

**Response to the National Disability Employment
Framework – Issues Paper (May 2015)**

July 2015





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About MAX Solutions

MAX Solutions (MAX), trading as MAX Employment, is currently the largest **Disability Employment Services (DES)** and only national **jobactive** provider to the Australian Government. We have more than 260 sites nationally, 2,500 staff and 15 years' experience working with highly disadvantaged and vulnerable Australians and a track record for achieving results. Since 1 July 2009 we have assisted over 180,000 Australians to return to work. In 2014 we assisted over 39,000 people return to work, including over 6,000 people with disability.

Our experience includes working with various government reiterations of disability employment services including the Disability Employment Network and programmes such as the Job Placement, Education and Training Program and the Personal Support Programme and other precursors to jobactive including Job Network and Job Services Australia.

As a generalist and Specialist Mental Health Services provider under DES, we have extensive experience working with people with disability with a diverse range of conditions. It is our demonstrated ability to achieve positive outcomes for our clients that has supported our growth as the largest provider of services. Our experience extends from operating in a range of labour markets and conditions including major capital cities and regional centres through to small country towns and remote Aboriginal and Torres Strait Islander communities under the Remote Jobs and Communities Programme.

We provide Remote and Specialist Employment Personal Helpers and Mentors services in Queensland as a part of consortia arrangements with Aftercare.

We have experience as a Job Capacity Assessor, National Panel of Assessors provider and Vocational Rehabilitation provider.

With a keen focus on innovation, we have created a range of service delivery models, including the **integrated health, employment and training service**, which includes evidence based, strength-based, client centred, holistic and recovery focused approaches. Our Health Services Division deliver a range of clinical services including organisational psychological, career counselling, occupational therapy, vocational rehabilitation, physiotherapy and occupational health and safety. We worked with Dr Geoffrey Waghorn to utilise the Individualised Placement Service principles to design our **Employment First approach**, which recognises the benefits of employment as a health intervention and is key to building economic independence, self sufficiency and well being.

Specialising in "**helping government serve the people**" through the provision of outsourced **employment, health and training services**, our global company **MAXIMUS** has over 40 years experience delivering a range of health and human services programs for governments in six countries, including the USA, Canada, the UK, Saudi Arabia, Australia and New Zealand.

With our recent joint venture with **Remploy**, the UK's leading provider of disability employment since 1946 previously operated by the Department of Work and Pensions, we are now one of the **largest provider of disability employment services globally**. Our **global centre of excellence** drives the development and sharing of world's best practice across the countries we operate.

Securing employment for people with disability and reducing welfare dependency requires a holistic approach to support the diverse needs of job seekers, their families and their communities. Our solutions help people with disability achieve fulfilling lives, self-sufficiency and economic independence and include:

- Independent Eligibility and Health Assessments for welfare benefits and veterans, Medical Reviews and Appeals Determinations through the Fit for Work Programme in the UK, the Medicare programme in the US
- Case Management
- Employment Preparation and Placement Services
- Occupational Rehabilitation and Return to Work Services
- In Work Support



- Health Services including Primary Care, Health Promotion and Wellbeing and Allied Health Services
- Training Services including employability skills, vocational and workplace training
- Technology and Management Solutions and
- Economic Development Programs.

In responding to the National Disability Employment Framework – Issues Paper we have drawn upon our global expertise, specifically:

In the UK:

- Our joint venture with **Remploy** delivers the **Work Choices Programme** supporting people with disability return to work
- Our **Health Assessment and Advisory Service** conducts disability benefits assessments for individuals so the government can determine the level of support for different benefits. Our goal is to reduce the backlog of claims by completing in excess of 1 million assessments a year
- Our recently acquired **Health Management Limited**, the largest national occupational health provider in the UK, manages and delivers the Department of Work and Pensions Work Capacity Assessment **Fit for Work Programme**, which provides clinical assessments of welfare applicants and recipients to determine their future work capacity and manages absenteeism and return to work
- We are one of the prime providers of the Department for Work and Pensions' **Work Programme** assisting unemployed people to achieve economic independence through sustainable employment.

In the USA:

- MAXIMUS partners with the Social Security Administration to support people with disabilities through **the Ticket to Work and Self-Sufficiency Program**, offering greater choices and opportunities for obtaining employment, vocational rehabilitation and other support services. We connect beneficiaries to Employment Networks (EN) so they can obtain the jobs and services they need. We provide the necessary support to sustain ongoing operations, including administering ticket assignment and payment processing to ENs, ensuring the continuity of program operations for key participants, including SSA beneficiaries, ENs and State Vocational Rehabilitation agencies. We also previously delivered EN services.
- MAXIMUS is the **leading US administrator of Medicare insurance** for the aged Children's Health Insurance Program, along with managing **Medicaid Health Insurance Exchanges** in a number of US states. These programs involve large-scale eligibility, public information and call centre operations.
- **Sole parent and Low Income family employment programs (Temporary Assistance for Needy Families)** along with general unemployment programs across many US states have helped over 500,000 people find and retain jobs that set them on the path to economic independence.

In Saudi Arabia:

- Through **TAQAT and TAWAFUQ Job Placement Centre** we support unemployed job seekers and people with disability to find work and transition to economic independence, and offer recruitment services to employers.

In New Zealand:

- We work with the New Zealand Ministry of Social Development, Work and Income Branch to deliver the **Sole Parent Employment Service**, supporting sole parents return to work. We also provide **Employment Support Services** for long serving prisoners on behalf of the NZ Department of Corrections at Christchurch Women's Prison.

MAX has drawn upon its global expertise, working with six federal governments and operating a range of service delivery models, in responding to the Issues Paper. We appreciate the opportunity to participate in the review of Disability Employment Services and can provide further information on any service or program if required.



Introduction

In November 2004 'Open Employment' grants were transferred from the former Department of Families and Community Services (FaCS) to the former Department of Employment and Workplace Relations (DEWR). These services were delivered through block funded grants to non-profit community organisations. FaCS had previously commenced moving some service delivery to case-based funding and this was accelerated by DEWR and referred to the programme as Disability Open Employment Services (DOES).

In 2006, the Disability Employment Network commenced operation after a tender for the delivery of uncapped services (those for less impaired clients). Non-profit organisations were allowed to compete for this uncapped business for the first time which sharpened focus on employment outcomes for people with a disability. The focus was further strengthened with the move to Disability Employment Services in 2010, and the first ever competitive tender for Disability Employment Services (Employment Support Services (ESS)) in 2012 for those clients with a permanent disability and with an assessed need for more long-term, regular support in the workplace. Successful organisations commenced DES ESS services in March 2013.

The disability employment market is therefore relatively young and still maturing, but has made a significant positive shift in a short period of time.

