

**Submission to Senate Enquiry:**  
**The Administration and Purchasing of**  
**Disability Employment Services (DES) in Australia**

**Background**

Finding Workable Solutions Inc. (FWS) is a rural/regional provider of the DES Employment Support Service and Disability Management Service. FWS is also a disability specialist provider of the Job Services Australia program and an operator of Australian Disability Enterprises funded by FaHCSIA. The organisation was established in 1989 and today assists well over 1200 job seekers across 6 Employment Service Areas in South Australia.

**Responses to the Senate Enquiry 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;**

DES providers such as FWS, our clients and the employers with whom we partner, face the prospect of having our successful and productive relationships prematurely terminated by changes that flow from a tender process and the subsequent replacement of existing providers by new entities. These undesirable changes include:

- Uncertainty, discomfort and disruption to the lives of our clients
- Employer frustration and confusion from dealing with new personnel and the different policies and client support practices of a new agency
- The breakdown of existing DES partnerships with training organisations, apprenticeship centres and schools that currently support pathways into local industries

All of the above create the same end result for the government; that being inefficiency. Previous hard work is undone, key stakeholders become disengaged and unnecessary extra work is required to rebuild the trust and confidence of clients, employers and strategic partners.

As an experienced Disability Employment Service provider, FWS has observed first-hand the many issues that can arise when people with a disability are confronted with change. Loss of a trusted service provider can precipitate a potential string of other changes that threaten not just the sustainability of the client's job but the health and well-being of the client, including:

- Reduction or change in workplace support
- Reduction or change in support outside the workplace
- Loss or reduction in provider knowledge and experience regarding the client's disability
- Loss of empathy towards the client's additional barriers to employment or personal circumstance
- Loss of established employer supports and consequential breakdown in the employer relationship
- Service exit based on a provider's policy, resources or performance strategy

FWS has also observed the frustration of clients who have been assessed, re-assessed and indeed over-assessed. Repeated processing and relocation of clients to/from other providers as a result of Job Capacity Assessments and service provider eligibility decisions don't just annoy clients; they disrupt established supports and arrangements that make their community participation possible. These supports often require extensive work to secure and can leave clients very isolated or disempowered if lost. Examples include:

- Transport
- Accommodation support
- Medical support and Attendant Care
- Peer and Advocacy support

The FWS employment support model includes appreciation and coordination of the various supports that collectively contribute to a client's successful, sustainable employment. Complex service requirements will be put at risk if existing relationships are replaced with unfamiliar people, processes and systems. In short, consistency, reliability and stability are essential features of effective quality service delivery to people with a disability and their employers.

**(b) the potential impact of losing experienced staff;**

Disability Employment Services staff are difficult to attract and retain. Providers want stability in the sector so they can commit to, and invest in their staff. Our ability to offer career development is limited enough, without the added problem of job uncertainty arising from 3 year contracts and the risk of losing business. Staff anxiety about their professional future makes pursuit of employment outside the sector more likely. Replacing and retraining staff is costly and time consuming – another inefficiency impacting on service provision that can be avoided by DEEWR rethinking their DES tender strategy.

**(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;**

The upheaval of an experienced, dedicated sector is itself a decision that represents poor value for money. A DES tendering process will only test the ability of a provider to resource and produce a high quality expertly prepared tender. Consortiums and major companies will be capable of preparing the best tenders. Based on the experience of the Job Services Australia tender, they will win substantial business at the cost of smaller local services. With DEEWR demanding resource intensive tenders whilst still requiring DES delivery to be unaffected, major new players and large companies will have a distinct advantage over smaller providers, making the 'market test' unfair and inequitable.

FWS questions how DEEWR can justify asking the sector to tender for a program that is not yet 2 years old, nor properly understood by them in terms of requirements for successful, high quality performance. The proposed timing does not allow for an appropriate period of time in which to assess performance for tender appraisal purposes, particularly in the light of the unexpected administrative problems that have confronted DEEWR and the sector.

The administration and guidelines of the program have needed to be progressively refined during the first 15 months of DES - ESS, to iron out unforeseen issues. Errors in funding level allocations and technical delays in correcting them caused major headaches to providers – and throughout a large part of 2010 denied them the appropriate financial resources they needed and expected to support Level 2 job seekers. Any attempts by DEEWR to measure our performance under such circumstances is highly contentious and at the very least unreasonable. It is also not in the spirit of ‘partnership towards best practice’ that DEEWR is endeavouring to promote to the sector.

With poor and strong performers therefore difficult to define, DEEWR’s suggestion that only 4-star and 5-star providers are worthy of contract rollover is speculation rather than science. It is also disrespectful to providers such as FWS who have just experienced a decision by DEEWR to allow 3-star JSA providers to roll-over for a further three years, as well as those rated 4 and 5-star performers. How does DEEWR explain this inconsistent approach that recognises 3-star performance as satisfactory in JSA but not in the DES program?

