



**FINDING WORKABLE
SOLUTIONS**

S E R V I C E O F C H O I C E

**The Hon Brendan O'Connor MP
Minister for Employment Participation
Parliament House
Canberra ACT
2600**

12th February 2008

Re: Response to Future Direction of Employment Services

Dear Minister O'Connor,

Thank you for the opportunity to respond to your request for views on how employment services can be improved.

Finding Workable Solutions is a rural/remote DEN provider delivering Capped and Uncapped programs across five Employment Service Areas (ESAs) in South Australia. FWS is one of two 5-star providers in South Australia and has been providing disability employment services since 1989 and today assist over 360 job seekers and workers with an illness or disability.

In July 2006 Finding Workable Solutions (FWS) was successful in securing Uncapped program business in five ESAs. This coincided with the introduction of Job Capacity Assessments and new Mutual Obligation requirements for many job seekers, under the Welfare to Work reforms.

Service delivery under these new arrangements has been very challenging, often frustrating and at times extremely disappointing. Our largest source of frustration has been the **Job Capacity Assessment and referral process** which has significantly restricted our ability to efficiently and effectively assist voluntary and mutual obligation job seekers.

Also of concern are the **increased compliance measures and administrative burden** placed on our organisation. These have impacted negatively on our flexible, holistic service model – and have consumed inordinately large amounts of time that could have been better spent assisting our clients. It is these primary issues that will form the basis of our response to your request for information.

Yours sincerely,

**Adrian Pitt
General Manager - Employment Services
Finding Workable Solutions Inc.**

Early interventions minimise the number of long-term welfare dependent Australians of working age

The Job Capacity Assessment process is a major barrier to early and effective intervention for job seekers. Major revision of the processes used to assess and refer disadvantaged job seekers to specialist employment programs is an urgent priority. **FWS believes the Job Capacity Assessment process is seriously flawed and should be replaced.**

Our experience has been that Job Capacity Assessors regularly make inappropriate referrals that reflect a lack of disability awareness and/or experience with our sector. Many voluntary job seekers who make a direct approach to DEN (and are considered appropriate for our service) are forced to register with other inappropriate programs (such as Job Network) because of the outcome of their brief but compulsory Job Capacity Assessment.

Inconsistency of Job Capacity Assessments has been a major cause of the poor performance of the DEN Uncapped program. Prior to the introduction of Job Capacity Assessments, DEN agency staff communicated directly and constructively with Centrelink, often meeting with both the job seeker and Centrelink Disability Officer to arrange referral and registration. **A return to the Centrelink Disability Officer model is highly recommended, to ensure consistency and quality of referral processes.**

Centrelink Disability Officers provided a consultative, consumer focused approach to achieve the best possible match between service and consumer. By contrast the Job Capacity Assessment is rigid and inflexible, offering limited (often no) choice for job seekers. The assessment process is minimalist and subjective; categorising people using a computer template. It does not operate under a human services model, but rather, an outdated medical model calculating a person's 'capacity' in mathematical terms as the basis for entitlement to services.

Far from empowering, the Job Capacity Assessment often results in confused, uninformed and sometimes angry job seekers who have had little or no say in the outcome of the assessment or the service selected. Preferred agencies are often unavailable to them because the assessment outcome deems them ineligible – or their preferred agency is at full capacity under the business share rules.

The likelihood of inappropriate referrals is increased by the high turn-over of Job Capacity Assessors, many of whom demonstrate a lack of skills, knowledge (and at times an inappropriate values base) to successfully assist a person with an illness or disability into the right employment service. Our experience is that Job Capacity Assessment providers are failing to retain staff. This adds to the unreliability of assessments, inappropriateness of referrals and subsequent delays in commencement of employment programs.

The decision by Government to combine a Job Capacity Assessment with a review of voluntary jobseekers' DSP entitlement has acted as a strong deterrent to people with a disability. FWS has seen a significant drop in referral rates for voluntary job seekers since the introduction of this policy, which forces them to risk loss of DSP when they seek employment.

DENs are best placed to perform a comprehensive assessment of job seekers with a disability, following referral by Centrelink. Assessing a disadvantaged job seeker's potential for employment prior to referral to a DEN is inefficient and prone to error, as it requires a judgement to be made by non-specialist personnel with very limited assessment tools.

Improvements to the current service model should start with the recognition that those least able, least confident and most vulnerable, including people with a disability should be encouraged and supported to seek gainful employment; not categorised by a subjective assessment process to determine their entitlement to assistance.

Early intervention and quick, positive engagement of disadvantaged job seekers can occur if the current practice of over-assessment is removed. Prompt referral to DEN upon initial assessment of illness or disability by Centrelink will significantly increase the rate of social inclusion outcomes that the new government is seeking.

Increased engagement in employment programs can also be achieved by removing the cap on the current Capped program. Furthermore, the 'business share allocation' system in the Uncapped program prevents our services from registering job seekers simply because another service has not utilised its business share. This 'turn-taking' approach has been a time-waster for our staff and for job seekers wishing to access our service.

