**Reforming Australian Disability Employment Services**

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**Australia ranks 21out of 29**[[1]](#footnote-1) **OECD countries for labour force participation of people with disability**

**Australia ranks 27 out of 27**[[2]](#footnote-2) **OECD countries for people with disability living in or near poverty (45% compared to 22% average)**

* Things don’t have to be this way!

 **Background**

Australian Disability Employment Services (DES) are failing. DES fails to deliver effective outcomes and consequently the transfer of people from welfare dependency to economic independence happens at a woeful level.

It is the author’s belief that an obsession with ‘participation’ and fraud proof contracting has created an inappropriate model of service delivery that is neither in the interests of unemployed people with disability or the Commonwealth.

In this environment a formerly world class program has been made ineffective by poor contract design and reward systems that encourage a ‘race to the bottom’.

It is not in the interests of job seekers with disability to reward the acquisition of minimum hour positions at the same level as full time work and yet this is what the current DES contract encourages.

It is not good management practice to allow full time positions to be cannibalised to several part time positions by offering rewards to the offending provider in proportion to the number of ‘jobs’ created. When 5 part time positions bring 5 times the financial rewards and 5 times the Star Rating recognition of a single full time position the inevitable result is a disaster for employers, workers, job seekers and the community.

Things don’t have to be this way.

Australian Disability Employment programs have previously been world leading and today, in order to make a meaningful impact on the lives of participants, DES needs a shakeup.

Greater faith needs to be placed in the capacity of people who have disability to make informed choices about the services they receive and who they receive these from.

I have absolute confidence in the capacity of program participants to do both.

**Suggestions for reform**
The following suggestions are based upon 27 years’ experience delivering meaningful results to people with disability, regardless of the level of barriers faced, and upon significant experience gained internationally and by comparison of Australian practice with world’s best practice.

*In no particular order:*

1. **Create a Mission Statement for Disability Employment Services that clearly sets out a vision for participants and service providers***‘What DES does’* needs to be clearly articulated in an inspirational mission as much for internal stakeholders as the broader community..
2. **Set a numerical target for success**:

*‘During the period of this contract DES providers will assist 40,000 people to gain full time employment”-* An inspirational stretch goal with a non-financial system for recognising programs that achieve best outcomes for participants in terms of hours worked and wages earned.

1. **Set a series of short term milestones for the achievement of the Mission Statement**

Dated milestones for first 6 months of contract, first 12 months of contract, and so on. Achievement of milestones to be supported and reinforced with non-financial rewards, league table showing achievements, special recognition for ‘better performers’ as described by sensible and meaningful measures

1. **Remove or significantly reduce all payments associated with registration and allow job seekers to register with multiple agencies**

Replace the payments associated with this phase of service delivery with a smaller payment for agencies to deliver minimum contact requirements thru sign up.

Multiple agency registration will increase possible outcomes and recognise participant’s right to choose.
2. **Abandon the present Star Ratings\* or disconnect Star Ratings from market share/business allocation**Implementation of Star Ratings has led to the collapse of the DES, enforced poverty on thousands of Australians, drained the sector of skilled and dedicated staff and most importantly of all has led to the abandonment of meaningful outcomes.

*\* The majority of my organisations jobseekers are serviced by ‘5 Star’ sites*

Latest figures show a 16% overall drop in employment outcomes. To simply restore things to where they were before ‘improvements’ will require a 20% expansion and that’s not going to happen without serious reform.

The Star Rating means little to the improvement of the economic situation of people with disability.

Don’t agree? – We’ve had them for years and we are either standing still or going out backwards on economic participation for people with disability.
3. **Create a revised ‘Star Rating’ that recognises as factors important and genuine measures of value such as:**
	1. Level of barriers faced (the present 2 tier system could use a re-vamp to recognise a more staggered level of impairment or barriers)
	2. Length of employment after the removal of Commonwealth subsidy (suggest that counting a position as employment only starts at this point)
	3. Number of hours worked, and
	4. Wages earned

***Surely it is both counterintuitive and counterproductive to count minimum participation positions that are bought from service fees as having the same value as full time positions that free the nation from the cost of welfare dependency.***

*Iit is presently possible (and numbers suggest common practice) for service providers to offer employers positions where the entire wage or a very significant proportion of that wage are offset by money provided by the agency and the Commonwealth.

This occurs as follows: agency approached employer with a request to offer employment for candidate ‘A’ who has a disability and the service will provide payments that offset the cost of their hire.

Assuming 8hrs employment for 28 weeks at $25ph the total payment would not be more than $5600. The service provider makes a weekly contact and may pocket as much as $16k for the ‘placement’ thereby taking the remaining payment for their work. (particularly painful when this profit is then taken offshore!)

Further to this; breaking a single full time position into multiple similar small hr jobs multiplies the returns, both financial and in the Star Ratings – the fact of this practice is eroding the capacity of DES to support candidates with higher needs and damaging the morale of skilled staff, motivated by a desire to make meaningful changes in the lives of people with disability.*

1. **Remove all geographic boundaries for the location and operation of DES outlets, allow the potential to succeed determine competition.**The practice of not allowing registration of job seekers out of a designated area is only understandable in the context of costs associated with registration and if payment for registration is removed enabling multiple registrations, a logical extension is the removal of geographic boundaries.

The removal of boundaries for registration will also allow agencies to source local job seekers for positions they may have found or developed and expand their services to meet market demand.

My organisation presently has vacancies for 11 jobseekers in the Hawkesbury – we cannot fill these from present client base and we are not allowed to register suitable candidates from outside area (Madness!).
2. **Remove all geographic boundaries for job seeker registration**The removal of geographic boundaries will allow profitable successful programs to expand on the basis of their ability to meet consumer (job seekers and employer) needs
3. **Increase the payments made for employment outcomes that meet the revised quality indicators.**With a raised height bar for recognition the rewards associated with business operation need to be more closely aligned with the improved outcomes now required. Achieving meaningful economic outcomes for people with disability is going to be harder to achieve and successful program should be rewarded for their efforts.
4. **Set an achievable stretch target for DES services and incentivise achievement***Sounds crazy and there are no goals for DES around the achievement of improved financial independence or the removal of welfare dependency!*

Setting a, *‘ we delivered 4000 outcomes that moved participants from welfare dependency to economic independence and in 2015 we are aiming to make that 5000’* statement of purpose makes sense and offers the opportunity to align effort with desired outcomes.

It would be reasonably easy to build incentives into the business by taking a programs market share against all participants and setting recognition on service providers capacity to make a real difference in either the economic standing of participants (reduction in poverty) or number of people in meaningful work (participation)

Programs would be able to transparently see their success or lack of same and, by adjusting the way in which rewards are paid deliver value for money to the Commonwealth.

Time prevents a more detailed response but the good news is there is still the will and the skill to return Australian Disability Employment Services to ‘world leading’

One final thought;

The Commonwealth needs to deliver a long term consistent message to the general community on the value of workers with disability. Societal change is not achieved with a short term promotion burst but can be reached through an on-going promotional campaign aligned with the twin goals of improving meaningful participation and greater economic independence for people with disability.

1. Sickness, Disability and work: Keeping on track in the economic downturn – Background paper. OECD. (2009). [↑](#footnote-ref-1)
2. OECD (2010), Sickness, Disability and Work: Breaking the Barriers: A Synthesis of Findings across OECD Countries, OECD Publishing. DOI: [10.1787/9789264088856-en](http://dx.doi.org/10.1787/9789264088856-en) [↑](#footnote-ref-2)