



Australian Government
Department of Social Services

National Disability Employment Framework - Discussion Paper

November 2015





The Hon Christian Porter MP

Minister for Social Services

The Australian Government is committed to improving employment outcomes for people with disability. Regretfully, people with disability have lower labour force participation rates and higher unemployment rates than other Australians. These rates have remained stagnant over the past 20 years.

While we have a range of disability employment support services, their performance in assisting people with disability to find long-term, sustainable jobs can be improved. For example, only one in three job seekers in our Disability Employment Services programme find and maintain a job for 26 weeks or more.

So what is the solution? In April 2015, the former Assistant Minister for Social Services, Senator the Hon Mitch Fifield, established the Disability Employment Taskforce to review the current system and advise Government on how we could create a new Disability Employment Framework that would improve employment outcomes for people with disability.

In May and June this year, the Taskforce consulted across Australia on how people with disability, employers and service providers experience the current system. Feedback from the consultations showed strong support for a new direction in disability employment services.

Based on this feedback, this Discussion Paper explores new approaches to delivering disability support services based on the key principles of:

- supporting individual need and choice;
- making best use of market-based principles; and
- working more closely with employers to create jobs.

Adopting these principles is a potential next step in the progression of disability employment services that will also help to break down the barrier between supported and open employment; increasing open employment opportunities for people with disability.

Although this direction would be a natural one for the development of disability employment services, it would involve significant change in the way services are delivered for participants, employers and service providers. Any new approach would need to be carefully and gradually implemented, perhaps taking several years, and would require the support of the sector to ensure a smooth transition.

Disability Employment Discussion Paper

This Discussion Paper continues the conversation about what a new Framework might look like and what it might achieve. It outlines a set of proposals and options, and provides more detail on how they could work in practice.

I encourage you to read the Discussion Paper, attend an information session or complete an online survey to provide your feedback. Your engagement will help ensure a new National Disability Employment Framework works to support people with disability find and keep meaningful jobs.

Achieving this aim is not only important for all Australians with disability, but also for the social and economic prosperity of the nation as a whole.



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Purpose of this Discussion Paper

The Australian Government is committed to improving employment outcomes for people with disability. The Disability Employment Taskforce, established by the Government in April 2015, conducted a first round of consultations in May and June 2015 to inform development of a new National Disability Employment Framework.

The first round of consultations centred on an Issues Paper, which outlined what the Government is currently doing to help people with disability find and keep jobs, and introduced a set of principles for change. The Issues Paper was designed to generate discussion on what is and is not working in the current system and what a better system might look like. Over 740 people attended 38 public forums around Australia, and 122 written submissions were received. The feedback identified a number of areas for improvement in the current system and was supportive of the proposed principles and their potential to improve the system.

A Consultation Report summarising the feedback can be found on the [Engage website](http://www.engage.dss.gov.au) at www.engage.dss.gov.au.

This Discussion Paper provides the basis for a second round of consultations. It continues the conversation about how a new Disability Employment Framework could be designed to improve the current system based on the principles outlined in the Issues Paper. The Discussion Paper presents a number of policy proposals that give more detail on these principles and broadly how they might look in practice. Critical questions that would form the basis of the conversation on these proposals include:

- How well do the proposals reflect the principles?
- Do the proposals address the criticisms of the current system?
- What are the strengths, weaknesses and risks of the proposals?
- What are the operational and implementation issues that would need to be considered if these proposals were adopted?
- Are there other models, proposals or ideas that need to be considered when looking at options for a new National Disability Employment Framework?

The second round of consultations, including feedback on these questions, will be used to inform the options presented to Government for a new National Disability Employment Framework.

