

# CHAPTER 1

## Introduction

### Terms of reference

1.1 On 22 August 2011 the Senate referred the following matters to the Senate Education, Employment and Workplace Relations References Committee for inquiry and report by 22 November 2011:

The administration and purchasing of Disability Employment Services (DES) in Australia, with particular reference to the Government's 2011-12 budget announcement to undertake a competitive tender of the Disability Employment Services – Employment Support Services program for contracts with a performance rating of 3 stars and below under the Department of Education, Employment and Workplace Relations' DES Performance Framework, including:

(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;

(b) the potential impact of losing experienced staff;

(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;

(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;

(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*; and

(f) the timing of the tender process given the role of DES providers in implementing the Government's changes to the disability support pension.<sup>1</sup>

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1 *Journals of the Senate*, No. 45, 22 August 2011, p. 1322.

1.2 The Senate set 22 November 2011 as the reporting date for this inquiry. This was subsequently extended to 25 November 2011.

### **Conduct of the inquiry**

1.3 Notice of the inquiry was posted on the committee's website and advertised in *The Australian* newspaper, calling for submissions by 26 September 2011. The committee also directly contacted a number of interested parties to notify them of the inquiry and to invite submissions. The committee has received a total of 90 public submissions as listed at Appendix 1. Appendix 1 also includes information of answers to questions on notice and documents tabled by the committee.

1.4 The committee conducted a public hearing in Melbourne on 27 October 2011. Witnesses who appeared before the committee are listed at Appendix 2. The Department of Education, Employment and Workplace Relations also provided the committee with a presentation on the regression model used to rank Disability Employment Service providers.

1.5 Copies of the Hansard transcript from the hearing are tabled for the information of the Senate. They can be accessed online at <http://aph.gov.au/hansard> .

### **Structure of this report**

1.6 The committee's report is structured in the following way:

- (a) Chapter 1 (this chapter) outlines the conduct of the inquiry;
- (b) Chapter 2 discusses the current and historic Disability Employment Services;
- (c) Chapter 3 summarises the key issues raised by during the course of the inquiry; and
- (d) Chapter 4 discusses the performance framework in depth.

### **Note on references**

1.7 Submission references in this report are to individual submissions as received by the committee, not a bound volume. References in this report are to the proof Hansard. Please note that page numbers may vary between the proof and the official transcripts.

### **Acknowledgements**

1.8 The committee would like to thank the large number of individuals and organisations who took the time to make submissions that helped shape the thinking of the committee in preparing to write this report.

1.9 The committee would also like to thank Ms Channelle Leeder, Miss Maranatha Sao-Mafiti and Mr Brian Wood who appeared before the committee at a

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public hearing in Melbourne and shared their personal experiences as people with a disability seeking work.