



QUALITY EMPLOYMENT

Senate inquiry into the administration and purchasing of Disability Employment Services in Australia

26 September 2011

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Overview/Summary

The BIZLINK submission considers the terms of reference with a particular focus on item c and d. The offer of a contract roll-over or Invitation to Treat for high-performing DES providers is welcome, however, this must be extended to 3 star services, or indeed to all existing services. The legitimacy of the current Star Rating system as a true measure of performance is highly contentious.

BIZLINK supports the Disability Employment Australia submission analysis of issues and recommendations.

BIZLINK supports with the ACE WA submission analysis of issues and recommendations.

Response to Terms of Reference

a) the impact of tendering more than 80 per cent of the current DES on the clients with disability and employers they support under the current contracts

BIZLINK is strongly opposed to the tendering of more than 80% of current DES, we do not believe that it will provide value for money and we contend that it will create instability and in turn will directly impact on people with a disability through e.g. staff turn-over and diversion of resources to tender preparation. Whilst BIZLINK does not believe that the Star Ratings provide an appropriate measure of “high performance”, services at 3 stars are within the average of all providers and should be offered an invitation to treat.

BIZLINK has been operating since 1992 and over those 19 years has established hundreds of successful and ongoing employer partnerships which provide repeat business based on their knowledge of our service. A partnership built over years cannot be replicated or imposed upon an employer by a “transition to a new provider”.

b) the potential impact of losing experienced staff

The Governments May 2011 Budget announcement to send more than 80% of ESS to a competitive tender, apparently with the idea of “testing the waters” and providing opportunity for new providers, requiring the shifting of the goal posts to 4 stars may be symptomatic of broader issues with the program. In the past it has been labelled as a “very expensive program” and with the changes to the KPI’s it is probably doing little to reduce the numbers of people on Disability Support Pensions and other welfare payments. Making the majority of current providers go to tender is an opportunity for the Government to undertake a sweeping cull of existing providers.

It is believed that DEEWR has an idea of what is a viable size for a provider to be considered relevant for a contract. Whilst this is not known publicly, those who have had ‘Insufficient’ data Contract to Date for a Star Rating would be expected to struggle to demonstrate ability to deliver services. It would be an easily accepted and simple process to have small groups of 10 to 50 consumers being “transferred to a new provider”, particularly if this provider is 3 or less stars. Historically services proliferated as the

Disability Services Act previously encouraged choice in the market for people with a disability and also recognised that different services met different individual needs, were better at working with different disability types and so forth. Services were many but had relatively small caseloads due to the program being capped. A move to cull services needs to be analysed on a broader perspective than performance alone. Employment Support Services cannot be compared to Job Services Australia, primarily because we have evolved from the Disability Services Act and this should remain a primary consideration in any contract assessment process.

The loss of staff will come now until the beginning of the new contracts as staff are being demoralised by the pressure of the star ratings, it is constant and unrelenting due to the shifting “benchmark” of the existing framework (no one knows how good is good enough) – clever performance management or an unfair form of “work choices” for DES?? E.g. that was great team x jobs for the month now do that but add 10% so we can stay at 3 stars or maybe move to 4...how can an employee constantly be expected to increase performance month after month – this is what the framework creates – burnt out staff, deflated management and diminishing outcome quality as sustainable quality employment is being traded for quantity and through-put to keep up with our “competitors” – the very people we used to share with and improve service delivery for all people with a disability – there must be a better way! Furthermore, as staff become aware that services with 3 stars or less will need to tender it is likely that some will opt to move now – how can a service improve performance when experienced staff are exiting.

- c) *whether competitive tendering of more than 80 per cent 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*

BIZLINK is strongly opposed to the tendering of some 80% of current providers. ESS has grown significantly due to uncapping, and adjustments to Market Share can provide an opportunity to open the market to new providers or shift share to high performers or those who express an interest in increasing their Market Share.

With a review of Market Share uptake over this current contract DEEWR can identify services who wish to relinquish some of their share. This will provide enough residual business for a competitive tender process for new providers or those current providers wishing to extend their share of the market in their current LMR’s/ESA’s or extend in to new LMR’s/ESA’s. DEEWR can also redistribute Market Share in accordance with clause 23.1 of the existing deed.

The direct registration pathway has been a highly valuable measure to increase participation of people with disabilities, engage with the community and provide early intervention options. BIZLINK has been proactive in developing partnerships with schools and mental health services as has other ESS providers. This has meant that ESS providers

have relied less on Market Share as they have developed their own markets. This further supports the case for a redistribution of Market Share to enable new players in or for current services to expand or revise their Market Share.