Consultation process overview

| Time | Activity | Description |
|-------------------------------|---|--|
| May 2015 | Issues Paper | We developed an Issues Paper to outline what the Australian Government currently does to support employment for people with disability. We posed questions to generate discussion, encourage creative solutions, and inform future policy directions. |
| May/June 2015 | Consultation round 1, including public forums | We visited capital cities and several regional centres to discuss questions raised in the Issues Paper. We also maintained a website to seek feedback on the Issues Paper. |
| November 2015 | Discussion Paper | We developed this Discussion Paper to explore proposals to better support employers, and to help people with disability to find and keep jobs. This Discussion Paper takes into account a range of evidence and information including the views shared during the first consultation round. |
| November/December 2015 | Consultation round 2 | We will visit capital cities to provide information on the proposals presented in this Discussion Paper. We will hold a number of workshops with peak bodies and nominated stakeholders to discuss the policy proposals in more detail. We will also maintain a website and seek feedback on this Discussion Paper through an online survey. |
| Beginning of 2016 | Analyse and present options to Government | Based on the outcome of the second round of consultations, evidence and an analysis of options; recommend a new National Disability Employment Framework to Government for a staged implementation post 2018. |

How can I take part?

You can attend a public information session and/or complete a survey on our website to provide feedback on this Discussion Paper.

Public information sessions on this Discussion Paper will be held in capital cities around Australia during November and December 2015. For more information on the public information sessions go to the [Engage website](http://www.engage.dss.gov.au) at www.engage.dss.gov.au.

The online survey will be available at the [Engage website](http://www.engage.dss.gov.au) until December 2015. The survey will provide an opportunity to collect more structured comments and reactions to the various policy proposals contained in this Discussion Paper. We invite all stakeholders to share their opinions with us by completing the survey.

For questions about the consultation process please contact the Taskforce at disabilityemploymenttaskforce@dss.gov.au

Glossary of terms

| Term | Description |
|-------------------------------|--|
| ADEs | Australian Disability Enterprises are not-for-profit organisations providing supported employment opportunities to people with disability. ADEs operate within a commercial context. |
| DES | Disability Employment Services help people with disability find work and keep a job. |
| DES-DMS | Disability Employment Services - Disability Management Service provides assistance to people with a temporary or permanent disability, injury or health condition who need assistance to find a job and occasional support to keep a job. |
| DES-ESS | Disability Employment Services - Employment Support Service provides assistance to people with permanent disability who are assessed as needing regular, ongoing support to keep a job. |
| DHS | Australian Government Department of Human Services. |
| Disability | Includes sensory impairment, physical impairment, learning disabilities, mental health conditions or behavioural conditions. |
| Disability Action Plan | A Disability Action Plan is a way for an organisation to plan the removal, as far as possible, of discrimination against people with disability. An Action Plan identifies ways that an organisation can ensure that their goods, services, premises and facilities are accessible and non-discriminatory to people with disability. |
| DSP | Disability Support Pension is an income support payment for people aged between 16 years and age pension age who have a physical, intellectual or psychiatric condition that stops them from working, or people who are permanently blind. |
| EAF | The Employment Assistance Fund helps people with disability by providing financial assistance to |

| Term | Description |
|--|--|
| | purchase a range of work related modifications and services for people who are about to start a job or who are currently working. |
| JobAccess | JobAccess is an information and advice service funded by the Australian Government which offers help and workplace solutions for people with disability and employers. |
| jobactive | The mainstream Government employment support programme, formerly Jobs Services Australia (JSA). |
| JSA | The former mainstream Government employment services programme, now jobactive. |
| Labour force participation rate | Persons employed or looking for work as a percentage of the population. |
| Life-course | A sequence of stages and events that people typically pass through as they progress from birth to death. |
| NDIS | The National Disability Insurance Scheme is a new way of providing individualised support for eligible people with permanent and significant disability, their families and carers. |
| Mutual Obligations | Mutual obligation is the concept that the receipt of oncome support payments should involve some return responsibilities for the recipient such as applying for jobs, training or study. |
| Newstart Allowance | Income support payments administered by the Department of Human Services, through Centrelink, for job seekers aged 22 or older but under age pension age. |
| OECD | Organisation for Economic Co-operation and Development. |
| Participant | An individual who is accessing current or future Government disability employment services. |

| Term | Description |
|------------------------|---|
| SDAC | Australian Bureau of Statistics (ABS) Survey of Disability, Ageing and Carers. |
| SWS | The Supported Wage System allows employers to pay a productivity-based wage for people with disability. |
| Youth Allowance | Income support payments administered by the Department of Human Services, through Centrelink, for full-time students or New Apprentices aged 15 (under some circumstances) to 24 and people aged under 21 who are undertaking job search or undertaking a combination of approved activities. |
| We | Australian Government Department of Social Services. |

Executive summary

Australia performs poorly in improving employment outcomes for people with disability. Over time, there have been many changes to the way employment services have been delivered to people with disability. However, labour force participation rates for people with disability have remained stagnant for the past 20 years and are currently around 53 per cent, compared to over 80 per cent for people without disability.

