

APM

**New National Disability
Employment Framework –
Submission of APM**

6 July 2015

Executive Summary

- APM supports the move to a new National Disability Employment Framework, including an individualised funding model on the basis that a highly effective performance assessment system for providers is put in place.
- This new system must assess a broader range of performance aspects than the existing Star Ratings.
- Under an individualised funding model, there would no longer be any guarantees that the highest performing disability employment services providers would be responsible for assisting the most job seekers.
- The level of incentives and assistance for disability employment services is not at the same level as it is under mainstream employment services and this must be taken into consideration during the development of a new National Disability Employment Framework.
- APM strongly supports employment services for people with disability being kept separate from mainstream employment services.
- APM strongly supports both the Disability Management Service and Employment Support Service remaining within disability employment services.
- There are a number of reasons for the small drop in the level of workforce participation by Australians with disability.
- Small businesses are the leaders when it comes to employing people with disability.
- Government wage subsidies for employing people with disability are vital and must be retained.
- A review and potential overhaul of the assessment process will place upward pressure on the level of workforce participation of Australians with disability.
- There should be collaboration between providers and government on a centralised and coordinated marketing campaign to further promote the benefits of employers taking on a job seeker with disability.
- Changes to integrate mainstream and disability employment services in the UK have not resulted in positive results for people with disability, demonstrating the importance of maintaining separation between disability employment services and mainstream employment services in Australia.
- Clear boundaries should be maintained between disability employment services and the National Disability Insurance Scheme.
- The Eligible School Leaver program is an important early intervention which promotes disability employment.
- APM believes closer linkages between ADEs and DES providers are critical to lifting the level of employment participation of people with disability.
- The policy of PHaMs employment services being transitioned to the NDIS should be examined further before it proceeds.



Introduction

APM is pleased to provide the following submission to be considered as part of the Australian Government's review of the current support system for improving the outcomes of people with disability through the development of a new National Disability Employment Framework. The Government has established a Disability Employment Taskforce to conduct the review.

About APM

APM (Advanced Personnel Management, www.apm.net.au) is an Australian-owned global leader in human services, delivering employment, disability employment, injury management/vocational rehabilitation, allied health intervention, aged care, disability care and assessment services.

APM delivers these services to public sector employers, private sector employers, participants and other clients from 400-plus locations across Australia, in New Zealand and the UK.

Since APM was established in 1994, we have assisted more than 650,000 individuals and we currently deliver services to more than 60,000 people each year.

Since March 2015, APM has been the largest provider of the Government's Disability Employment Services (DES). Of the two types of DES programs, APM assists people through the:

- Disability Management Service (DMS) in 54 Employment Service Areas; and
- Employment Support Service (ESS) in 20 Employment Service Areas.

APM has 79 DES contracts – one for each of our 20 ESS Employment Service Areas, one each for 49 of our 54 DMS Employment Service Areas and two contracts in each of our other five DMS Employment Service Areas. The DES contracts held by APM conclude in 2018.

On 1 July, APM commenced delivery of the Government's new "jobactive" mainstream employment services program in nine employment regions across Australia. Previously, APM was a contracted Job Services Australia (JSA) provider in three Employment Service Areas.

APM's purpose is enabling better lives and our vision is to improve the lives of 1 million people by 2020. Since 1994, APM has supported more than 650,000 people with disability and mental health conditions to optimise their independence and increase their social and economic participation in the community.

Through the employment services programs that APM delivers on behalf of the Australian Government, APM assists job seekers to find meaningful employment, while we also assist existing employees with a physical or psychological illness or injury to return to work.

Specific services that APM provides include pre-employment screening and assessment, capacity-building and preparation for work, employment engagement, job matching, job placement, job analysis, vocational counselling, critical incident management/support, ongoing support once an employee commences work, workplace rehabilitation, psychological services, return-to-work and redeployment services, occupational health and safety, risk assessment, education/training and workplace assessment.

APM has a group company, Integrated Care, trading as Integra (www.myintegra.com.au), which is a specialist provider of disability services as part of the National Disability Insurance Scheme (NDIS). Integra has the expertise and national coverage to provide tailoring of services to meet the needs of individuals.