Services for people with disabilities have developed over some 25 years, with the majority being community based, not-for-profit organisations. Many, like BIZLINK, were established with the single purpose of employment services for people with a disability. It is concerning that the Minister's desire to "test the waters" may see the demise of many highly valued, long established services that are operating at 3 stars. Such services may not fair well when tendering against multi-national, for-profit conglomerates due to the limited capacity to shift service focus from provision to tender writing.

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

BIZLINK has concerns about the tendering process following the Job Services Australia 2009 – 2012 tender, with many highly rated and long-serving organisations not being offered a contract. For the same to occur in ESS would be a great disservice for people with disabilities and their families who depend on the numerous community-based organisations, many who have been operating successfully for 15 or more years. That a large, perhaps National or International provider can afford the luxury of tender writers and teams of researchers to write an impressive bid need not mean that the small not-for-profit community-based provider is not and will not continue to provide the highest level service with the Disability Services Standards at the core of their operations and values – which, in accordance with the Disability Services Act is the reason for being for many providers and that whilst employment is key it is not the sole consideration in awarding contracts.

In the Senate Education, Employment and Workplace Relations References Committee's Report: DEEWR tender process to award employment services contracts tabled 25 June 2009, a majority recommendation made was:

Recommendation 5

The committee majority recommends that the design of the tender process be reviewed to ensure that in future processes:

- Additional community benefit of not-for-profit providers can be recognised in the process;
- The diversity of the sector is maintained with greater support being given to smaller organisations to participate; and
- Past performance is given appropriate weighting.

In ESS this consideration in the tendering process has an even greater benefit. Existing services, despite their performance against the Star Ratings, have been dedicated to the

Disability Services Standards and have been complying with the quality framework and continuously improving service provision since Disability Support Certification became a contractual requirement in 2002.

It is important that the senate consider the limitations and fundamental flaws in the Key Performance Indicators which then go on to inform the Star Ratings. The KPI's for ESS must better link in with the Disability Services Standards to ensure that services can be innovative, flexible and responsive to the individual needs and aspirations of people with disabilities.

BIZLINK is strongly of the opinion that the current performance management framework does not reflect the essential quality measures of the previous contract KPI's and in fact conflicts with the Disability Services Standards. The current framework and star rating system rewards the volume of jobs secured and the speed to employment outcomes. There is no measure to recognise the "quality" of outcomes such as measuring average hours of work, average weekly wage, VET outcomes (separate to "Education" outcomes) and 12 month continuing employment status as occurred in the previous contract.

These "quality" KPI's appear to have been sacrificed in an attempt to encourage an increase in the number of placements. An emerging trend is of providers being pressured in to turning one job into two or three in an attempt to reach the revised benchmark of 4 stars to secure a roll-over contract. Though this might be viewed as an improvement in "performance" under the current KPI's, it is a move away from the Disability Services Standards, particularly those of social inclusion and meeting individual needs. An interesting potential consequence of this could be an increase in outcomes paid to ESS providers but no noticeable decrease in the number of people moving out of the dependency of Disability Support Pension and other welfare payments.

BIZLINK strongly recommends a revision of the current KPI's to ensure that current "performance" measures are not contrary to the achievement of quality, sustainable employment outcomes which enable the movement off benefits and towards achieving social inclusion.

Importantly, at the beginning of this contract in March 2010, the previous contract's KPI's were replaced with new KPI's, and a revised methodology for determining the Star Ratings was implemented. This meant the first set of ratings were not received by providers until the 15 February 2011 for the period which covered 1 March 2010 to 7 January 2011 generally referred to as the December 2010 Star Ratings. Services lost the historical pattern of performance that was starting to provide useful management information in how to adjust service delivery to improve performance. The "health check" style reports were also not available in the format we had become accustomed to monitoring to adjust performance until February 2011. For some 15 months any data we did have was essentially meaningless until stars were released. Moreover, the goal posts being moved 15 months in to the contract has placed services in to a state of near panic as the reality of having to tender when one had previously been confident of a roll-over sets in. The pressure on

existing staff to perform is immense; the Star Rating framework is cunning in its constantly moving target to achieve “high performance”.

An unintended consequence of the KPI's is a promotion and growth of enclaves as a broader employment strategy rather than a limited use tool for a small and select group of consumers with very high support needs, perhaps as a capacity building activity until an open employment option becomes attainable. However, the current system encourages 8 hour jobs and/or SWS, achievement of a 26 week outcome and the revolving door. Services that offer an enclave solution can register and have a consumer in employment on the same day, thus also performing well on the “time to outcome” KPI.

