

**Submission to**

**Dept of Social Services**

**Disability Employment Taskforce**

**July 2015**

**Background:**

There are key elements, in the National Disability Employment Taskforce – Issues Paper that provides a clear understanding of the current disability employment landscape. It makes it very clear that the current process is not achieving desired results, with new and complimentary approaches required to improve sustainable employment outcomes for people with disability.

*For example:*

* Australia’s employment outcomes for people with disabilities are poor
* Australia’s workforce participation rate of 52.9 per cent for people with disability is low by international standards.
* There are concerns about underemployment and whether jobs are matched with skills and abilities
* An approach to improve employment outcomes for people with disability must not only focus on making job seekers job ready, but equally must focus on meeting employer needs, improving and harnessing labour market opportunities, and improving employer engagement with the disability sector.
* The Australian Government is looking at ways to improve the employment outcomes for people with disability to enhance their social and economic participation.

There is a clear understanding that the best form of welfare is work and to achieve this goal the non-government sector, the community and the private sector will have to become bigger players. Further, any new models adopted must allow for scaled growth to be achieved by attracting capital through private/social investment, in addition to venture philanthropy.

**On 2 Employment Program: VisAbility Ltd**

VisAbility Ltd (formally the Association for the Blind WA) is a statewide service provider for people who are blind or vision impaired, with over 100 years of experience. In October 2013, it started the *“On 2 Employment”* program with the express purpose of addressing **the market failure** of the system to adequately create sustainable employment outcomes for people who are blind or vision impaired.

This program has **3 key aspirational impact objectives**:

1. to transition people who are blind or vision impaired into regular and sustainable employment;
2. to change the mindset of society and employers that people with a disability have the capabilities to undertake successful employment;
3. to reduce the dependence of people who are blind or vision impaired on the welfare system.

The initial 18 months of activity have seen exceptional results. To prove the value of the program and understand where improvements would be beneficial, KPMG was engaged by VisAbility Ltd. to prepare a cost-benefit impact evaluation of the *On 2 Employment* Program. Its primary objective was to identifying and quantifying the Program’s net impact on society in economic terms, as an assessment of the Program’s value.

**Cost/Benefit Analysis:**

The study’s outcome was to communicate to decision-makers and potential funders, as well as internal stakeholders within VisAbility Ltd., the social and economic value of the *On 2 Employment* initiative on the basis of robust and quantifiable evidence. The initiative is designed to offer an **innovative alternative** to the existing Disability Employment Services (DES) system.

**Costs:**

*2 categories:*

1 Those costs related to direct program expenditure by VisAbility Ltd.,

2 and the increase in workplace modification costs associated with additional blind or vision impaired people in employment.

**Benefits: (for government)**

*3 primary benefits for:*

1 individuals and society as a whole, including: additional employment and associated income from,

2 improvements in the rate of employment placement; additional income accrued by shortening the length of time taken for individuals to find employment;

3 and a reduction in employment service costs, by taking participants away from DES providers and placing them into employment more quickly.

**For every 1 dollar invested in the Program, 5.58 dollars of benefits are accrued.**

Although based on conservative and defensible inputs, application of alternative assumptions to test this result proves the enduring value of the Program.

• Varying the assumption around the efficiency of ‘base case’ DES providers, to be 50 per cent more effective than estimated, continues to return a net positive outcome for *On 2 Employment*, with 2.31 dollars accrued for every 1 dollar invested.

• Varying the assumption around wage levels, and lowering this by 25 per cent, similarly returns a positive net outcome of 4.23 dollars for every 1 dollar invested.

• Finally, even when the increased efficiency of the base case and a reduction in average weekly earnings are combined, the *On 2 Employment* Program still returns 1.75 dollars for every 1 dollar invested.

**This initiative matches the Principles for Change:**

The Australian Government sees a future where people with disability, like other Australians, can expect to participate economically and socially in the workplace to the best of their ability. It supports an investment in the individual to reach their full potential, and also provide what employers need.

Importantly, the value of the *On 2 Employment* program as an alternative to the current failing model is reflected in how it addresses the principles, seen to be needed to underpin any new disability employment framework.

**Principles:**

1. **Individual funding based on needs and aspirations**

Benefit: Choice and control to the individual

Individual funding will certainly provide the choice and control needed by all participants and will match the objectives of the *On 2 Employment* program. It successfully links the aspirational need to work of people with disability with their want to work. Individually determined and flexible outcomes for each participant, improves the sustainability of the employment.

1. **Market-based service provision**

Benefit: Flexibility, innovation and responsiveness to individually based consumer choices

A special feature of the *On 2 Employment* program is the focus on job creation (whilst working with employers) and not just on transactional job placement. Specifically, the use of full time, part time and casual employment options are used to satisfy market demands with participants needs.