A more flexible, demand-driven DEN program should replace the current Capped and Uncapped programs. Drawing on the positive elements of the Case Based Funding model, this program could successfully assist job seekers who need ongoing support AND job seekers who require limited support to obtain independence in employment. Access to such a program should be via prompt referral to Centrelink. DEN agencies should be given the ability to register all referrals, meeting demand for service in their respective regions.

Employment outcomes for school leavers with a disability could be significantly increased by simplifying their access to DEN. Currently there is no coordinated approach to ensure a smooth, seamless transition from school to employment. A referral mechanism that supports quick and easy access to DEN for these students before they leave school would enable

us to engage with the student and their school for early intervention and collaborative planning. Such an approach can make possible job and/or vocational training opportunities for students prior to leaving school, thus avoiding post-school welfare dependency, loss of skills and disengagement from the community.

**Employment services are relevant to the circumstances
and needs of the job seeker**

The DEN Uncapped Program has not performed well nationally. Many DEN Capped providers who tendered for and won Uncapped Program delivery in 2006 would agree that implementation has been dogged by low referral rates, inconsistent Job Capacity Assessments and problematic rules relating to business share.

FWS is of the opinion that most DEN providers have experienced a new profile of Job Seekers in the Uncapped program. In general, these job seekers are older (40+ years) with predominantly acquired physical and/or psychiatric (rather than developmental) disabilities. The vast majority are required to look for work under Mutual Obligation.

FWS has embraced the opportunity to diversify services and assist people with a broader range of barriers to employment. We are extremely disappointed, however, that the holistic approach to employment service delivery employed in our Capped program has not been well received by DEEWR. Expectations of government have been that Uncapped job seekers will be placed into paid employment much more quickly than Capped program job seekers because of their 'greater capacity' for work as assessed by Job Capacity Assessors.

In fact, the circumstances and needs of Uncapped program job seekers are, in the majority of cases, more complex than those of DSP recipients supported by the Capped program. Engaging Uncapped program job seekers has without a doubt been more challenging, given their attitude, low motivation and complex mix of personal issues (health, financial, legal and medical). The majority of Uncapped program job seekers registered with FWS have a mental illness as their primary disability. FWS staff are surprised and often dismayed that many Uncapped job seekers are not referred to the Capped program or the Personal Support Program, given the complex barriers to be addressed before job placement can proceed.

**Job Seekers with higher levels of disadvantage
receive intensive assistance**

The Case Based Funding model used in the DEN sector has been recognised by agencies and by Government as a successful needs-based funding model. Retention of Case Based Funding will ensure job seekers with the highest support requirements will receive the highest level of funding for employment support.

The retention of a DEN program that provides ongoing support is critical to ensuring job seekers with a disability succeed in employment; not simply achieving a short-term job outcome, but sustaining employment over many years. The episodic or unstable nature of some medical conditions and disabilities can impact negatively on long term employment prospects. Job maintenance support and job replacement are important and highly valued activities undertaken by DEN agencies. Positive long term relationships with DEN providers help the most vulnerable job seekers to successfully maintain employment. Provision for flexible ongoing support including resumption of DEN support when employment is in jeopardy must be maintained as a key feature of the DEN service model.

Job Seekers in rural and remote areas are doubly disadvantaged. Despite servicing several rural and remote regions, FWS is largely ineligible for Rural/Remote loadings as determined by DEEWR. The restricted eligibility criteria for these loadings fail to recognise the added costs of delivering the level of service typically available in metropolitan areas.

Increases to the remote loadings and/or a review of the classification system for rural/remote services would greatly assist organisations to meet the increased costs associated with delivering support, travel, administration, human resources management, professional development, I.T. and purchasing equipment.

DEN providers have access to a Commonwealth funded Wage Subsidy scheme, as a means of providing an incentive to employers. This can be a useful tool in securing employment for highly disadvantaged job seekers; however the wage subsidy amount has remained unchanged for many, many years. The value of this incentive to employers will continue to diminish unless the subsidy amount is adjusted immediately and in the future in line with indexation. **A better funded Commonwealth Wage Subsidy scheme with a broader approach to utilisation of the funds would enable DENs to negotiate a range of financial incentive options with employers and tailor incentives for the benefit of both employers and job seekers.**

As a provider of both DEN and Business Services, FWS has seen a number of people with a disability make the transition from Business Services to Open Employment. Changes introduced by DEEWR have discouraged this transition, as workers in Business Services can no longer be supported by a Business Service and Open Employment service at the same time. This creates greater risk for the person trialling Open Employment when they must surrender their job (and support) in a Business Service in order to register with a DEN agency. **During transition to Open Employment a worker in a Business Service should be allowed to register as a DEN job seeker whilst retaining their funded position in the Business Service.**

FWS is a member of ACE National and National Disability Services. We support their view that DEN services should be recognised and retained as a separate, specialist program within the suite of PAGES. We are a unique sector that offers a distinctly different service to that provided by Job Network, VRS and other PAGES. The skills, knowledge and expertise required for preparing, placing and supporting people with a disability in employment are also unique.