The need for change

Spending on disability benefits has become a significant entry on public finances in most OECD countries and hinders economic growth as it reduces effective labour supply.¹ The participation of individuals with chronic health problems or disability is essential to address the decline in the effective labour supply associated with population ageing and thus help secure the economic wellbeing of many OECD countries.

Most importantly, disability benefit take-up is often a one-way street. As time spent on income support increases, fewer individuals break their reliance on income support payments. The recent Welfare Reform Report February 2015 reviewed this issue and identified the average time recipients spent on Disability Support Pension is 547 weeks, with recipients often receiving alternate benefits before this, resulting in an average duration on income support of 691 weeks.

Additionally, low employment rates of people with disability come with high social costs. Even though most non-employed people with disability receive some public benefits, they have much lower incomes and a much higher poverty risk – in some countries, twice that of the general population. The Welfare Reform Report noted, *“Being unemployed or reliant on income support for a long period of time is particularly detrimental to individual and family incomes and wellbeing. The evidence shows that extended periods of unemployment increase the likelihood of future unemployment. Long term reliance on income support is associated with poor health, low self esteem and social isolation. It can have intergenerational effects”*².

Employment is the best means of achieving financial security through a person's working life and employment can be an important part of the recovery process for people with mental health conditions. Securing and maintaining employment and contributing to a workplace are important normalising milestones. As a result any disability employment service should incorporate a continued focus on sustained employment outcomes and increasing participation rates for people with disability.

According to the 2012 ABS Survey of Disability, Ageing and Carers (SDAC)³ there were 2.2 million Australians with disability of working age. Of this group, only 52.9% were in the workforce or actively seeking work. This compares to a workforce participation rate of 82.5% for people without disability, indicating significant room for improvement.

The 2010-2013 DES programme performance was formally evaluated in 2014 based on the experience of more than 290,000 participants. It found 40.7% of DMS and 40.1% of ESS participants obtained employment within 18 months of commencing service. The proportion of participants who were employed for at least six

¹ Organisation for Economic Co-operation and Development (2010) *Sickness, Disability and Work: Breaking the Barriers*, OECD Publishing, p10

² *A New System for Better Employment and Social Outcomes*, Reference Group on Welfare Reform, 2015, p. 60

³ Australian Bureau of Statistics (2013) *2012 Disability, Ageing and Carers, Australia: Summary of Findings, 2012* (cat. no. 4430.0), Commonwealth of Australia



months within 18 months of commencing was 23% for DMS and 22% for ESS. The average cost per 26 week outcome was found to be \$27,500 for DMS and \$33,500 for ESS. The current market is reportedly achieving an average of 33% sustainable (52 week) outcome for those being serviced by DES at a cost of \$30,000 per outcome.

While this is not good enough and must improve, it does show significant improvement supporting the point that the market is still maturing.

A 2012 OECD Report⁴ concluded that Australian labour market policies and institutions successfully activated job seekers. Job brokers, mutual obligation and a market based employment services system contributed to low levels of unemployment in Australia before, during and after the Global Financial Crisis.

Welfare to Work reforms are among the activation policies introduced in Australia. A study of these reforms found evidence that they led to increasing employment of people on parenting payments. A similar evaluation found Welfare to Work reforms successfully increased workforce participation for people with a disability assessed with a capacity to work of 15 to 29 hours.

Principles for changes to disability employment services

MAX supports the principles proposed to drive changes to current disability employment services and offers the following comments on how they may be applied, along with some pitfalls to be avoided based on our experience working in other countries.

Client choice and control

We support the concept of increased client choice and control and already utilise a client centred, strengths based approach in the provision of Disability Employment Services.

There is much evidence, including from within our own organisation, to support the benefits of client choice and a level of control over the services they receive. There are, however, many ways a client can have choice and control and this choice may be that they do not want to exercise this choice and control.

The Competition Policy Review chaired by Professor Ian Harper, referred to by Minister Fifield in his April 2015 speech to the Committee for Economic Development of Australia, certainly recommends that user choice should be at the heart of service delivery but also recommends governments commissioning human services should do so carefully, with a clear focus on outcomes.⁵

The review goes on to state⁶ *“The Panel considers that a ‘presumption of choice’ could have significant benefits in many human services sectors. Putting users in control of the human services they access — either through direct payments, personal budgets, entitlements or choice — drives service providers to become more responsive to individual requirements. However, the Panel acknowledges that choice is not the only important objective in the area of human services. Equity of access, universal service provision and minimum quality are also important to all Australians. Where governments retain some control over the delivery of human services, a diversity of service providers and high-quality outcomes for users can be encouraged through careful commissioning. Governments need to allow room for providers to innovate in response to changing user demands, and to benchmark the performance of providers, credibly threatening to replace those that do not meet the needs of users.”* One crucial point the panel also makes is to *“ensure that a default option is available for users unable or unwilling to exercise choice”*

The choice and control model applicable to future disability employment services must take into account that the majority of clients eligible for the services have a mutual obligation to look for work and accept employment up to their assessed work capacity in return for that income support. This puts a different complexion on a total choice and control model, such as the one that exists in the NDIS. It cannot be assumed that a client having total control over the services they receive, and from which provider, will select those most likely to lead to a sustainable employment outcome. Again, this is where an experienced case

⁴ Organisation for Economic Co-operation and Development (2012) *Activating Jobseekers: How Australia does it*, OECD Publishing

⁵ Competition Policy Review Panel (2015) *Competition Policy Review: Final Report*, Commonwealth of Australia, p.8.

⁶ *Ibid*, p.35.



manager and job broker is most likely to provide the best advice for a package of services likely to get a sustainable employment outcome. A job broker is also likely to have the contacts with employers and the skills for basic job search to enable the referral of clients to vacancies.

The job brokerage services provided through the current disability employment services must change to focus on more appropriate and sustainable job placements that better take into account client ambitions and likely job satisfaction. Current DES providers are driven by the performance factors in the Star Ratings, one of these being speed to placement. This drives the current system to place clients in any job to meet this factor which in a lot of instances does not lead to a sustainable outcome. There is, however, a fine balance to be achieved in this client choice decision as it has been shown that an employment-first model of service provision, where the employment is the key intervention, rather than an employment barrier approach, leads to superior results.

The Shaw Trust, a leading national charity in the United Kingdom with a thirty year history of supporting disabled, disadvantaged and long term unemployed people achieve sustainable employment, independence and social inclusion, evaluated the UK Government's Work Choice programme which trialed increased client choice and control, including the allocation of individual funding and budgets. For their April 2014 report⁷ they surveyed 539 people with disability and found just 28% of those surveyed stated that they wanted more choice and control over their back to work support. Many felt that having to choose services would create additional anxiety; that they did not have the knowledge to make an informed choice over their back to work support; and that they would be pressured by providers for financial reasons. Some customers stated being very satisfied with Work Choice as it offered a central point of employment and advice to them from a disability employment specialist.

