example of impact:** Since the announcement by Minister Ellis of the procurement arrangements, staff have voiced concerns regarding the stability of their ongoing employment at SensWide. A number of staff have actively started job seeking for more permanent contracts of employment.

## Recommendation 2

That any procurement decisions be made with the ability to attract and retain quality DES staff in mind

**c. whether competitive tendering of more than 80 percent 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;

The proposed conditions for the competitive tendering will not deliver the best value for money to meet the stated objectives. It will detract from service provision, it will be costly to providers (especially small to midsized providers) and it is likely to result in the removal of many solid and even high performing providers, particularly those with small business shares spread over a range of Employment Services Areas.

**Example of impact:** SensWide currently has approximately 300 jobseekers and workers in programs. Due to the Invitation to Treat offered at the conclusion of DEN, we have 10 distinct ESS contracts covering 8 Employment Service Areas, with a mix of sensory specialist (for clients who are deaf, hard of hearing, low vision and blind) and all disability types, each with relatively low business shares. Refer to table below.

Disability Type	Employment Services Area Business Share % offered via Invitation to Treat							
	Yarra	Plenty	Peninsula	Westgate	Bayside	Maroondah	Calder	Monash
<i>Sensory</i>	6.1%	1.9%	3.0%	1.1%	0.7%	1.0%	1.1%	2.5%
<i>All disabilities</i>	1.7%	0.8%						

Three of our ESAs have between 11 and 19 active clients, due to the low business shares. This arrangement means that SensWide must utilise a centralised management approach. Despite having two part time offices and an outreach office (in addition to four outreach service locations), service provision is co-ordinated from our Melbourne (Yarra) office. Apart

from than the Yarra ESA, which has over 100 active clients, no ESA has sufficient client numbers to justify assigning a dedicated team to it.

Performance monitoring and performance management is difficult with the above mix of multiple ESAs with low business shares. 10 sets of unique performance data are analysed on a weekly basis: The fact that SensWide has only 8 Employment Consultants means that each EC is responsible for just over one ESA. Applying a requirement of 4 Stars or above to this model, for purpose of contract rollover, is not reasonable (especially as 3 ESAs have insufficient data to generate a Star Rating, and one ESA has only just received its first Star Rating).

The proposed arrangements may well force small and specialist providers out of the market despite a solid 3 Star performance, leading to a lack of expertise in specialist support. Addressing this will require the development of specialist expertise at a cost – something which is contrary to the notion of value for money. Failure to address this will mean that some of the most disadvantaged jobseekers, for example Deaf sign language users, will be left without an appropriate service to access.

### **Recommendation 3**

The procurement process, regardless of the decision made, must be managed so that small and specialist providers are not forced out of the market

#### ***Testing the market and allowing new “players” into the market***

There appears to be an erroneous message being communicated via the Department of Education, Employment and Workplace Relations (DEEWR): that the DES industry has never been subject to a competitive tender process and therefore never been tested. It is important to recognise that the DES market *has* been “tested” previously, and opened up, via the Uncapped Request for Tender for Disability Open Employment Services (DOES) in 2005. This is how many providers expanded their business, and how many new providers entered what became the DEN space.

**Example:** Large private providers such as Sarina Russo and international players such as Max Employment won DEN contracts via the Uncapped DOES tender.

The transformation of Vocational Rehabilitation Services (VRS) to the Disability Management Services (DMS) model under the umbrella of Employment Support Services (ESS) also opened up the disability employment space to new providers (other than the 60% of quarantined services by the

government-owned CRS Australia. Interestingly enough – a contradictory approach on the part of government considering its current push for opening up the market).

**Example:** MatchWorks Employment expanded into new ESAs and a new market, including regional ESAs as a result of winning DMS contracts

The Uncapped tender combined with the opening up of vocational rehabilitation via the DMS tender, has resulted in significant new blood into DES overall.