Key issues for APM

The key topics which are relevant to APM in the National Disability Employment Framework – Issues Paper, which has been released by the Government, are:

- Employment services for people with disability being moved to an individualised funding model;
- Improving employment outcomes for people with disability;
- Reducing barriers for employers hiring people with disability and broader support for employers;
- The relationship between disability employment services and the National Disability Insurance Scheme (NDIS);
- The relationship between disability employment services and mainstream employment services;
- Transitioning from Australian Disability Enterprises (ADEs); and
- Assisting job seekers who are impacted by mental illness.

In putting forward our views through this submission, APM has noted the following recent public comments about employment services for people with disability made by the Assistant Minister for Social Services, Senator the Hon Mitch Fifield:

“We need to do better. Everyone is frustrated. I’m frustrated. DES providers are frustrated. People with disability are frustrated. And employers are frustrated because they tend to be the punching bag in the public debate on disability employment.”¹

With the cost of DES providers delivering services currently being allocated by tender purchasing processes, the Issues Paper and the Minister have flagged moving to an individualised funding model, with the Minister saying:

“This individualised funding model should be something we look at when considering what will be in the place of DES post-2018.”²

Key Policy Position – New National Disability Employment Framework

APM supports the move to a new National Disability Employment Framework which has an individualised funding model on the basis that a highly effective performance assessment system for providers is put in place to ensure that the rights of all key stakeholders – people, employers and providers – are protected. Such a system is of vital importance to maintaining and, potentially, lifting the level of employment among people with disability in Australia.

The need for an effective performance assessment system

Unless a highly effective performance assessment system to measure the performance of providers is in place, there is a significant risk that an individualised funding model for the provision of disability employment services in Australia will not be successful.

¹ Senator the Hon Mitch Fifield, Speech to the Committee for Economic Development, 27 April 2015

² Ibid

The principal reason for this is that unlike other open markets, there would be no guarantee that providers which are currently recognised as the best performers – under the existing Star Ratings scheme – would have a similar status under the proposed new regime. This would be because in an open market where job seekers would be able to choose their own provider, there is a risk that those who are hardest to help will be turned away, leaving them without any adequate employment services support.

Having a highly effective performance assessment system to measure provider performance would ensure there is an independent assessment of performance, including an independent analysis of job seekers with disability who have been part of each provider's caseload.

The other key function of a highly effective performance assessment system would be to ensure that only job seekers who are genuinely unable to work or be retrained for work for the relevant hours-per-week threshold – which is currently 15 hours or more – would receive the Disability Support Pension (DSP).

While the existing Star Ratings system is effective under the current tender purchasing arrangements, it is the submission of APM that a new system which assesses a broader range of performance aspects would be needed under an individualised funding model.

Consideration should also be given to incentivising providers according to the level of assistance which is provided to an individual job seeker. Specifically, the harder it is to help a person into work, the higher the outcome payments to providers should be.

Other risks – individualised funding model

As well as the risk that provider performance could suffer, another significant risk of an individualised funding model is that the years of specialist advice and experience gained by current providers which benefits job seekers with disability will be lessened because of the fact that there would no longer be any guarantees that the highest performing providers would be responsible for assisting the most job seekers.

Under the current system, providers with low performance levels are penalised by business reallocation. This is a powerful incentive for providers which would no longer exist under an individualised funding model.

Challenges alongside mainstream employment services

APM is the largest provider of employment services for Australians with disability, one of the largest providers of all employment services in Australia and that we also deliver employment services in New Zealand and the UK. This means that we are well-placed to provide perspectives on the challenges posed by mainstream employment services to employment services for people with disability.

It is not widely acknowledged, but DES is, effectively, in competition with jobactive and before that, JSA. Both programs are focused on linking employers with job seekers, with the main objective being to place job seekers into employment and keep them in work.

There are more incentives and assistance offered under JSA/jobactive including higher wage subsidies. While DES providers receive service fees, the level of incentives and assistance is not at the same level as it is under JSA/jobactive. This fact must be taken into consideration during the development of a new National Disability Employment Framework.

DES – including DMS – must remain separate

APM strongly supports employment services for people with disability being kept separate from mainstream employment services. In addition, APM strongly supports both DMS and ESS remaining within disability employment services.

The provision of employment services for people with disability is very specialised. It requires different skills, communication and support from our staff, particularly for employers, than mainstream employment services. With employers already having a low level of awareness about the existence of employment services, blurring the lines of employment services support would do nothing to enhance employer engagement by providers – of both disability and mainstream employment services.