These findings don't question client satisfaction as a result of providing clients with choice and control but do raise the need for comprehensive advice, guidance and support to be able to do this. Clients may want choice and control over what additional services are provided, by whom, when and how, but do not necessarily want control of the overall management of their case, their budget and the issues associated with managing and paying a number of providers of different services. Choice includes recognising that clients may choose to not have choice or control. That is they may not want, or feel capable, to choose the services to be provided and to manage the funding. They may in fact prefer it to be managed by a case manager, such as a specialist disability employment advisor or case manager.

The Shaw Trust report recommended *"The benefits of a joined up and continuous package of tailored support should be retained in any future specialist disability programme"*. This approach ensures clients don't have to constantly retell their story to numerous providers, that there is a focus on employment outcomes and these are achieved, and through constant case management services, are coordinated and reviewed with changing client needs. It also allows clients to draw upon specialist support and advice in navigating the many different services and providers offering specialised supports.

The provision of ongoing case management is also supported in the evaluation of the Right to Control Trailblazer pilot conducted by the UK government.⁸ The UK Government piloted the right to control in seven areas of the UK and found *"Enabling customers to successfully exercise their Right to Control requires staff to provide good and timely support planning and to provide customers with a single point of contact where possible"*.

The evaluation sought to measure whether Right to Control had an impact on the proportion of people with disability in work, or feeling that work might be a realistic prospect. The analysis found no evidence of Right to Control having an impact on customer economic activity levels, or perceived likelihood of taking up paid work in the future. It found no evidence to suggest the Right to Control had an impact on satisfaction with choice and service provision.⁹

⁷ Shaw Trust (2014) DWP, Disability and Health Employment Strategy: the discussion so far

⁸ Office for Disability Issues (2013) Evaluation of the Right to Control Trailblazers: Synthesis report, UK Government

⁹ Ibid, p.67.



The primary potential explanations for this are that many customers were not following the intended Right to Control customer journey and that provider markets were not yet sufficiently developed to offer meaningful choice – highlighting some of the challenges in implementing Right to Control, including training staff.¹⁰

Best results were found where customers:

- were aware they could request changes
- received a meaningful choice
- had the information, advice and guidance to make confident choices and to assess the risks and benefits of different options or to know who the reputable providers were. and
- were comfortable managing direct payments.

Other customers taking on direct payments found the experience stressful, since there was a lack of support in place to help them manage these payments.¹¹ There were relatively few instances of customers opting for direct payments. However of the customers who had done this, some had found them difficult to manage. *“Some customers had tried receiving direct payments for a time but didn’t not feel it was practical to keep receipts for every item, so changed back to agency managed support. Customers who opted for third party management of their direct payments felt in control of their budget, but did not feel overwhelmed with managing their supports, suggesting this is a potential solution to many of the challenges customers faced when choosing direct payments.”¹²*

The UK Government did not persist with the Right to Control trial following the evaluation.

Evidence from Remploy, which until recently was the UK Government’s disability employment service, suggests the early pilots in the UK with choice and control and the individualised budgets resulted in some clients enjoying happy and fulfilling lives but failed to focus on employment outcomes, further supporting the findings above

The implementation of the National Disability Insurance Scheme, a model for choice and control in the Australian context, is only in its infancy at present and there has not been a substantive evaluation of its ability to achieve employment outcomes. It should be noted that the provision of employment outcomes is not the primary purpose of the NDIS, with the goals of living supports and wellbeing becoming the main focus. With funding for some living supports and social activities often not time limited, whilst employment support is time limited, it is likely the same results as found in the Trailblazers report will occur, that is higher client focus on improved living supports and social services at the expense of employment outcomes. It seems choice and control is more applicable and easily applied to circumstances such as those that exist for NDIS clients in the provision of living supports.

Market based service provision

We recommend pooling all funding currently in the disability employment services market in any new model. This would include the current Disability Employment Services (Employment Support Service and Disability Management Service), Job in Jeopardy, wage subsidies, Employment Assistance Fund, Supported Wage System, Australian Disability Enterprises and the National Disability Recruitment Coordinator.

As outlined earlier, the Competition Policy Review has recommended a free market approach to human services, within the framework of careful commissioning to ensure quality of service delivery and universal service provision. We strongly support the competitive market approach for the commissioning of services, albeit within a framework that provides some certainty for service providers.

¹⁰ Ibid, p.9.

¹¹ Ibid, p.10.

¹² Ibid, p.61.



Evidence for this approach can be found in the 2010 OECD report¹³ page 62 which states:

“Various funding methods have been and are being used to reimburse and reward service providers, including – from least differentiated to most differentiated – annual block grants, per capita grants, output-based, fee-for-service and outcome-based funding. The trend in many countries is away from block grants which preserve the existing service landscape and are often inflexible, towards outcome-based funding which can promote innovation and change. Outcome-based funding has been introduced in recent years for employment services in Australia, the Netherlands (“no cure-less pay”) and the United Kingdom and for the vocational rehabilitation programme in the United States. Outcome-based funding in terms of accomplishing the ultimate goal of raising employment of persons with disability is superior to other funding mechanisms for a number of reasons.

A key concern in building a private, for-profit provider market is the quality of services delivered and the need to ensure continuous quality improvement. Australia offers an example of good practice in this area.

Through its comprehensive Star Rating performance management system, Australia has gone furthest in monitoring the performance of service providers. A good rating is crucial for a provider to be included in the next round of tenders and thereby stay in the market. Employment outcomes for more difficult clients would raise the rating, for instance. The United Kingdom has not gone as far as Australia in this regard, but uses a rigorous licensing system to ensure good-quality service.

Competition is a strong tool for better accountability and, to a degree, also quality. In this sense, in countries outsourcing employment and vocational rehabilitation services to private companies the competitive tenders themselves can contribute to overcoming some of the quality risks involved – as long as the government manages well the bidding process; monitors and assesses the performance of the providers; and feeds the results back to the contract extension or renewal.”

Existing DES providers have invested significantly in infrastructure and technology on the basis of a likely flow of clients through the system, in many instances providing services in regional locations that are not financially viable on the basis of receiving business in other more viable metropolitan locations. Any move to increase the risk to client flow will have the consequential effect of a reduction in this investment by providers. It is, therefore, our view that there remains a need for some certainty in likely client flow and associated payment to ensure the ongoing co-investment by government and providers. This certainty should only be maintained whilst the quality of service provision is evident. There should always be the performance incentive of the loss of business based on individual provider performance.