Given the emerging concerns for an economic downturn within Australia, amidst the credible concerns of a new global financial crisis, and add to this the increase in unemployment within Australia (of .2 percentage points over the last two months), the timing of testing the market is questionable. DES as a mechanism for employment support is likely to become even more important over the next few years. Stability of the industry, as opposed to the testing of the market is crucial. Value for money will be achieved through maintaining this stability.

#### **Recommendation 4**

Remove poor performing providers via a performance framework approach, without punishing solid performers – that is, reallocate business share from 1 and 2 Star rated providers.

Allow new providers the opportunity to enter the market via a tender process for the business share removed from poor providers.

***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 discrepancy between the Disability Service Act and the 12 Service Standards, and the DES Performance Framework is significant. The chasm that has developed between what Government expects of employment services for people with disability has been widening since the arrival of the Disability Employment Network model. The DES model makes reconciliation between the two almost impossible with its output based focus.

**Example:** The staff at SensWide recognised this discrepancy, and the impact it had on the way they delivered services in early 2006. At that time the SensWide team developed Service Values to guide them in their work (see attachment A). It is interesting to note what was very obvious to the team even back then:

*“At SensWide we recognise the importance of the work we do for the employment division of Vicdeaf and we are committed to its success. With this commitment in mind we share the following **service** values:*

- Recognising the disparity between our funding deed and the principles of the Disability Service Standards and doing our best to reconcile this...”

Under the current model, DES providers that utilise a flowthrough model of job placements are rewarded, regardless of the quality of these placements. We risk becoming a purely labour market program, identical in all but name to Job Services Australia (JSA) providers. Clients are the ones who will suffer because of this (but not, perversely, the Star Ratings of some DES provider’s nor their financial capacity). JSA staff, even when working with the more difficult Stream 4 clients, are encouraged by the JSA framework to have a very short term, administrative, and detached approach to client support. This is incongruent to the high support needs of DES clients.

**Example:** SensWide recently experienced firsthand the difference between the expectations of JSA and DES staff. Earlier in the year we hired an Employment Consultant with a Stream 1 and 2 JSA background. This EC was excellent in his knowledge of the Employment Services System, but his ability to support clients was severely lacking, and he struggled to understand their complex barriers to employment. It demonstrated the vast difference between a purely labour market program (with the imbedded expectations to briefly meet with a client, tick a box on DEEWR IT systems, claim a payment, etc) and a program designed to assist people disadvantaged through disability (and often circumstance) with complementary social inclusion aims.

DES clients, already severely disadvantaged through their personal circumstances, need our assistance to access the economic and social opportunities available to others within the broader community. Adherence to the Disability Service Standards (DSS) is a powerful motivator for providers to ensure this occurs. Measuring how closely providers adhere to the standards is more important than the pass/fail currently applied to this key performance indicator under the performance framework.

The discussion paper *The Future of Disability Employment Services in Australia* (December 2008) announced that the newly developed disability employment model (which was to become DES) was designed to “meet the needs of job seekers with disability in today’s labour market, **to promote social inclusion** and contribute to improving the nation’s productivity” (page 5).

Despite this, the performance measures behind DES have encouraged it to drift too far from a model that promotes social inclusion towards a purely labour market model. At SensWide we support the notion that the two can cohabit the same area and one can assist the other, so long as they remain carefully balanced. This balance has been lost: outcomes at the cost of meaningful support and high Star Ratings at the cost of the Disability Service Standards (DSS) have meant that DES providers are seen by others within the disability space as having vacated the heart and soul of it.

#### **Recommendation 4**

That DES be realigned more closely with the Disability Services Act through which it was originally created, and that it return to a balanced mix of social inclusion and labour market objectives

***e. the congruency of three year contracting periods with long-term relationship based nature of Disability Employment Services – Employment Support Services program, and the impact of moving to five 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 uncertainty and the relative shortness of a 3-year cycle poses difficulties. The DES model requires extensive investment at multiple levels, primarily in the area of relationship development and maintenance.