How can an individually placed, one to one support, inclusive position at award wages with a complex Job Description with multiple tasks be compared to single/limited task job, 8 hours a week on SWS with a group of other people with disabilities in the back room of an ESS providers office (or possibly an actual employer) with a ratio of 1 to 5-10 (or more?). Same outcomes, so much harder to secure the individually placed job – takes time, takes resources, takes skill, takes employer commitment. This is the classic example of comparing an apple to an orange.

Individualised employer – employee arrangements take longer to job-match and require individualised one to one support. Enclaves can have 1 to 5 or more. SWS is typical – how does this achieve sustainable, ongoing, inclusive employment and assist people to move off welfare payments.

BIZLINK, a service which had performed at 4 or 4 1/2 Stars, for the duration of the previous contract has found its performance to have dropped to 3 stars despite increasing job starts and improving on vital quality measure such as hours, wages and individually placed open employment positions:

Average Wage P/w – \$364.32

Average Hours P/w – 21.45

Average Hrly Rate P/hr - \$16.98

Given that the National Minimum adult pay is \$15.51p/h, these results are testament to the quality of the jobs being secured. However, because the KPI's reward time to outcome and number of placements BIZLINK struggles to compete with enclave style employment where the acceptable benchmark is 8 hours per week, typically on the Supported Wages System.

For job seekers on Disability Support Pensions this type of employment is considered a “full outcome” and there is no further incentive in the system to improve the hours or pay of that individual. In the previous contract's KPI's there was a measure of “same or better” pay/hours which provided a good incentive and furthermore encouraged services to achieve full employment that assisted people to reduce their dependence on the DSP or other welfare payments.

A reconsideration of what was working under the previous DEN KPI's would better reflect quality whilst simultaneously achieving the Government's budget agenda of more jobs and increased participation and better attention to the needs of people with disability including the priority of improved services for mental health.

It is acknowledged that the government has made some very positive decisions, notably the uncapping of services, and more recently has offered to extend the current contract period to 31 March 2013.

DEEWR KPI's do not take any measure of pay or hours. Whilst full outcomes (i.e. consumer is working at their assessed capacity of hours per week) has a higher weighting than pathway outcomes this does not provide any measure of the quality of job. Whether it is matched to consumer choice, is achieving award level pay or is meeting the hours/days that the consumer has preference for. Quality Assurance – DEEWR KPI 3, supposedly assesses this, however, a service providing enclave jobs will pass QA provided they have the right policies, procedures and systems in place to do so...

As BIZLINK individually matches jobs and aims to meet each individual's choice and capacity we can be disadvantaged - time to outcome and number of outcomes is a DEEWR KPI – which can work contrary to locating sustainable individually matched positions. BIZLINK also has a historical focus on securing Apprenticeships and Traineeships, this outcome is now blurred with "Education Outcomes" so whilst we are performing well above the National average we are not sure if we are comparing apples with oranges again...

The Senate should also be made aware of the impact of Market Share and how services get penalised if have a bigger share e.g. 15% plus. As have to register those referred via the Market Share pathway affects your denominator > providers with small shares can more easily achieve 5 stars as they can manage intakes e.g. not register consumers until a job becomes available or staff to job seeker ratios are optimal etc. If a provider has a small Market Share they can use the direct registration pathway to manage their proportions. Services providing access to people with disabilities under the Market Share model are being heavily penalised, the higher the share the higher the penalty. Referrals from the Market Share pathway are typically people with high support needs, multiple barriers and who are in need of pre-employment interventions – double whammy of increasing denominator plus time to outcome.

The system is flawed and is moving towards excluding quality services in favour of non-inclusive employment and destroying 20+ years of everything the DSA and DSS were established to achieve – we are going back wards at speed! Values are being eroded as managers and organisations lose sight of purpose and focus on the stars! These matters have been taken to DEEWR managers and they have shown no concern for the practice – the view is – if it is not contravening the deed then it is acceptable practice. Rather than acknowledging the system is flawed and seeking to improve or modify, DEEWR is locked in to poor service practices simply because it is contractually congruous. The lack of congruity with the DSA and DSS is clearly evident, how can a service offering enclaves and/or Social

Enterprises (which from our perspective appear to be glorified Australian Business Services) demonstrate conformance to e.g. Standard 2 – Meeting Individual Need, Standard 3 – Decision Making and Choice, Standard 5 – Participation and Integration, Standard 6 – Valued Status, Standard 9 – Employment Conditions.

Previously ISJ (Individually Supported Jobs – e.g. enclave style employment) and CETP (Competitive Employment Training and Placement – e.g. individually placed and supported jobs in a bona fide employer-employee arrangement) were viewed separately and then separately again from Business Services. All the lines are being blurred and quality, sustainable employment which fosters social inclusion and the movement off welfare payments is suffering.