It can be argued that the changes made to the disability employment services over the last 10 years and its more recent focus on employment outcomes has had the positive effect on the system of improving these outcomes. Existing service providers are well aware that their performance is assessed based on predominantly the employment outcomes they achieve. As mentioned earlier this performance assessment should have some modifications made to it, but there needs to be a clear performance system across the whole market to drive the desired behaviours. If there was a move to a market where there were multiple providers offering small specialist interventions without anyone being ultimately responsible for employment outcomes there is a strong likelihood the reported 33% effective outcome rate will reduce. To further increase the incentive for sustainable employment outcomes, it is recommended that a greater portion of the funding within the system should go to payment of these outcomes rather than to service fees. There should be greater emphasis on open employment outcomes that reduces any incentive to continue serving clients longer than is necessary. There should, however, be the ability for clients to re-enter the system without penalty to avoid any disincentive for the client to stay in service provision and provide a safety net for episodic reoccurrence or crisis whilst in employment.

¹³ Organisation for Economic Co-operation and Development (2010) *Sickness, Disability and Work: Breaking the Barriers*, OECD Publishing, p161-162



One of the findings from the UK trials was that their market was not mature enough for the introduction of full client choice and control. It could be argued that the exact same circumstances are evident in the Australian market. A move to full client choice and control could have the effect of dismantling the current DES provider network without the ability to fill the void leading to a poorer quality, less extensive service offering for clients.

It should also be noted that the NDIS, a market based model referred to in the issues paper, does not currently offer any evidence of the service or individual service provider's ability to achieve outcomes such as employment outcomes. It does have a greater focus on providing greater choice and control to clients, as measured by customer satisfaction surveys and quality measures. As a result it doesn't offer clients a means to evaluate the relative performance of service providers, essential for informed choice and control. Nor does it offer government the ability to measure the effectiveness of the programme, or individual service providers, in achieving increased employment outcomes and participation in the workforce of people with disability, particularly in a compliance driven environment.

In his CEDA speech Minister Fifield identified that too much time and energy is expended managing the contractual relationship between providers and the government. We agree with this statement and believe providers should be given more freedom to service clients in a way that meets their individual needs without having to work within a relatively fixed service delivery model. Increasing the number of providers to deliver smaller different service packages, or specialist providers catering for particular disability types or industries is likely to require more contract management than the existing arrangements, not less. That is unless those providers are managed through the case management arrangements mentioned above. The 2010 OECD report¹⁴ supports this view stating, *"Currently, in many countries too many actors and agencies are involved in benefit and service provision; they do not co-operate effectively; they do not have sufficient incentives to promote the new employment focus of policy; and they lack the tools and resources to provide timely services and in the mix needed by the client."*

The disability employment framework of the future will need a clear distinction between those services provided through the NDIS and those provided by the disability employment services providers. One way to achieve this is for all employment services to be provided by disability employment services providers. In this model those NDIS clients electing to utilise funds from their individual support package on employment services would have those services delivered through the disability employment services market. This clear distinction would ensure the current overlap between the services and confusion created when an NDIS client who is not also eligible for DES services not being provided services would disappear. The National Disability Insurance Scheme would provide the supports to assist the client's day-to-day living and the employment service would assist a job seeker into work.

Long term career planning and capacity building

Some of the issues relating to long term career planning and capacity building have been covered earlier in this paper. The one key component of this planning and capacity building that will need to significantly change to enable this to happen, is the client assessment process. A much improved assessment process that not only assesses an individual client's work capacity, but also provides a measure of the supports the client will need to gain open employment to that assessed work capacity in the future will be required. The 2010 OECD report recommends that to *"make the best use of people's remaining work capacities, disability systems should start with an assessment of the remaining work capacity of a person applying for a benefit and provide adequate employment supports to try to maintain the claimant in contact with the labour market. The assessment and corresponding supports should be done quickly so as to avoid claimants being inactive for too long and losing contact with the labour market."*¹⁵

Whilst the assessment will need to make a calculation based on the likely services the client will need in the future, the use of this funding amount decided should not be restricted to particular service packages as this would create too much rigidity in the system. Flexibility to use the funding in a way that best suits the client

¹⁴ Organisation for Economic Co-operation and Development (2010) *Sickness, Disability and Work: Breaking the Barriers*, OECD Publishing, p15

¹⁵ *ibid*, p.13.



should be the goal. This funding package should be linked to the individual and be available for both pre-job placement services and post-job placement services. Clients who are assessed as needing ongoing supports would have this identified in their package, but this should be subject to regular review. The whole system should have the goal of open, non-supported employment for clients, unless absolutely necessary.

This new assessment for clients seeking income support should be similar to the existing NDIS assessment, but focus purely on the required employment services, and should be independent from the service delivery market. To achieve the best outcome we recommend that this assessment process be developed and implemented to run separately from the NDIS system for the 80% of existing DES clients not expected to be eligible for the NDIS. For those clients who are eligible for the NDIS and wish to utilise employment services, the existing assessment and individualised plan should be used and shared with employment service providers. When employment service providers are developing their co-developed (developed by a case manager and the client) individualised plan of employment services and supports for the client it will take into account the other NDIS supports being provided.

Understanding of Employer needs

A new focus on employers similar to that implemented in the new jobactive contract is required in a future disability employment framework. A job brokerage service that specifically focusses on servicing employers, understanding their needs and providing them with the latest information and advice on employing suitable people with a disability should be available. We recommend that this brokerage service be linked to the case management service outlined above. A June 2011 report by Liz Sayce¹⁶ states “*Evidence from across learning disability, mental health, physical rehabilitation and beyond shows consistently that support that is flexible, personalised, long lasting when needed, with a rapid focus on job search, is more effective than a series of stepping stones to employment. It also shows support must be available to the employer*”

It is recommended that the new funding package provided to clients give employers choice on the supports that are provided to them once a client is identified for placement in one of their jobs. This choice could go to modifications required in the workplace; assistive technology and aid supported wage assistance; more flexible wage subsidies that could accommodate paid work trials; disability awareness training for existing staff; skills training for the new employee; development of workplace mentors and coaches; consultancy services to help design recruitment; and other HR processes to support the ongoing retention and career development of people with disability; workplace mental health support services; and vocational rehabilitation style assistance to manage absences and workers who are at risk of losing their job through sickness, injury or disability. This greater choice for employers should ensure a better more targeted post placement support service that increases the likelihood of sustainable employment outcomes and greater buy in from the employer up front.

The 2010 OECD report highlights the need for greater supports for employers and identifies those mentioned above.¹⁷

It would be the job brokers role to ensure employers have a good understanding of the supports available to them. Larger employers should expect an account management service from the disability employment service providers.