The very essence of DES is underpinned by extensive, deep and often delicately balanced relationships. It is the relationships we form that are the key to our success, or our failure.

Building a trusting relationship with a client with multiple barriers to employment is a lengthy process. Understanding the complex needs of the client requires identifying and understanding:

- the impact of a specific disability
- the impacts of multiple additional barriers
- what a client can and cannot safely do within a range of potential workplaces and roles

- skills and learning gaps (often these are significant)

All of this needs to be achieved before we can commence providing appropriate support.

Building a relationship with an employer requires a different approach, and is essential before the all-important education process (more than just disability awareness training) can begin. Without the latter, successful ongoing placements are difficult to achieve. To develop these employer relationships the DES provider must invest considerable time to achieve the following:

- Understanding an employer's unique business and their particular needs
- Matching the needs of an employer with an appropriate client
- Being trusted to enter a workplace and support a client, often independently of a supervisor or manager, and often with little notice, especially for urgent workplace interventions

Building relationships with allied service providers – that is, those that provide counselling, accommodation, drug and alcohol dependency support, medical support etc – takes considerable time too. As with any relationships, forming and maintaining these links requires a long term commitment, but are vital for quality support.

Each three-year cycle usually results in changes being made to the service model along with the changing administrative requirements of a new funding deed. Adapting to these changes takes considerable time – and during this time the support provided to clients and employers is diminished. The impacts of this are similar to those described under tender writing, above.

Half way through a cycle, at a time when all the learning associated with a new model/deed has been consolidated, planning for a new cycle, in the form of tender writing preparation or service model revision, commences. This is yet another distraction to the primary goal of DES providers – to place job seekers with disability into sustainable employment.

The Employment Consultants that DES providers need to ensure high quality service delivery take time to develop. Training someone new to the field takes many years.

**Example:** SensWide has an extensive mentoring program for new ECs. The following timeframes are indicative of the journey from new to fully competent EC:

- 2 weeks induction
- 3 weeks intensive mentoring



- 1 year training (including fortnightly debriefing meetings, weekly support and guidance meetings, continual advice relating to guidelines and IT systems)
- 2 years – competence is achieved

The three year cycle does not support the reality of the work taken to up-skill staff and the impact that tender preparation has on providing this support.

The costs associated with a three-year cycle are considerable. The administration costs of service provision are impacted by the short duration of the current cycles.

Example: Property rental agreements do not fall neatly into the cycles. Three of our offices will be impacted by the uncertainty of the current tender cycle.

Queen St – We have an option for a further 4 years (commencing 1/12/12) that we must confirm by 29/2/12 if we wish to proceed.

Sunshine – we have an option for a 3 year extension (commencing 27/1/12) that we need to confirm by 27/9/11 if we wish to proceed.

Preston – we have an option for a 2 year extension (commencing 15/3/12) that we need to confirm by 15/12/11 if we wish to proceed

## **Recommendation 5**

That funding deeds be moved to 5-year contract cycles

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

The changes made to the Disability Support Pension (DSP) eligibility criteria, commencing 3 September 2011, will potentially see a transformation of the client cohorts that DES supports.

The referral of non-voluntary clients is particularly concerning to us, and is likely to make job placements increasingly difficult. To argue that this will apply to all DES providers, and therefore that the impact on performance will be negligible, is not accurate. Specialist providers in particular support a high level of DSP clients as a total percentage of their active caseload. Applying the same performance measurements on both generalist and specialists providers could see the latter significantly disadvantaged.

The revised impairment tables that come into effect in January 2012 could also see fewer DES clients being eligible for the DSP – the impact of this is uncertain.

DES commenced 18 months ago; the data feeding the DES performance framework remains volatile. The changes to the DSP will add new and untested elements to this data, potentially increasing its volatility and decreasing its accuracy.

**Recommendation 6**

If government is determined to put DES out to a full tender, that it be delayed until 2015, so that the impact of the DSP changes can be fully assessed, and allowing time for performance data to stabilise