In 2011, an economic modelling study by Deloitte Access Economics found that if the labour force participation rate for people with disability increased by 10 percentage points (from 54 per cent to 64 per cent) and the unemployment rate for people with disability decreased by 0.9 percentage points (from 7.8 per cent to 6.9 per cent), Australia's gross domestic product would increase by \$43 billion over the next decade.¹

The Department of Social Services has been asked to explore options for improving employment outcomes for people with disability.

Disability employment support services

Disability employment support services are currently the main mechanisms used by Government to facilitate employment outcomes for people with disability.

Employment support services for people with disability emerged in the mid-1980s following the de-institutionalisation movement of the mid-1970s, and a recognition that people with disability should have employment opportunities in the open labour market like other Australians.

Initially, these programmes were run largely by Government or by community organisations through block-funded grants from Government. Between 1999 and 2006, the programmes were subject to substantial reforms with the introduction of case-based funding, a fee-for-service and an outcome-based funding model, and a greater emphasis on quality through Disability Service Standards.

In 2007, the *Disability Services Act 1986* was amended to support the introduction of market contestability. Gradually, a carefully managed market for employment support services has emerged where the private sector, social enterprises and not-for-profit organisations compete to deliver disability employment services.

Currently, Australia has three main employment services aimed at improving employment outcomes for people with disability. jobactive (formerly Job Services Australia) is the mainstream employment services programme that helps unemployed Australians find employment including those people who have fewer barriers as a result of their disability, those who face additional, non-vocational barriers to employment and those who cannot work eight or more hours. In disability

¹ Deloitte Access Economics. 2011. *The economic benefits of increasing employment for people with disability*.

employment Disability Employment Services (DES) provides specialist employment services to those Australians who have disability as their main barrier to employment; and Australian Disability Enterprises (ADEs) provide supported employment for people with disability, largely intellectual disability, who may not be able to compete for open employment. These services continue to operate using more refined approaches to case-based funding and outcome payments in a tightly managed and limited market.

However, these employment services need to be improved if we are to raise participation rates and improve employment outcomes for people with disability in open employment. In March 2015, only one in five people with disability assisted by Job Services Australia in stream 4 were still employed three months after being placed in a job, and only one in three people with disability assisted by DES were still employed six months after being placed in a job. In 2014, only 0.8 per cent of people employed in ADEs had transitioned to open employment.

Job Services Australia was replaced by jobactive on 1 July 2015, implementing changes designed to improve performance. As the mainstream employment services programme, it will continue to provide assistance to people with disability who use this programme.

jobactive aside, this Discussion Paper focuses on opportunities to continue to evolve DES and ADE services in the context of a new Disability Employment Framework designed to improve outcomes for people with disability.

Continuing to evolve DES and ADEs

The Harper Competition Policy Review released in March 2015 provides a potential direction on evolving approaches to human services.² At the heart of this evolution is an emphasis on consumer choice, funding linked to individual need, and market deregulation and contestability.

As outlined above, disability employment support services have already moved a long way in this direction. Options for improvements could be considered within the existing approach to service delivery and contracts with providers such as: encouraging best practice; reducing red tape for providers; changes to the outcomes framework; and improvements to performance and quality assurance measurements, which are currently reflected in DES by star ratings for each service provider, and determine their continued place in the market.

However, there is still an opportunity to embrace these evolutionary principles more fully and address some of the concerns with the current system by:

- Creating a direct link between funding and individual need (while current service providers are funded on a case basis using a broad assessment of an individual's need, the funding is not attached to these individuals).

² Harper et al. March 2015. *Competition Policy Review: Final Report*. Canberra.