Another essential component is the continued need to increase employer awareness of the benefits of employing people with disability. What Remploy does very effectively is to build a business case for each employer, large or small, that clearly shows them these benefits. Having specialist job brokerage organisations that work closely with employers and coordinate supports and services available to them will facilitate this, especially for larger employers seeking a more coordinated response. There is a question whether a specialist National Disability Recruitment Coordinator is required separately to this function or if it is better delivered through the specialist job brokerage organisations.

¹⁶ Liz Sayce (2011) Getting in, staying in and getting on Disability employment support fit for the future A review to Government, xx, p.12

¹⁷ Organisation for Economic Co-operation and Development (2010) Sickness, Disability and Work: Breaking the Barriers, OECD Publishing, p.135-139.



Evidence for the need to tailor flexible supports that change over time to employer needs, and linking wage subsidies to productivity levels can be found in the OECD¹⁸ report which states:

“As far as wage subsidies are concerned, systems that are well targeted to the needs of the employer and the employee and flexible over time and in relation to the persons work capacity (which might be changing over time) so to allow the employer to test a worker and the PES to lower or cut-off the subsidy quickly when the workers productivity has increased seem to be most efficient. Several countries have interesting systems in place, although evaluations of these are often lacking:

- *The Swedish employment agency offers a flexible wage subsidy mainly for new recruitments. The subsidy can cover up to 80% of the wage cost for a period of up to four years. The level of the subsidy is determined by the degree of work capacity, as assessed by the agency, and adjusted regularly in line with changes in the person’s capacity level.*
- *The PES in Luxembourg operates a wage subsidy that is temporary, though usually lasting for three years; to extend the subsidy an employer must re-apply and prove that the productivity of the person continues to be reduced.*
- *The Finnish PES uses a flat-rate wage subsidy paid at a level below the minimum wage which is granted for up to 24 months at a time (social enterprises can receive a more generous subsidy).”*

This supports the retention of the Supported Wage Subsidy as a package of support and the role of a specialist job broker to assist employers to access supports available and that these are tailored to their needs and that of their new employee. It also supports a more flexible approach to wage subsidies where higher subsidies are paid up front when productivity is lowest, and the paid work trials which allow employers to assess their potential new employee and the supports required. Employers should be given the flexibility and choice to access a more flexible wage subsidy linked to productivity or to use the funding to purchase other supports to help retain their employee and maximise their productivity. These supports could be accessed from an individualised funding pool allocated to each job seeker. The 2010 OECD report¹⁹ identifies the use of tax credits as another form of incentive for employers and clients to take up and maintain work.

Increased open employment options

Australian Disability Enterprises are an important part of the service provision for people with a disability in a future model but should only be a stepping stone to open employment and not the destination.

Whole of government coordination and use of technology

A system similar to the My Aged Care Gateway would provide the technology to implement a service with greater client choice and the sharing of the relevant information with employment service providers. It is recommended that the gateway be the tool utilised by clients to select a case manager and job broker and in consultation with their case manager select other employment service providers for their individual employment service packages. Providers will only appear on the gateway once they have been vetted and commissioned by government. The 2010 OECD Report states²⁰ *“To deliver the right service to the right people at the right time, a series of conditions need to be fulfilled. [In particular] potential clients should have easy access to supports that can help them and face no problems in identifying the right gateway to services.”*

In developing the gateway consideration should be given to the information currently available through the Employment Services System (ESS) to ensure important information in the measurement of the market is

¹⁸ Organisation for Economic Co-operation and Development (2010) *Sickness, Disability and Work: Breaking the Barriers*, OECD Publishing, p.136.

¹⁹ *ibid*, p.83

²⁰ *ibid*, p.153.



collected as well as information on client mutual obligation. The new gateway will need to link to the Department of Human Services system to ensure the free flow of information between systems for clients on income support. It would not be appropriate to maintain two systems, the existing ESS and a new gateway to meet these requirements. The gateway should become the whole of government information database where relevant information on clients is shared right across the service provision spectrum, obviously within the legal requirements of the Privacy legislation.

The person is supported through the life-course

One of the key aspects of a future disability employment services framework is the need to support a client through their lifetime. This may be active support at some stages, limited support at some times and a safety net at others. There is a need to engage with clients in a systematic and tailored way.²¹ In order to provide this individual support in a structured and coordinated way a case manager should be assigned to each client.

The concept of the life-course is one that has led the New Zealand Government to implement an actuarial model of investment for services to those people on income support. This model identifies the future cost to government of income support recipients and allows the early targeting of supports to those clients most likely to fall into long term dependency. This model has potential application to the Australian labour market and should be investigated further.

Similarly the UK approach uses social return on investment or SROI to measure the return on expenditure with every pound spent resulting in a return of £1.48 pounds. Social return on investment is a form of stakeholder-driven evaluation blended with cost-benefit analysis tailored to social purposes. It tells the story of how change is being created and places a monetary value on that change and compares it with the costs of inputs required to achieve it. Social return on investment quantifies and monetizes social impact in a clear and consistent way, enabling stakeholders to measure the achievement of social impact against three primary performance indicators, being appropriateness, effectiveness and efficiency.²²

The Australian Government, and in particular The Treasury, has given long-standing support to cost-benefit analyses, and the Productivity Commission, in its 2010 report on the non-profit sector, endorsed SROI as a useful approach which fits with the Performance Measurement Framework it proposed.²³

The reference group on welfare reform has recommended significant changes to the income support payment structure.²⁴ We support these fundamental changes in order to provide the best incentive for people with a disability to obtain and retain open employment. There should be no actual or perceived penalty, either in income support or associated non-monetary benefits, for clients to accept work. Many clients are reticent to accept an offer of employment for fear if it doesn't work out they will not be able to get their income support payments and other benefits restored to their original position. Using the actuarial model of investment it may even be more cost effective to continue to provide some income support during the early stages of employment whilst the client is going through the probation period.

As outlined earlier, those clients eligible for NDIS services will need to have their individual plan shared with employment service providers to ensure the most appropriate long term servicing is provided.

Earlier intervention for students with a disability should also be incorporated into a disability employment service. Students in their last two years of schooling should be provided with employment services such as career planning, work experience or internships to facilitate a smoother transition from school to open employment. It should not be left until the student has finished school and has not attached to the labour market for this intervention to occur. Better transitional support into further education or employment can also

²¹ Organisation for Economic Co-operation and Development (2010) *Sickness, Disability and Work: Breaking the Barriers*, OECD Publishing, p.16

²² Social Ventures Australia Consulting (2012) *Social Return on Investment: Lessons learned in Australia*, Investing in Impact Partnership, p.6.