Other unique features of DMS include:

- The National Standards for Disability Services which underpin the program;
- The vital role that allied health professionals play in service delivery;
- The capacity to assist job seekers who are not in receipt of income support;
- The provision of ongoing flexible support;
- The provision of “Job in Jeopardy” assistance; and
- Access to a higher fee structure which enables providers to deliver programs which are tailored to the individual needs of job seekers.

The disability employment services market is still undergoing change, notably that ESS only became contestable in the most recent tender round in mid-2013. Previously, a rollover process was used for the recontracting of ESS. This is another reason why both ESS and DMS must remain within disability employment services.

Changes in the rate of disability employment

The following summarises disability and labour force participation rates in Australia.³

	People with disability (%)	People without a disability (%)
1993	54.9	76.9
1998	53.2	80.1
2003	53.2	80.6
2009	54.3	82.8
2012	52.8	82.5

³ Disability and Labour Force Participation 2012, Australian Bureau of Statistics, Released 5 February 2015

It is the submission of APM is that there are a number of reasons for the small drop in the level of workforce participation by Australians with disability. These include, but are not limited to:

- Assessment changes – Until around a decade ago, disability employment services providers were able to assess people for four weeks under a disability pre-employment instrument. In 2015, this assessment is carried out externally – by Centrelink – and sometimes it is conducted over the phone, which is nowhere near as thorough as an in-person assessment;
- Outcome measurement changes – Until around six years ago, the number of weeks spent in work by a person with disability could be measured cumulatively, i.e. if a person with disability was in work for 13 or 26 weeks, it did not necessarily have to be with the same employer for the disability employment services provider to receive outcome payments. This is no longer the case;
- Changes to the industrial relations regime – On 1 July 2009, there was a major change to Australia's industrial relations regime, with the commencement of the Fair Work Act. This legislative change reduced the level of flexibility for employers seeking to take on staff;
- Wage subsidies have not kept pace with the minimum wage – Since 1998, Australia's minimum wage has risen by more than 28 per cent, while during this same period, government wage subsidies have remained the same;⁴ and
- Different employment benchmarks – The employment benchmark that DES participants have to reach for providers to receive outcome payments has risen from eight hours to 15 hours to 23 hours.

Small businesses strongly promote disability employment

Australia's small businesses are the leaders when it comes to employing people with disability through employment services providers.

Analysis of employers which APM has placed job seekers with disability into work with in the past 12 months has shown that in excess of 80 per cent of the businesses are small businesses. This confirms that small businesses are far more willing to give a job seeker with disability and/or who is impaired a chance. It also reflects APM's experience that in larger businesses – notably, big business – that unless the business has a specific disability employment program in place which may or may not include having a minimum percentage of people with disability as employees, job seekers with disability will almost always be unsuccessful when applying for jobs in big businesses due to them being screened out by human resources staff.

Given this, wage subsidies act as a strong incentive for small businesses to employ people with disability.

Wage subsidies are vital

Government wage subsidies for employing people with disability are vital and must be retained.

Given that wage subsidies have been static for decades and the attractiveness of them to small businesses, the Government should consider increasing wage subsidies for small businesses which employ a person with disability to assist with increasing the level of employment participation by Australians with disability.

⁴ Workplace Info: <https://workplaceinfo.com.au/payroll/wages-and-salaries/history-of-national-increases>, retrieved 21 June 2015

If wage subsidies were to be reduced or even abolished, this would have a significant detrimental impact on the number of Australians with disability who are in work.

Our wage subsidy analysis has found that among high performing providers, 36 per cent of DES job seekers who obtain a 13-week full employment outcome have a government wage subsidy. This figure increases to 60 per cent with provider additional wage subsidies. This demonstrates that effectively, wage subsidies create jobs which did not exist.

Wage subsidies are more significant in the DES program, making up 38 per cent of the wage compared to 24 per cent of the wage in JSA (jobactive).

Assessment process should be overhauled

The current process of assessment, where the Government conducts an Employment Services Assessment (ESAt) to determine what DES stream a job seeker goes into and then the job seeker is referred to an employment services provider, is not working effectively.

As a result, APM supports the process of assessment of job seekers being reviewed with a view to it being overhauled.