- e) *the congruency of 3 year contracting periods with long-term relationship based nature of Disability Employment Services – Employment Support Services program, and the impact of moving to 5 year contract periods as recommended in the 2009 Education, Employment and Workplace Relations References Committee report, DEEWR tender process to award employment services contract;*

BIZLINK supports a move to longer contract terms e.g. 5 years due to the nature of our relationships with job seekers/workers and partnership building with referral sources (e.g. schools, community services, Mental Health services) and employers. BIZLINK has been establishing programs for school leavers to foster partnerships with schools and employers, primarily with the objective of securing Apprenticeships or Traineeships to attain sustainable, valued employment. Developing and establishing such programs takes time, resources and expertise.

BIZLINK is also establishing new offices to improve service access and ESA coverage, the cost and time has always been a concern to the Board due to the uncertainty created by 3 year terms and the shifting goal posts of performance benchmarks – surely a Department should provide clarity at the beginning of a contract as to what will win a roll over and/or improve opportunity of securing a new contract from the commencement of a contract e.g. it should have been clearly stated in the deed about 4 Stars being the cut-off...

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

BIZLINK concurs with the Disability Employment Australia observation that “The Government has undertaken significant reform of both general and disability employment services in recent years. Given this context of change and reform, now is not the time to embark on a widespread competitive tendering process. The relative youth of the DES program, significant policy changes to the Disability Support Pension (DSP) and the policy announcement of the development of a National Disability Insurance Scheme (NDIS), combined with the lack of credible data to assess provider performance mean that there is too much uncertainty to tender 80 per cent of contracts now.”

BIZLINK General Background

- Not-for-profit incorporated Disability Employment Service (DES) that specialises in Employment Support Services (ESS) to assist people with a disability to secure and maintain open employment.
- Core purpose is to enable people with a disability to become socially included, economically independent and well. We achieve this mainly through building work readiness, securing quality employment and providing individualised support.
- Australian Government funded through the Department of Education, Employment and Workplace Relations (DEEWR).
- Established in 1992 as a specialist employment service for school leavers with disability living in the northern suburbs.
- Incorporated as a stand alone Disability Employment Service on 23 July 1992 to provide specialist employment services for school leavers with disability living in the northern suburbs.
- Traditionally specialised in assisting school leavers or young people with intellectual or learning disabilities.
- Referrals come from a range of sources including Centrelink, Job Capacity Assessors, self, schools, community services (e.g. Mental Health), interagency.
- History of strong performance with Apprenticeship and Traineeship outcomes.
- ISO 9001 since 1998 and Disability Support Certification since 2002.
- North Metro Perth Employment Service Area - serviced by the Joondalup Head Office.
- Central and West Perth Employment Service Area – serviced by the Rockingham outlet which was established March 2010 as per the DEEWR contractual obligation to have an outlet in each contracted ESA.

Charter

“Quality Employment for People with a Disability”

Vision

BIZLINK aims to provide a unique service that is focussed on quality. We achieve this by:

- Individually matching jobs to each consumer’s skills, potential and informed choice
- Achieving hours of work that match each consumers capacity
- Securing pay which is award level or matched to productivity
- Providing support that meets the needs of the consumer and employer
- Sourcing sustainable and durable employment with quality employers
- Using traineeships and apprenticeships where appropriate
- Ensuring stakeholders are satisfied

Values

BIZLINK employees believe that people with a disability:

- have a right to work in open employment regardless of the extent or severity of their disability
- must play a central role in planning their own careers, in conjunction with their families and significant others
- have a right to receive individualised support to become competent and valued employees
- have a right to a fair day's pay for a fair day's work
- need only the desire to work, support from significant others, realistic career choice and access to training and support to succeed in open employment
- have a right to privacy, confidentiality and respect in all their dealings with the agency

A Personal Account Example

Hi, my name is Stephen Sullivan and I am writing to you to express my appreciation and gratitude towards your fellow employee Karen Doulis. Karen took over my case as Job Search Coordinator approximately two months ago and I have been extremely impressed with how much effort and enthusiasm she has put in towards finding me employment. I am due to start my new job which Karen arranged for me independently in two weeks time.

I suffered a stroke in May 2009 and have been unemployed since then, as you can imagine I have been through some tough times and am very grateful to Karen for providing an opportunity to give me a fresh start, which I know will greatly improve my quality of life. Not only has she given me this employment opportunity but during this entire journey she has always assured me of a good outcome and always made me feel positive and stay determined.

I believe BIZLINK is lucky to have an employee like Karen as she definitely portrays all the qualities her position requires. Please do not hesitate to contact me if you would like any more information about my time with BIZLINK and Karen.

Yours sincerely, Stephen Sullivan (contact details can be provided)

(Stephen has given permission for this account to be published).



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