²³ Productivity Commission (2010) *contribution of the Not-For-Profit Sector*, Commonwealth of Australia

²⁴ Reference Group on Welfare Reform (2015) *A New System for Better Employment and Social Outcomes*, Commonwealth of Australia



help reduce the inflow of people into income dependency. This is supported by the 2010 OECD report²⁵ which states:

“For people outside the labour force, early identification of employment-hampering health problems and subsequent early intervention will often be particularly important but difficult to accomplish. One such group is young adults who have not yet entered the labour market. In a number of OECD countries, including most of the Nordic and the English-speaking countries but also the Czech Republic, the Netherlands and Switzerland the share of young adults receiving a disability benefit is high or has increased considerably over the past decade. Many of those young people have not completed secondary education and they are in urgent need of educational, transition and guidance services to be able to access the labour market. School dropout is probably the best early signal for identifying those in need of services. Nonetheless, in terms of identifying and helping young people early in life, there is still a long way to go to close this action gap.”

Similarly retaining people with disability in employment and supporting employers to assist them through periods of illness or injury, including episodic mental health issues, is also central to a whole of life approach and to reducing the inflow of people onto disability and sickness benefits. Research shows that at any given time one in five employees is likely to experience a mental health condition. Untreated depression results in over six million working days lost every year in Australia. (Source: headsup.org.au.) It is for this reason any disability employment service needs to retain Job in Jeopardy type service delivery and supports for employers that make it easy for people with disability to transition between different services and supports with the view to long term retention in employment. This includes vocational rehabilitation type case management services that manage a speedy return to work, or if this is not possible into alternate employment as well as recognising and addressing mental health issues in the workplace. The UK Government made a number of changes to address both these issues.

Remploy, the largest disability employment service provider in the UK offers a range of support services to employers and people with disability including recruitment, retention and sustaining employment, designed to help people with disability build career paths and sustain ongoing employment. This includes vocational rehabilitation services and workplace mental health services, in partnership with the Department of Work and Income's Access to Work service, which supports employees with common conditions such as depression, anxiety or stress to remain in or return to work.

Support for a vocational rehabilitation approach can be found in the 2010 OECD report²⁶ which states *“Vocational rehabilitation operates on the supply side of the labour market. It aims to increase the productivity of people with disability by restoring and developing their skills and capabilities so they can participate in the general workforce. In recent years, a number of OECD countries have focused on increasing rehabilitation options at an early stage, as well as strengthening rehabilitation requirements”*

The report further states:²⁷

“There is a very strong case for public authorities to monitor sickness absence very closely and seek possibilities to intervene actively early on. Prolonged sickness benefit periods can easily become the main hindrance for beneficiaries' successful return to the workplace, or the labour force more generally. Long-term absence may effectively become a substitute for long-term disability benefit dependence and may preclude the sick person from the possibility to receive appropriate services. It is not surprising that, once a long sickness benefit period comes to an end, the sick person already cut off from the previous workplace frequently ends up claiming a disability benefit. In this vein, countries have strengthened their systems and the monitoring role of their public authorities in different ways including:

²⁵ *ibid*, p.158.

²⁶ Organisation for Economic Co-operation and Development (2010) *Sickness, Disability and Work: Breaking the Barriers*, OECD Publishing, p.80.

²⁷ *Ibid*, p.154-156.



- Countries with hitherto unlimited sickness benefit duration have recently introduced time limits – two and a half years in the case of Sweden, and two years in Ireland.
- Other countries, e.g. Finland and Denmark, have introduced a categorisation so as to better identify cases at risk of developing into long-term absence.
- Some countries such as France and Spain have strengthened controls by social insurance doctors of sick-leave certificates granted by general practitioners.
- Several countries have introduced clearly-set regulations as to when exactly certain steps will have to be taken by the authorities, including assessment of rehabilitation needs and the setting up of a rehabilitation plan (OECD, 2006, 2007, 2008 and 2009)."

Similarly the UK Government has recently outsourced its Fit For Work program which seeks to actively assist employed people who have been off work for four weeks or longer, or who are at risk of being off work for four weeks or longer. This recognises the importance of an early return to work in order to successfully re-engage the injured or sick employee and limits the numbers of people that subsequent flow onto long term benefits and the need for a consistent and streamlined assessment process that focuses on an early return to work. The 2010 OECD report further supports this where it states²⁸:

"In view of the large and increasing body of literature concluding that work is generally good for health, especially mental health (Waddel and Burton, 2006, OECD, 2008a), more efforts will need to be made to keep sickness absence periods no longer than necessary. General practitioners (GPs) are typically the first contact for a person whose health is deteriorating. The doctor's reaction and advice will be crucial in terms of guiding the sick worker back to work quickly, or allowing the worker to become sick on a persistent basis. Recognising that inappropriately long sick leave incurs costs for employers and the public purse and risks labour market detachment, countries are exploring ways of improving sick-listing practices. In regard to medical assessments for disability benefit entitlement, a general trend across the OECD is to raise the medical powers of the benefit granting institution, thereby reducing the relevance of the practitioner's assessment. The introduction of regional medical services of the disability insurance in Switzerland, a country which used to rely heavily on GPs' assessment in determining disability benefit eligibility, is an example in case: Medical assessments have become easier and more homogenous across the country, and the new medical gate-keeping role assigned to the disability insurance system is also a factor in the recent large drop in disability benefit inflow rates."

A proposed new model

Key aspects

Our proposed model for the delivery of Disability Services (See Figure 1 below) incorporates the principles for changes to Disability Employment Services outlined in the National Disability Employment Framework – Issues Paper. It draws upon MAX Solutions' experience as the largest Disability Employment Service and jobactive service provider in Australia and our global expertise as one of the largest Disability Employment Service provider in the world with operations across the UK, USA, Canada, Saudi Arabia, New Zealand and Australia and first hand experience operating a number of different service delivery models within a variety of government frameworks.

Key to the model is greater client choice and control, but still supported by case management and job brokerage from a specialist disability employment service provider. This provider will coordinate and link a range of services of the client's preference from a panel of government approved preferred suppliers. The disability employment service provider will also provide a compulsory job brokerage service that focuses on

²⁸ Ibid, p.139.



the achievement of employment outcomes and better meeting and supporting employer needs by providing them with flexible supports and a greater choice in these supports to ensure sustainable outcomes.

The proposed model merges the current DMS and ESS services and will commence with a new comprehensive assessment process that identifies both a person's work capacity and the likely level of support needed to assist them to gain and keep a job and build a career. This assessment, like NDIS, will identify the possible supports a person will need based on their individual circumstances and attach a financial package to that person. Where a person has already been assessed as eligible for NDIS support and the client has chosen to utilise some of their package on employment supports this assessment will be provided to the disability services case manager and job broker so the best possible service can be delivered to the client.

