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14 December 2016

Department of Social Services

Submission on New Disability Employment Services from 2018 Discussion Paper

Thank you for the opportunity to provide comments on the above Discussion Paper. OCTEC is a long-term successful provider of disability employment services across NSW, the ACT and Victoria. Our comments aim to ensure that the NEW DES provides the best possible outcomes for people with disability who are working or preparing for employment in the open labour market.

Jobs Australia and DEA Submissions

OCTEC is a member of Jobs Australia (JA) and Disability Employment Australia (DEA). We have participated in consultation sessions or otherwise followed the development of the submissions from these organisations. OCTEC's submission addresses many of the discussion points but not all. Where we do not hold a strong position on a particular discussion point, we have not commented and are happy that the peak body submissions represent the diversity of views that exist.

General Comments

OCTEC is a high performing DES provider with an average star rating of 3.9 per site, an average that is on the rise. We firmly believe that a major factor in that success is the high level of engagement we achieve with our participants, e.g. two or three face to face contacts with participants each week when needed.

OCTEC's experience is that these high levels of engagement are absolutely necessary to activate many of our participants. Our internal research indicates that between 20 and 50% of our caseload (varies from site to site) are people who are either unable to or not interested in actively job seeking. Increased flexibility and participant choice are important goals, but the reality is that many participants are not in a position to exercise that choice for the maximum benefit of their own wellbeing, at least not when they enter the program.

While the current Disability Employment Services (DES) program is not perfect (and no program is), OCTEC does not consider it to be 'broken'. In terms of the efficacy of the current DES and the perceived drop off in program performance, we would recommend research be undertaken to determine the proportion of participants who achieve success – 26 week outcome, 52 week outcome, exit as independent worker – that have some compliance activity in their history. Our point is that participant choice and provider activation of participants must work together. They must be mutually supportive and one should not work against the other. In our view, the Discussion Paper does not give sufficient consideration to this issue.

OCTEC believes that the current DES works well for the vast majority of our current participants. Consequently, we believe the 'New DES' should be an evolutionary improvement on the current program, not a complete redesign. And any changes should be carefully designed to achieve one or more of the following:

- increased service quality for participants
- increased program and employment engagement for participants
- greater recognition of labour market changes and the diversity of employment arrangements now available to participants
- increased flexibility in provider service provision including encouragement of innovation
- decreased administrative burden on providers.

Comments of Individual Discussion Points

Discussion Point 1: More Choice for Participants

OCTEC believes that participants should be given as much choice as possible within the bounds of maintaining a manageable and effective program. This includes choice of provider within the Employment Service Area in which they live, the option to choose a provider from outside their area, and the option to change providers if they are genuinely not satisfied with the quality of service they receive. The concept of choice for participants should include the option to be serviced at a location within a sustainable travelling distance of their home.

However, there does need to be some restrictions on the number of times a participant should be allowed to voluntarily switch providers. While the majority of participants will transfer for legitimate reasons, there is likely to be some that 'shop around' until they find a provider who is less active in engaging them.

There also needs to be restrictions on when a participant can transfer. For example, a participant should not be able to transfer if a Participation Report process is current. In addition, a requirement for the participant to provide reasons for each transfer request seems reasonable, as does the triggering of a Centrelink 'service review' by the third transfer request in a year.

On a related issue, it will be important that the performance management processes under the new DES do not penalise providers that activate their participants. By this we mean that if the New DES allows for greater movement of participants between providers, the Department's performance measurement should not penalise providers that are forthright in activating their participants and therefore possibly more prone to higher numbers of transfer requests.

On the issue of referrals by Centrelink, OCTEC is of the view that referrals should be distributed to all providers on the panel (should a panel arrangement be introduced) and that the distribution should be proportional based on performance. As such, all providers would receive referrals but higher performing providers would receive a greater share of them.

Discussion Point 2: Provider/Participant Contacts

OCTEC believes that face-to-face requirements should remain as an important part of DES service delivery. While present and future technology will allow for online interactions that increasingly simulate face to face interactions, they will always be a simulation and access to such technology is unlikely to be universal in the near future, if ever.