FWS supports the development of a National Employment Strategy for people with a disability. Although primarily employment focussed, our sector recognises the extent to which barriers to participation for people with a disability extend beyond the workplace. A national strategy is needed to address barriers such as system complexity, risk of losing income support, impediments to transition from school and state funded services, employer reluctance and personal costs associated with workforce participation for people with a disability.

Incentives for training which will improve the employability of job seekers (including incentives for long term training and education to address labour market needs)

FWS values a flexible, holistic approach to employment service delivery and recognises the importance of employment as a pathway to social inclusion. For many job seekers, this pathway begins with support to participate in further education and training. The new Star Ratings system does not reward DEN agencies for achieving education and training outcomes for job seekers, yet in many cases these outcomes are necessary steps towards employment and require substantial support from DENs.

Offering support for further education and training has been a very successful strategy for motivating job seekers who are initially difficult to engage. However, current rules associated with DEN program eligibility require us to exit job seekers who take on education and training commitments, leaving them unsupported and their employment program in danger of losing momentum.

Supporting a job seeker to build skills through further education and training will often act as an incentive for employers and should be recognised as a significant vocational and social inclusion outcome in the DEN program.

Historically the entry process for the Disabled Australian Apprenticeship Wage Subsidy (DAAWS) has been complex and onerous. An outdated and subjective medical model has determined eligibility, greatly restricting entry to Apprenticeships for people with a disability. **All persons registered with a DEN program should be automatically eligible for DAAWS. This would increase dramatically the participation rates for people with a disability in Apprenticeships and Traineeships.**

Performance management principles (including Star Ratings and business reallocation) that support sustainable outcomes and promote quality service delivery

Like competitive tendering, the Star Ratings system does not provide the best measure of a disability employment service's highly specialised work, in terms of its value to the community. This is especially true of rural and remote services such as those delivered by FWS that build community capacity by developing strong support networks.

Small client numbers, limited transport and very limited employment opportunities make high Star Ratings difficult to achieve in rural areas. In addition, small changes in client numbers and outcomes have a big impact on Star Ratings. Closure of a highly valued rural/remote service based on measured performance relative to the rest of the sector would not only be erroneous; it would be inefficient and detrimental to the local communities involved.

Adapted from the Job Network sector, the Star Ratings system exerts a negative influence on service quality and delivery while forcing a 'scoreboard' approach upon agencies. To maintain services into the future, agencies feel they are compromising the Disability Services Standards such as meeting Individual Needs and supporting Consumer Choice. As it stands agencies chase quick job placements to secure higher Star Ratings and future viability. **Clearly a major tension exists between delivering quality services in accordance with the Disability Services Standards and scoring outcomes to achieve Star Ratings that secure ongoing business.**

A performance management approach that supports sustainable outcomes and promotes quality service delivery must not focus simply on competition. The DEN sector values innovation, best practice research, bench-marking and collaboration as drivers of continuous improvement. The current competitive environment does not encourage any of these. Rather, it encourages 'false efficiencies' as services seek out quick, easy ways to secure outcomes for high Star Ratings. Like the flawed Job Capacity Assessment model, it perpetuates a mathematical rather than client focused approach to service delivery.

Minimisation of time and money spent on administration

As suggested previously, replacing the current Capped and Uncapped programs with a single comprehensive demand-driven DEN program would create major efficiencies. The sector is over-burdened with 2 sets of rules, guidelines, funding frameworks and eligibility criteria.

The Uncapped program has performed poorly at the national level; it will be difficult to distinguish between the successful and unsuccessful providers given the small number of outcomes. Elements of the Uncapped program could, however, be incorporated into a single DEN program, making DEN delivery simpler and more efficient, with significant flow-on benefits to job-seekers.

The current compliance and quality assurance regime needs to be streamlined to reduce excessive duplication and the unnecessary administrative burden on agencies. DEEWR monitors many aspects of our organisation's performance that are already audited by independent Quality Assurance auditors. Excessive record keeping restricts our delivery of practical support to job seekers and limits our flexibility in service delivery.

DEN providers must comply with a raft of program rules and guidelines. Excessive controls and compliance requirements for use of Workplace Modifications, Work Experience Placement Program, Supported Wage System, Auslan for Employment, DEN Wage Subsidies and Personal Care Program for Workers restrict our ability to create flexible options for employers and job seekers. **This micro-management of agencies is unprecedented and requires a significant re-think if we are to avoid moving towards a single prescriptive service model defined by government.**

Competitive tendering is time consuming, expensive and resource intensive, both for agencies and for Government. To allow time for the new Government to fully review the issues impacting on performance of the current DEN Capped and Uncapped programs – and introduce much needed reforms, **a contract roll-over is recommended in preference to the scheduled 2008/09 procurement process** (which we are yet to receive clear information about). This would free current providers from interruptions to service delivery whilst the new Government consider all recommendations for sector reform.

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