The model offers a market based service provision approach for employment supports, both pre-placement and post-placement, to ensure competition and choice. People with disability can select services and supports from a range of service providers in consultation with their case manager.

It incorporates multiple entry points which correspond to a whole of working life approach, including a transition from school to further education or employment as well as the ability for people with disability facing risk of job loss due to illness, injury or a health condition to be supported and their return to work and engagement better managed

The model embraces an employment first approach with rapid job search and identification and provision of appropriate supports. Evidence from across services for learning disability, mental health, physical rehabilitation and beyond shows consistently that support that is flexible, personalised, long lasting when needed, with a rapid focus on job search, is more effective than a series of stepping stones to employment. It also shows support must be available to the employer.

It combines a number of existing programmes and services into a single programme. It offers a government managed gateway and whole of government coordination to assess participants and determine their eligibility for participation and the level of supports available in the form of a personal budget, the recording of all interventions and support provided as well as a platform for recording job vacancies.

The model recognises the role of the NDIS and recommends coordinated, complimentary servicing, with the disability employment providers providing a range of employment supports, instead of duplication of services and the resultant client and provider confusion.

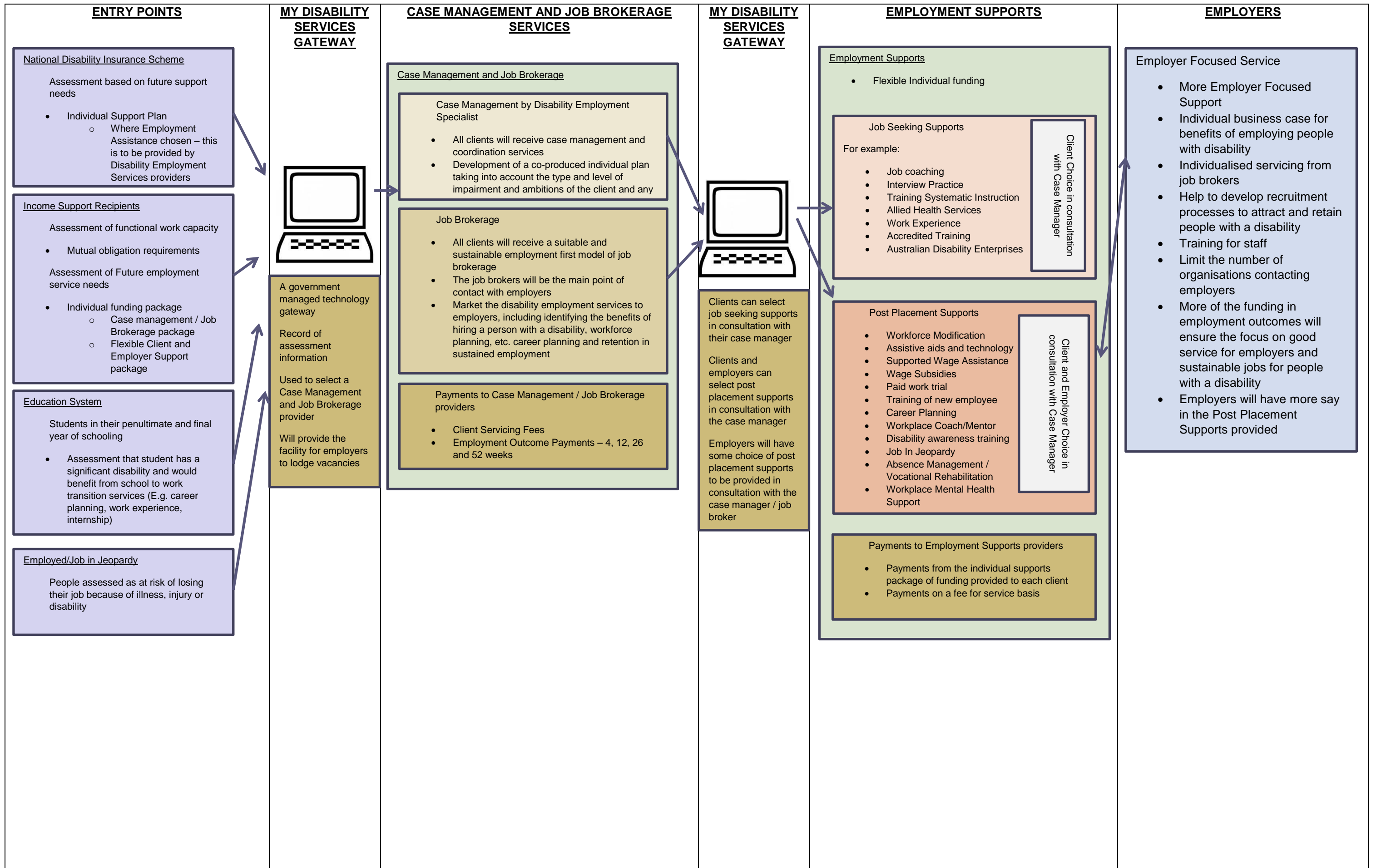
It incorporates a wider range of supports for employers, with more choice and control and flexibility which can be tailored to the needs of their business and new employee. Importantly it supports employers, offering them choice in these supports, to be able to offer sustained employment with career pathways for people with disability.

Government vetting and approval of specialist providers for inclusion as part of the pre-placement or post-placement supports enables smaller, niche providers to be part of the system and will offer the client with a better quality and more diverse service offering.

The model offers the Australian Government a payment for results approach with the case management and job brokerage provider being paid a small administration fee but the majority of their payments being linked to sustainable employment outcomes. Employment support providers will be paid on a fee-for-service basis allowing those who provide a quality service to be the first choice for clients. It also allows these providers to focus on the service delivery they are best at without any other distractions related to the case management requirements. This delineation will ensure a continued focus on increasing sustainable employment outcomes and participation of people with disability in the workforce.

Implementing such an integrated model will offer government the ability to reduce and streamline the prolific quantity of programme guidelines and the resources and time required by government contract managers to manage the performance of providers. Providing greater flexibility in the case management and job brokerage functions as well as the employment supports allows for greater innovation and for a range of models of operation to occur to enhance performance and ultimately giving the client choice of different models from quality providers.

Figure 1: Proposed new Disability Employment Services model



How it works

Entry Points

The proposed model starts with multiple entry points. The most likely entry point will be the assessment undertaken to gain income support payments. In the new model this assessment will need to be a much more comprehensive assessment piece that not only assesses a person's work capacity but the level of life-course support a person will need to gain sustainable employment. At the assessment the client will be able to choose a case manager and job brokerage provider from the list of approved government providers in the My Disability Services Gateway in their area. A support package allocation will be attached to the individual in the gateway system that will be managed by the case manager together with the client.