Maximum engagement and valid assessment are best facilitated by face to face interaction and this should remain a central part of DES delivery for the following reasons:

- to enable nonverbal cues and communication to be taken into account when assessing job readiness and progress with barrier management
- as part of the process of activating participants and ensuring they are job ready – OCTEC participants are expected to turn up for appointments ‘ready to work’
- to avoid significant errors in the assessment of participants – OCTEC has first-hand experience of ESAt/job capacity assessments conducted over the phone that have missed critical pieces of information that would have been picked up if done face to face
- from a duty of care perspective – the best way to assess if someone is struggling with motivation or personal care for example, is to meet with them face to face
- to help ensure overall program efficacy.

OCTEC would have serious concerns about a future possible scenario of most providers conducting all DES appointments from call centres.

While face to face requirements should remain, we believe that they could be more flexible. For example, there could be a requirement for monthly face to face contact with email, phone and/or Skype contact in between. We also recognise that face to face requirements should not impose hardships on remotely-located participants or those who otherwise find it difficult to travel regularly to a provider site. In these instances, the New DES could allow for averaging of face to face contact, e.g. three hours of face to face contact over a three month period to accommodate intensive servicing of a remotely-located participant that travels to a larger centre for regular medical appointments/treatment.

Discussion Point 3: Job Plans

The current Job Plan process and outcome certainly has room for improvement. Generally we believe that Job Plans should be determined between each participant and their provider. Increased flexibility will enable opportunities for innovation and should lead to increased ownership by both participants and providers.

However, as with previous comments, there does need to be checks and balances in place for participants that continually change providers simply due to their Job Plan challenging them to move out of their comfort zone.

OCTEC believes that the current DES has sufficient mechanisms in place to monitor providers who don't ensure activities in the Job Plan are undertaken and supports delivered - desktop monitoring and auditing during site visits, as well as being reflected in the star ratings of providers. OCTEC recommends maintaining a similar mix of controls in the New DES.

Discussion Point 4: Better Information for Participants

OCTEC believes that there should be better information available to participants and employers, as well as to providers. This could be market-led in part, although we don't advocate an 'open slather' approach that favours very large providers with big-budget marketing campaigns. DSS-facilitated access to information on user friendly platforms with allowance for some market-driven supplementation may be the best approach.

OCTEC doesn't support the idea of motel/restaurant-style user reviews and satisfaction 'star ratings' unless they are tightly controlled and moderated. The potential for abuse of such systems is high, especially in a tight market where panel providers with no guaranteed market share are 'competing' for participants. If such a

system were to be introduced, providers would need access to user friendly and inexpensive mechanisms to challenge any false or misleading claims made against them.

A final comment on information relates to the information available to staff of the Department of Human Services. We believe more needs to be done to ensure DHS staff are fully aware of the DES program and its benefits to ensure DES and jobactive are equally-favoured in the capacity assessment and referral process.

Discussion Point 5: Participant Controlled Funding

While the principle of greater participant control over the supports they receive has merit, OCTEC does not favour a quarantined participant funding pool that leads to a prescribed list of supports and/or a jobactive-type Employment Pathway Fund. In our experience, these arrangements only limit flexibility and add considerable administrative burden for providers. OCTEC already spends a significant proportion of participant service fees on participant and employer supports that enable placement into sustainable employment. OCTEC believes that targeted expenditure on participant and employer supports is an important factor in achieving strong DES performance, and that performance measures, external auditing and participant complaint processes provide sufficient controls on provider expenditure on participants.

Discussion Point 6: Entering the DES Market

OCTEC contends that the New DES should start off with the existing sector by and large, so as to limit confusion in the transition year.

Further, the entry of new providers to the panel should be controlled and staged, including a requirement on potential new providers to demonstrate experience and success in delivering employment services. This will help avoid market exploitation such as occurred with the VET FEE-HELP scheme, as well as sudden dramatic changes in the provider market and the associated possibility of market failure.

OCTEC has had considerable experience entering new markets, setting up sites quickly and effectively, and achieving 4 and 5 star performance from the outset. Based on this experience, we make the following points about market entry and business allocation processes:

- providers need a minimum of 10 to 12 weeks to set up their operations before entering into a market
- business reallocation based on performance has worked well under the current DES and should continue.

