

DISTINCTIVE OPTIONS SUBMISSION TO MINISTER O'CONNOR'S CONSULTATION

Re: IMPROVEMENT OF AUSTRALIAN GOVERNMENT EMPLOYMENT SERVICES:

Dear Minister O'Connor

Distinctive Options is a community-governed not-for-profit disability service provider located in Melbourne's north west and neighbouring semi-rural fringe. We currently provide capped DEN services in Broadmeadows, St Albans, Melton, Bacchus Marsh and Sunbury and have provided 'open employment' services to people with disabilities ever since the Commonwealth Government first funded such programs.

Our organisation's submission to your consultation about improving Employment Services limits itself to addressing four issues:

1. 'Bundling' of Services
2. Potential to end ongoing support relationships if JN business reallocation processes are assiduously transferred to DEN
3. Removal of incentives to 'port' the Star Ratings within the DEN network
4. Rewarding practices that produce 'outcomes' consistent with good public policy

1. 'Bundling' of Services

Our view is that as a general principle it makes sense to be fostering the creation of '**one stop shops**' where a number of genuinely related services are available to those citizens who need them. Persons with disabilities in particular face a veritable maze of support programs funded by governments at all levels. As a general public policy principle it would be advantageous to people with disabilities if support services were 'bundled' in a manner that addresses as many of their support needs together as possible.

In terms of the provision of Employment Services it would seem that the most critical element is to determine the **criteria by which such services will be bundled together**. We believe that the best criterion by which such support services would be bundled together would be the determination of whether the provision of the service is either episodic or ongoing. Under this criterion it could be argued that much Disability Employment Support requires an ongoing dimension to it as does much of the work of the Personal Support Program (PSP). On the other hand some of the work of Vocational Rehabilitation (VR) services and the majority of Job Network (JN) services could be described as episodic to the extent that their service provision is not necessarily to people with lifelong support needs.

Related to the issue of how best to bundle employment services is the **segmented and disparate nature of the current range of employment services** funded by the Commonwealth. It appears to us that there is no logical basis for the segmentation of these services. A person with either a lifelong disability or a disability acquired with age or, in some cases, injury or overuse during earlier periods of employment can currently be referred to any of the following Commonwealth funded programs:

- DEN capped
- DEN uncapped

- Personal Support Program
- Vocational Rehabilitation
- The specialist disability stream within JN

It would seem that the referral of a person with a disability to an employment support service can be caricaturised as dependent on whether that person is seeking work and has a disability or s/he has a disability and is seeking work!!!

It is near **impossible to logically 'defend' any rationale provided for the 'boundaries' that currently determine access to the raft of Commonwealth employment programs** listed above. The most indefensible of these service provision 'boundaries' is that between DEN capped and DEN uncapped programs. Capped programs are little more than a subtle form of 'rationing' service provision whereas uncapped services on the other hand are consistent with a 'rights' based view of a universal entitlement to access a service. A truly inclusive community would operate from a 'rights' perspective rather than 'ration' out services to its most vulnerable and marginalised members.

Given the lack of logic in the segmentation of the employment service system it is not surprising that there is widespread **dissatisfaction with the ability of Job Capacity Assessors (JCA) to make 'best-fit' referrals.**

Additionally given the inefficiency that can result from a multiplicity of small service providers or providers that are only contracted to deliver a limited range of the Commonwealth's employment programs it is disappointing that **DEEWR policy places barriers in the path of organisations that seek to merge** to provide a more comprehensive 'one-stop-shop' range of programs. I particularly refer to the barrier created by the element of DEEWR policy that does not allow for the 'quarantining' of merging agencies 'star rating' performance in the consideration of the Commonwealth's expected 2009 Employment Services tenders.

2 Potential to end ongoing support relationships if JN business reallocation processes are assiduously transferred to DEN

The acceptance of our basic premise described above would have ramifications in determining the future of current Disability Employment Network (DEN) providers. Current **DEN providers have customarily established and maintained long ongoing support relationships with their clients** and this can be essentially different to the nature of the relationships that are established between a JN provider or, in some cases, to a Vocational Rehabilitation provider when they support job seekers through an episode of unemployment or injury.