Since 2010 when a decision was taken to revert to all job seeker assessments being carried out by departmental staff and agencies – before this decision was made, non-government providers conducted these assessments – employment services providers have not been receiving adequate information about the needs of individual job seekers. Departmental and agency staff do not conduct all assessments in person and this can lead to challenges that job seekers face being overlooked, e.g. if a job seeker is unable to read and write proficiently. There are many direct negative consequences of this for employment services providers and, by extension, job seekers. These include job seekers ending up in a stream which is not suitable for them and that job matching for employment services providers becomes unnecessarily complex.

Therefore, a review and potential overhaul of the assessment process will place upward pressure on the level of workforce participation of Australians with disability.

Working with employers

APM has a strong track record of successfully collaborating with employers across all Australian states and territories to place people with disability into employment.

In the past 12 months, APM has worked with in excess of 6000 employers to place job seekers with disability into work. We also have a number of formal – such as memorandums of understanding – and informal ongoing relationships with employers and employer representative bodies, including industry associations. In addition, APM maintains constant regular engagement with employer bodies to increase the level of awareness about the employment services we provide and to continually update our collective knowledge base about the changing human resource needs of employers.

While many employer bodies work constructively with APM and other employment services providers, some do not. For example, a major national employer body publicly stated that the largest private sector employer in an area of regional Victoria had not once been approached by a local JSA representative. APM contacted the major national employer body in question with an offer to meet with the employer in regional Victoria, but the details of the employer were never provided by the employer body.

Despite the ongoing efforts of APM and other high-performing disability employment services providers, one of the biggest challenges for our sector is raising the level of awareness among employers of the existence of employment services providers and the (free) services we offer employers.

APM has undertaken a number of initiatives in the past year which are designed to assist with addressing this issue, including:

- Staging “jump start” employment campaigns in the outer western suburbs of Melbourne and in northern NSW where APM targeted placing a specific number of job seekers with disability into work in a designated month, with APM and job seekers continually marketed through direct communication with employers for the duration of the campaigns;
- Establishing a well-resourced corporate affairs department within our company which has primary responsibility for APM’s external communications and stakeholder engagement;
- Launching a new company website which, as a minimum, is updated several times a week;
- Regular engagement with media representatives, resulting in national media coverage (including the following item on the Nine Network’s Today program, <https://youtu.be/Kf06cxr03n8>);
- Issuing regular media releases about APM, the services we provide and successful employment initiatives; and
- Launching new company social media channels, including a Twitter handle, Facebook page, LinkedIn profile, YouTube channel and Instagram presence.

In addition, APM has an interest in collaboration with government as part of a centralised and coordinated marketing campaign to further promote the benefits of employers taking on a job seeker with disability. Noting the marketing success of the “Working Nation” employment initiative which was undertaken by the Australian Government in the 1990s, consideration should be given to a similar campaign taking place to promote disability employment under the new framework.

Working with employers – case study

A fine example of APM working closely with employers is the Tasmanian “Hospitality Jobs Pool”, which is a joint initiative of APM and the Tasmanian Hospitality Association (THA), which is the peak industry body for hotels, restaurants, pubs and clubs in Tasmania, and has more than 450 members.

The principal aim of this pilot program is to connect job seekers and employers in Tasmania’s hospitality industry to fill vacancies within the industry. The vacancies exist despite Tasmania’s unemployment rate being one of the highest in Australia.

The main components of the pilot are:

- APM has funded a Hobart-based staff member to specifically work on the pilot and they have been based in the office of the THA since the beginning of January 2015;
- A website (www.jobspool.com.au) and hotline (phone 0438 144 102) has been established and THA member hospitality businesses who are unable to fill positions are being encouraged to click on the website and/or call the hotline number for assistance;

- APM has been collaborating with other employment services providers in Tasmania to develop a pool of job seekers to fill vacant positions in the hospitality industry in Tasmania. This is believed to be one of the first instances of employment services providers actively collaborating to address employment issues within a particular industry;
- APM is providing comprehensive post-placement support to employers who have job seekers placed in their businesses; and
- APM and the THA are collaborating with TasTAFE and the University of Tasmania.

Work carried out on the pilot so far has included sourcing job seekers for the pool of job seekers, developing a system which assists with linking employers and job seekers and tracking the progress of job seekers who are placed into employment.