The NDIS assessment will be another entry point to disability employment services. Where a client has identified employment as one of the supports they wish from their NDIS allocation, the NDIA assessor will select a case manager/job broker from the My Disability Services Gateway who will manage the employment supports provided to that client. The employment supports available will depend on the NDIS individual plan which will be shared with the disability employment service case manager but will include the ability to select from the pre-placement and post-placement employment supports packages available. It should be acknowledged that there will need to be an additional contribution to longer term employment supports for clients coming through this entry point than the time limited hourly rates currently offered in the NDIS rates.

Students in their penultimate and last years of secondary schooling will be another important entry point to disability employment services. Clients coming through this entry point should have an assessment of their disability to ensure only those students that have a significant impairment and who would benefit from services are referred to the service. In many states the education system, both public and private, already undertake these assessments and provide support plans for the students. In these instances the qualified professionals should have access to the My Disability Services gateway to refer eligible students to a case manager/job broker of choice, including the provision of any assessment and support plan detail, to enable appropriate service provision to be developed and provided in conjunction with the school and the professional.

People with a disability who are currently employed and whose job is at risk, as per the current job-in-jeopardy arrangements, are another entry point for disability employment services. These clients or their employer should be able to access the My Disability Services gateway to select a case manager/job broker provider to engage with for service provision.

The My Disability Services gateway

The new My Disability Services gateway will be a government developed and managed portal similar to the My Aged Care gateway for aged care services. The gateway will be the hub that collects all the information on clients being serviced and connects all the different service provision. It will capture assessment information, any existing support plans, and any support or intervention provided. The gateway will allow for the selection of a case manager/job broker by the client at the assessment stage and then provide all the relevant detail of the client to that provider. It will link with the government's income support system to enable the case manager/job broker to ensure the client meets their mutual obligation requirements. Similar to the My Aged Care gateway the My Disability Services gateway will contain the detail of employment supports and providers in the local area who can provide those services, those providers having already been vetted by government.

The My Disability Services gateway should collect the key data currently being collected by the department's Employment Services System (ESS) to drive payments to providers, including the case manager/job broker administration payments and employment outcome payments and the fee-for-service payments to employment support providers. The gateway data collection will provide the ability to analyse service delivery arrangements and results for future policy improvements.

Finally, the gateway should provide the ability for employers to lodge vacancies especially for people with disability that will be available for case management/job brokerage providers to fill.



Case Management and Job Brokerage Services

All clients that are referred to disability employment services will receive case management and job brokerage services from a pre-qualified disability employment services provider that the client chooses from the My Disability Services gateway.

These providers will be quality case managers to ensure clients receive a joined up and continuous package of tailored support that is coordinated and reviewed with changing client needs. They will jointly develop an individual employment support plan for the client that takes into account and builds on the assessment the client has already received and any individual support plan already in place (in the case of the NDIS and potentially students in their last two years of schooling).

The case manager will be in constant contact with the client and as part of their job brokerage skills will use an employment first model of service provision (although not just any employment) using employment as the key intervention to improving the life of each client. By including case management and job brokerage services together the client will receive systematic support towards sustainable employment that provides the greatest exposure to employers.

It will be the case manager's responsibility to assist the client to meet any mutual obligation requirements whilst in receipt of income support.

The client in consultation with the case manager/job broker will be able to access fee-for-service employment supports that will enhance their ability to gain and retain work. These employment supports will be available through the My Disability Services gateway. The client will be referred to the supports they prefer by the case manager who will coordinate the referral, ensure the supports provider has a full understanding of the client's needs and expected outcomes and verify the payment through the gateway. Where a client has been placed in employment the case manager will continue to provide ongoing support and will coordinate additional post-placement supports that the client and employer choose to receive. It is anticipated that the ongoing support provided by the case manager/job broker would be time limited but have the ability to be reactivated should the employer or client have a need for this to occur, e.g. a reoccurrence of an episodic condition or a situation where the client's job is at risk of failing.

In this model the case manager/job broker would be the main point of contact with employers developing strong relationships where employers are confident their employment needs are met whilst knowing there will be a high level of support available to them to make any employment placements mutually beneficial and long term. The employer relationships the case manager/job brokers have will enable job carving for future client placements.

With a single provider responsible for the case management/job brokerage coordination and being predominantly paid on sustainable outcomes the system has a key point to drive performance.

Employers

Employers will always be the ultimate end destination for disability employment services. The aim should always be for ongoing, non-supported open employment placements. This provides the best possible outcome for both client and employer.

The proposed model will be more employer-focused and offer greater information and tailored support for them. The case manager/job broker will provide an individualised service to employers, helping them to develop recruitment processes to attract and retain people with a disability. They will be able to coordinate a full support package for the employer (that the employer and client has had input into selecting), including the provision of training for their staff, training in systematic instruction and other post-placement supports through the employer supports providers on the My Disability Services gateway.

The case manager/job broker will market and communicate the benefits of employing a person with a disability to employers and will communicate any new or updated information on government initiatives or servicing.

This model will limit the number of organisations knocking on employer doors and requiring the time and effort of employers with the case manager/job broker coordinating this work and being the point of contact for the whole service package.



The outcomes based payment model suggested in this model will provide the strongest possible incentive for the case manager/job broker to provide the best possible service to employers ensuring sustainable jobs for people with a disability.

Conclusion

It is our strong view that disability employment services have come a long way over the last decade and have only recently had a focus on employment outcomes, the only thing that will continue to drive performance in this area. Employment in the open market should always be the goal of disability employment services. That said there are many areas of improvement that can and should be made, but not at the expense of completely dismantling the current provider market.

It is our view that there will continue to be a need for a strong case management/job brokerage focus to ensure the service delivery to both clients and employers is coordinated, systematic and provides the best possible opportunity for careers for people with disability and quality employees for employers. Total user choice will not necessarily increase employment outcomes.

The model proposed in this paper is one that we believe would operate efficiently and effectively within the appropriations already allocated to the programmes suggested to be rolled into this model, and addresses the key principles of change linking in with other existing services provision. It provides a greater focus on supporting clients to a career, that is, a sustainable outcome rather than speed to placement. The proposed model will encourage providers to offer a range of services and to interact with specialist service providers to meet the needs of clients and employers whilst having a sustainable employment outcome imperative driven by a strong performance framework and sustainable outcome payments.

We look forward to continued dialogue on the future of disability employment services from 2018, and would welcome further discussion on the content of this paper.