FWS contends that any business re-allocated via a DES tendering process should only be taken from 2-star and 1-star providers, as has been applied in the current JSA program. This is a more respectful and more consistent approach. It will allow for improvement in sector performance through redirecting business to current strong performers or potential new players, without any extraordinary upheaval of the sector. Such upheaval would destabilise the sector and negatively impacting on client and employment outcomes.

**(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;**

Disappointingly, the current DES Performance Framework (against which it is assumed tenders will be assessed) is almost identical to the JSA performance framework, in that it is focused on measuring throughput and ignores long-term servicing and relationships critical to genuine social inclusion outcomes for DES clients. The ‘engage, place and exit’ nature of the DES contract ignores the fact that the program is for people with permanent disability. For many clients their work capacity remains limited; they don’t ‘heal’ over time, nor do they necessarily cease requiring our support. Hence, the performance framework’s emphasis on fast placement and exit does little to assess good quality service provision.

The issue of quality and the stated objectives of the Disability Services Act are central to the dilemma faced by DES providers under the current DEEWR performance framework. Quality measures do not feature in the current Star Ratings model. Instead, DES providers have their ‘quality’ assessed separately - with DEEWR’s assessment providing no transparent or measurable contribution to a provider’s overall performance rating against that of its competitors.

The absence of quality measurements in the Star Ratings system creates a problem for DES providers, as high quality support to clients does not necessarily translate to quick job outcomes and high star ratings. High quality support is support that meets or exceeds the National Disability Services Standards through demonstrated practices such as:

- Non-discriminatory service access
- Meeting individual needs
- Promoting client decision making and choice
- Affording clients valued status

FWS contends that the DES provider's dedicated adherence to Disability Services Standards such as those above actually restrict their ability to achieve DEEWR's desired 4-star and 5-star performance ratings. Providers such as FWS who demonstrate a high quality employment support service are focused on the client, not the star ratings scoreboard.

Seeking quick rather than quality results for clients does not constitute adherence to the Disability Services Act, yet such provider behaviour is strongly endorsed by DEEWR via the Star Ratings system. Consequently we are witnessing ratings-driven competitor practices such as:

- Discriminatory client registrations based on perceived support requirements
- Job placements with minimal hours rather than client's preferred hours per week
- Purchasing of time-limited short term jobs through employer incentives
- Manipulation of client suspensions, exits and caseload numbers to control performance results

Such behaviours are not in the best interests of clients but are attractive to providers in terms of star ratings, contract renewal and long term viability. They do not represent innovation, only short-cuts. Furthermore, they deliver performance data that inaccurately portrays to DEEWR the quality and value of a provider's performance against that of competitors.

FWS believes that quality components of service delivery must be integrated into the star rating system and given at least equal importance as outcomes such as 13 and 26 week job milestones. An independent review of the DES Performance Framework would be an important first step towards determining whether the framework provides the best means of assessing a provider's ability to deliver services which meet the stated objectives of the Disability Services Act. This could include an examination of the extent to which the current framework is:

- Driving inappropriate provider behaviour
- Restricting innovation
- Failing to measure quality outcomes for clients

The short term nature of contracts should also be examined as another contributor to provider behaviour that seeks star ratings points at the cost of quality service provision under the Disability Services Act.

**(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;**

The 2009 Senate Inquiry into DEEWR Employment Services contracting recognised that three year contracts are disruptive and costly, diverting resources away from the core task of service delivery. In line with these findings, FWS believes that a minimum contract period of five years would be very beneficial to providers and should be implemented. Providers, particularly in rural and regional areas are strongly embedded in local communities. Future tendering and procurement processes must respect and be congruent with the long-term relationship-based nature of these services.

A good example is the relationship DES providers such as FWS build with regional schools to advance the DEEWR school leaver initiative. Substantial ground-work is required to set up partnerships with schools and assist them to understand how best to work with providers. When schools face the prospect of working with a different DES provider every 3 years they must deal with changes to



relationships, processes and agency policies. This inconsistency is confusing, frustrating and unhelpful to schools. This is another example of how 3-year contracts and procurement processes are costly and inefficient for DEEWR in terms of lost productivity.

**(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 DES - ESS program is still in its infancy. Significant policy changes to the Disability Support Pension (DSP) and the likely development of a National Disability Insurance Scheme (NDIS) add up to a great deal of uncertainty for people with a disability into the future. The additional uncertainty of disruption to the DES sector through tendering for 80% of contracts will not be welcome, nor productive in terms of achieving higher engagement of people with a disability into employment services.

**Adrian Pitt**  
**Chief Executive Officer**  
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