Other initiatives to market careers in hospitality in Tasmania to job seekers through the jobs pool as well as services available to employers have included having a jobs pool-branded car and running advertisements on mainstream and social media outlets. Examples include:



Information about the pilot has been sent directly to THA member businesses and briefings of employers in the industry have been held.

International perspectives

United Kingdom

New arrangements under the UK Government's flagship welfare-to-work scheme, "the Work Programme", commenced in June 2011. A central part of the changes was the establishment of a single mainstream contracted employment program which had the aim of creating a similar and more cost-effective scheme through a single commissioning process, benefitting from economies of scale and reduced transaction costs.

Unemployed people claim Job Seeker's Allowance or, if they are ill or have a disability, Employment and Support Allowance. In June 2011, the percentage of people referred to the Work Programme who had achieved a job outcome 12 months later receiving Job Seeker's Allowance was 8 per cent for people aged 25 or over and 10 per cent for people aged 18-24. The corresponding figure in June 2011 for Employment and Support Allowance claimants was 4 per cent. By December 2013, the percentages for both age groups receiving Job Seeker's Allowance had risen to more than 18 per cent, while the success rate for Employment and Support Allowance claimants was stagnant at four per cent.⁵

Notwithstanding local issues, this is compelling evidence to maintain separation between disability employment services and mainstream employment services in Australia.

Canada

Analysis by APM of the existing employment services system in Canada has found that funding can be provided by government for employer awareness projects to raise the profile of people with disability within the employer community and to highlight the capabilities and skills of workers with disabilities. Awareness activities which attract funding have included:

- Marketing skills inventories of unemployed people with disability to employers experiencing labour shortages;
- Information sessions which support hiring job seekers with disability;
- Events profiling businesses with positive hiring practices for people with disability;
- Development of other communication materials, such as brochures and videos, of successful stories of employers hiring people with disability; and
- Any new or innovative method of raising employer awareness.

This gives weight to the need for a centralised communication campaign by the Australian Government to promote employment of people with disability.

Disability employment services and the NDIS

While appreciating that one needs to acknowledge the other, APM is supportive of clear boundaries being maintained between job seekers receiving disability employment assistance and the NDIS.

Among other things, the NDIS is an insurance scheme which is designed to provide disability care services for participants. By contrast, the focus of DES is placing job seekers with disability into employment.

However, with some 70,000 new disability workers anticipated to be required in Australia once the NDIS is fully rolled out by mid-2019, there may be an opportunity for DES to assist with placing job seekers into positions where they would assist NDIS participants through the provision of services.

Supporting school students with disability

The Eligible School Leaver program is an important early intervention which promotes disability employment.

⁵ Work Programme Official Statistics, Department for Work & Pensions

Before it was substantially changed three years ago, the Eligible School Leaver program supported school students with disability to receive support from DES to find part-time employment. Then, in the event that the students found it too difficult to remain at school, they had a job to go to. The changes unnecessarily inhibited access to employment services for young people with disability and undermined the original intention of the program, which was to provide the right assistance as early as possible, including school leavers, to ensure a successful transition to work.

APM notes that and is supportive of the announcement in the 2015/16 Budget which provides \$2.2 million over four years to allow young people with disability to receive up to six months of DES support while participating in state/territory post-school employment or transition-to-work programs.

Transitioning from ADEs

APM believes closer linkages between ADEs and DES providers are critical to lifting the level of employment participation of people with disability. On this basis, APM supports the measure which was announced in the 2015/16 Budget which, from 1 January 2016, means funding of \$14 million over four years will be provided to allow eligible people with disability employed in ADEs to access the support of a DES provider for up to two years to help them secure employment in the open labour market.

Disability employment services and PHaMs

APM delivers Personal Helpers and Mentors (PHaMs) employment services, which support people with a lived experience of mental illness, in Brisbane and Perth.

APM notes that PHaMs employment services are to be transitioned to the NDIS. It is APM's submission that this policy should be examined further before it proceeds. There are a number of reasons for this, including that the NDIS is an insurance scheme, while PHaMs, like DES, provides services specifically for employment.

A far more effective approach could be for PHaMs to be integrated into the new National Disability Employment Framework. In the interim, APM supports closer linkages between the PHaMs and DES programs.

Conclusion

APM would be pleased to provide further information to the Disability Employment Taskforce about our views on a new National Disability Employment Framework in further formal engagement, including a face-to-face meeting.

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