1. **Long-term career planning and capacity building**

Benefit: Sustainable employment outcomes that meet current and future labour market needs

The “wrap around” nature of the *On 2 Employment* program has been an added advantage to participants. This value is amplified by the ability to engage service support from other areas of VisAbility. Essentially VisAbility is a one stop shop for participants who are blind or vision impaired.

1. **Understanding of employer needs**

Benefit: Better match between job seeker and jobs, leading to better, longer term employment

The aspirational impact objectives of the *On 2 Employment* program (listed above), create a fundamental base to ensure the best person for the job is employed and that the person with disability is not employed out of pity. This program deals with ensuring the cultural fit of the company is understood to improve integration for the person with disability.

1. **Increased open employment options**

Benefit: Social and economic gains for the individual and broader community

The gains achieved for society from the *On 2 Employment* program are consistent with the widely understood inclusion and participation principles, designed to provide circumstances that reflect a “typical life” for the person with disability, which include employment.

1. **Whole-of-government coordination and use of technology**

Benefit: Improved service pathways and reduced ‘red tape’ for clients and service providers

The *On 2 Employment* program is suited to work in a flexible space where the transparency of information facilitates better outcomes with the objective of matching the best person for the job. The program is not bound by the principles of red tape and as such can utilize it’s resources to focus on the key objective of creating employment outcomes for participants.

1. **The person is supported through the life-course**

Benefit: An integrated approach that maximises lifetime wellbeing

Fundamental to the work of VisAbility, is the premise that ongoing support through the life-course, is vitally important. As shown in the cost benefit analysis report from KPMG, sustained employment positively adds to the social wellbeing of participants and significantly contributes to a civil society that is full of hope rather than despair. The program is committed to educating participants on workplace expectations and developing those interpersonal skills that are important to employers. These skills are built and developed to enhance the participants ability to be proactive in their working life journey. This approach is intrinsic to the *On 2 Employment* program and is especially valued in supporting younger blind and vision impaired people to transition from school or higher education, to the workforce.

**Our Recommendations:**

From our experience, the *On 2 Employment* model clearly reflects the objectives set by the Government, is effective in addressing market failings and creates significant value for Government. It is our recommendation that new and complimentary business models must have characteristics that:-

* Broaden the access to **“performance based” funding** for organisations that provide other disability services.
* Are able to provide “wrap around” services that match the **lifetime working career journey** of people with disability.
* Enable scaled growth from “performance based” funding to create an **investment ready** business that can attract capital from private and social investment.
* Continues to involve **the non-government sector** (service providers), **the community** (philanthropists and family), and **the private sector** (especially employers and investors).

***Recommendation 1: - A flexible, outcomes rewarded model is needed.***

**Flexibility in the system is essential**, especially when outcomes based assessment is set as a priority performance indication. A one size fits all model does not allow for unique issues facing people with disability to be successfully addressed. **The use of hybrid systems, where organisations can focus on the employer/participant relationship in contrast to “simple” placement outcomes should be developed.** The proposed inclusion of a virtual marketplace can be used to make this method work in the same way the NDIS portal is integral in managing governance.

***Recommendation 2: - Disability servies providers should be directly rewarded for successful outcome.***

Service providers who are already working in a choice and control environment (eg: NDIS), are well placed to be directly involved in the function of job creation for people with disability. There needs to be **a system where they can be directly paid for outcomes** achieved and importantly have the flexibility to include these payments as part of their business model. For example, the ability to access “wage subsidies” directly for an employer, without having to engage the Disability Employment Service provider, streamlines the system.

So, this creates a system where **successful employment outcomes can be rewarded for those organisations whom are not DES providers**. Being compelled to involve the added layer of DES providers does not always add to efficient outcomes being achieved and potentially, the current model unfairly rewards the DES provider when other players in the model actually facilitate the employment outcome.

***Recommendation 3: - Focus on Job Creation and not placements***

A model with a **focus on the employer/participant relationship and job creation**, over just job placement will achieve more sustainable results. Further, added to the choice and control nature of self directed funding model, it is essential that any relationship with a service provider is ongoing. The ability of a person with disability to continue to “purchase” services into the future will assist to deal with skills development and career transition. There will be reduced cycling between employment and unemployment.

***Recommendation 4: - Consumer choice and paid outcomes should be priorities.***

**Participants should be able to choose what element of support they need** and **obtain this from any provider** – each element of support required may be awarded a different weighting which may correlate with a payment structure. Eg resume preparation may have a lower weighting and fee structure, Work Readiness programs may have a mid-level weighting and fee structure. Accordingly, Job Creation would have higher weighting and fee structure etc. Wage Subsidies could be allocated to clients in accordance to their level of disability and be utilized as part of their funding to support employment outcomes with any provider of their choosing.

***Recommendation 5: - Ensure reduced administrative compliance***

A compliance **framework which does not increase the administrative burden** on providers and employers could be considered. Eg Employers could automatically include wage data into their payroll system, submit to a Disability Employment management system, which would negate the need to collate wage and salary details which is an additional burden on providers and employers.