In relation to the second point, we would advocate this occurring on a more frequent basis than twice in the contract period. A limited sanctions and rewards reallocation process every 12 months would help ensure a consistent and ongoing focus on performance by providers, while avoiding too much market disruption.

Discussion Point 7: A Single DES Contract

Based on OCTEC's extensive experience of delivering both ESS and DMS, we support the idea of a single DES contract. This should simply program delivery and increase participant choice.

Discussion Point 8: Removing Market Share Restrictions

OCTEC has concerns about the business need for casualisation of an experienced employment services workforce if there is a removal of market share restrictions. This is due to the likelihood of providers having

to rapidly increase or decrease staffing based on constantly changing non-contracted caseloads, and the ability for participants to move between providers on a more frequent basis.

However, if market share restrictions are removed, it will be important to have a number of mechanisms in place to ensure effective coverage for all communities in a service area and to prevent any cherry picking of 'prime locations'. These could include:

- mandating that all providers servicing the area provide universal coverage
- implementing a provider panel requirement that no participant should have to travel more than 45 minutes to access a DES service
- continuing with the existing Employment Service Areas rather than moving to the larger Employment Regions, as a means of facilitating the above two points while not significantly disadvantaging smaller or specialised providers (also see comments under Discussion Point 9).

These mechanisms together with market forces and the option for participants to access providers outside their ESA, should ensure that sufficient provider diversity and participant choice is maintained.

Discussion Point 9: ESAs

We believe that the current ESAs should be maintained under the New DES to minimise disruption, help ensure universal coverage and maintain a diversity of providers in the market.

Discussion Point 10: Preventing Market Failure

OCTEC believes that the research on other Australian programs and on the delivery of employment services in other countries should inform decisions about preventing market failure. That being said, we feel there may be circumstances where market share should be continued, e.g. thin markets including markets with a jobseeker density below a certain threshold.

Discussion Point 11: Ratio between service fees and outcome fees

OCTEC believes that the current ratio between service fees and outcome fees is about right. It provides sufficient funds up-front to work with clients and place them into employment, while providing sufficient incentives to support participants through to longer-term outcomes.

Discussion Point 12: 4-week and 52-week Outcome Payments

OCTEC generally supports the idea of 4 week and 52 week outcome payments. We also believe there needs to be greater flexibility in the conditions around outcome payments to accommodate the increased casualisation of the workforce and the 'task-based economy' that Uber exemplifies. This may be accommodated through the inclusion of pathway or prorata outcomes in the program.

Discussion Point 13: Service Fees

Discussion Point 14: Pro-rata service and outcome fees

OCTEC does not have anything further to add on service and outcome fees at this point.

Discussion Point 15: Determining Eligibility and Employment Outcomes for ESLs

OCTEC understands that high school students with disability are assessed by state education systems to determine the level and nature of support they require. We believe that where available, these assessments should be used to determine eligibility as ESLs for the DES program rather than subjecting them to yet another assessment and delaying their early entry to the program.

Discussion Point 16: Improving the Gateway

Discussion Point 17: Assessments Review

OCTEC defers to the submissions of the peak bodies on these issues.

Discussion Point 18: Ongoing Support

OCTEC believes that Ongoing Support is a critical part of the DES program and should be maintained. At the same time it should be simplified with service fees being more in line with those for the current EA and PPS phases.

Discussion Point 19: Job-in-Jeopardy

OCTEC contends that Job in Jeopardy is an important service that has been severely under-utilised. The reasons for this are complex and yet to be fully delineated. However, a change in name and promotion through a national advertising campaign may help considerably. OCTEC believes that it is time for a government-funded national advertising campaign to launch and promote the New DES, help change attitudes to employing people with disability, and promote specific aspects of the program such as the New Jij.

Discussion Point 20: Transition Issues

Minimising disruption to the provider market is one way of helping ensure that DES providers continue to provide quality services to participants towards the end of the current contracts. Other mechanisms need to be developed through ongoing consultation with the industry over the next 6 months.