While it is inherently good to promote excellence in performance there is a **logical difficulty in the use of the essentially competitive and 'relative' star ratings system to measure performance.** A simple analogy can demonstrate more clearly the logical difference between an 'absolute' (benchmark) and a 'relative' (ranking) performance measuring system. If we consider the measurement of performance in PAGES as similar to the measurement of performance in the conduct of a 1500 metre athletics event then it could be argued that the forced retirement of runners at the end each lap of the race - no matter how close they were to the leading pack of runners or even whether every runner is bettering a 'record' time - is analogous to the JN business reallocation process.

The consequences of any 'business reallocation' based on 'relative' performance of DEN providers would potentially be much more significant. Government may see it as an efficient use of taxpayer funds to initiate a **'transfer of business'** but those who

have received support from the retiring service provider could well experience such retirement as the end of a **'significant and long term relationship'** in their life. Here it is the ongoing nature of support in disability-related work that is different to the more 'episodic' nature of other 'bundlings' of employment-related services funded by the Australian Government. This difference is analogous to the differences experienced when 'going to the doctor' or having a pothole filled outside one's home. The former experience is more effective if there is an empathetic and trusting relationship established over time between doctor and patient whereas in the latter experience of filling the pothole there is effectively no relationship established because of its 'one-off' episodic nature. To reallocate business from DEN providers or any other employment service provider that has established a long term supporting relationship with a worker/jobseeker is akin to Medicare requiring citizens to change their GP because there is another medical practice in the area that is treating more patients per day!

Our dissatisfaction with the 'rankings' based star rating system however does not prevent us from acknowledging that there is, from a public policy perspective, a very strong case that can be made for the Commonwealth's setting of absolute 'benchmark' performance targets for service providers. We would argue that the only ethical use of a 'relative' ranking is in the initial creation of a competitive environment whereby performance is improved and 'absolute' benchmarks are established. Logically there is an upper limit to the performance that can be achieved without eventually 'orting' the relative rankings.

3 Removal of incentives to 'ort' the Star Ratings within the DEN network

As well as a move towards an 'absolute' rather than a 'relative' performance measuring system, there should be the removal of 'perverse' incentives that would encourage DEN providers to find ways to 'ort' the system to achieve higher star ratings. There are potentially a number of ways by which the performance measurement system could be 'orted' through the manipulation of outcome data:

- a DEN provider could 'churn' clients through a DFACS funded business service
- a DEN provider could effectively 'purchase' jobs by itself funding wage payments or subsidies in addition to that provided by the Commonwealth
- a DEN provider could 'split' a 40 hr/wk vacancy into 5 separate 8hr/wk positions so that five outcomes can be claimed rather than one
- a DEN provider could 'massage' data to create 'evidence' about the level of disability and dependency of the jobseeker so that a higher level is attained in the initial DPI assessment. (We have heard it publicly stated that in NSW the average DPI level is 3.1 whereas in Victoria it is 2.1. Such a significant variation must be statistically impossible given the sample size of the combined population of jobseekers with disabilities in both states)

While each of these 'orts' is currently compliant with the DEEWR 'business rules' none of them are consistent with the DEN program's public policy intent of maximising employment opportunities for people with disabilities and maximising their independence.

These 'orts' designed to increase a service providers's star rating have little real impact in improving the life of service users and effectively distort the whole performance management system and as a consequence reduce the star ratings of other DEN providers that do not engage in such practices. Such 'orts' could inadvertently lead to the removal from the market place of service providers who have not engaged in such practices.

4 Rewarding practices that produce 'outcomes' consistent with good public policy

We believe that even despite extensive consultation with the disability employment sector there are still elements of the star ratings performance measurement system that are not consistent with good public policy. In particular we believe that the performance rating system should be further varied to make it more consistent with good public policy through amendments such as:

- increasing the weighting of 'independence' in workers (It could be argued that the current weighting effectively reward dependency)
- increasing the weightings for hours worked so that there is no incentive to split vacancies to create more outcomes
- extend outcome measurement to include 39 week outcomes or 52 week outcomes measures as a way of making it less affordable for service providers to 'purchase' jobs for their clients or to churn them through Business Services
- include accredited training as a 'rewarded' outcome

Additionally better outcomes that are more consistent with disability employment public policy intentions could be achieved if there were amendments to DEEWR's DEN business rules that:

- remove the difficulties that sometimes occur in entering or exiting a DEN program
- act as a disincentive towards finding additional working hours for clients in the maintenance phase

Finally the removal of the disincentive of jobseekers having to 'risk' the potential loss of their Disability Support Pension if ever they voluntarily become job seekers is totally inconsistent with good public policy.

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