- Removing incentives in the funding structure and performance framework that lead to unintended consequences (for example: poor job matching; multiple re-entry to the system; a focus on easy wins by providers; and job splitting to maximise outcome payments).
- Creating a more competitive open market that increases innovation and choice for participants.

This paper explores possible key elements of an individualised funding and market-based approach to the delivery of disability employment support services, in line with these evolutionary principles.

Individualised funding and market-based service delivery

Consistent with the principles outlined in the Harper Competition Policy Review, this approach to disability employment service delivery would likely have some key elements or features.³ These could include:

- An effective gateway into the service.
- An individualised and agreed career planning process.
- Funding linked to the activities and services necessary for achieving long-term sustainable employment outcomes outlined in a career action plan.
- Consumer choice of providers to deliver these services.
- A more open and less restricted market for employment services while maintaining service coverage.
- An effective quality assurance framework.

Some important features of the existing approach could also be maintained including:

- A continuation of outcome payments for some services, such as job placement.
- Mutual obligations and responsibilities outlined as a part of the career action plan.
- Service provider engagement and ensuring adequate service coverage.

Although this is a natural evolutionary step, a shift to individualised funding and a market-based environment would be a significant change in the way services are delivered for both participants and disability employment service providers. Like all significant change, the transition to this approach would take time to effectively implement. To ensure a smooth transition, this Paper suggests a staged and

³ Harper et al. March 2015. *Competition Policy Review: Final Report*. Canberra.

supported approach to implementation, taking place over a number of years. A suggested approach to implementation is also outlined in Chapter 2.

Supporting employers and creating jobs

Regardless of how job ready a person with disability is, unless there is a job available and an employer willing to give them an opportunity, a positive employment outcome cannot be achieved.

In addition to the evolution of disability employment support services to the individual, Chapter 3 of this Paper outlines a set of options and proposals to work with employers to create more jobs and support them in employing people with disability. This focus on employers is consistent with international approaches from countries that have high rates of employment for people with disability, such as Sweden and Denmark.

The Paper outlines a number of proposals aimed at engaging employers to:

- identify and create jobs for people with disability;
- improve recruitment and job matching strategies;
- create an enabling work environment; and
- provide tailored and timely ongoing support.

Ongoing support and supported employment

One of the principles underpinning this approach to disability employment is increased open employment opportunities for people with disability. However, many people with disability need some level of ongoing support to participate in open employment.

Currently, such support is fragmented across different parts of the employment services system within DES, in ADEs and also, in the future, within the National Disability Insurance Scheme (NDIS). Chapter 4 explores what ongoing support might look like if an individually funded, market-based approach to funding and service delivery were adopted.

The core elements of ongoing support in an individualised, market-based approach would include:

- Funding for ongoing support linked to the individual, based on need;
- Portability of funding for ongoing support; and
- Retaining Pro-rata wages

Under this approach, participants could be allocated funding for ongoing support based on need, as part of their career action plan. They could use this funding to purchase ongoing support from the provider of their choice, while working for the

employer of their choice. The funding would not be tied to a particular service provider or employer, but would be portable. There would be a continued place for pro-rata award wages that would be determined on a case-by-case basis.

ADEs would operate in the same way as any other employer seeking to employ a person with disability with an ongoing support package. The participant could consider working for an existing ADE or they may seek to take their package to any other employer and provision for a pro-rata award wage.

Breaking down the barrier between supported and open employment would be an important step in increasing open employment opportunities for people with disability.

ADEs are in the process of transitioning to the NDIS, so are already moving in the direction of individualised funding and are reviewing their business models accordingly. The Department is providing various supports to ADEs, such as business improvement advice, wage subsidy and leading practice grants.

Given that elements of ongoing support will potentially be provided in the NDIS and through the disability employment service system, consideration should be given as to how the two systems would complement each other and avoid duplication.

A virtual marketplace

Chapter 5 of the Discussion Paper explores better use of technology through the creation of a virtual marketplace that could support people with disability, employers, and service providers. This marketplace could:

- manage participant information;
- provide information and educational material;
- allow people with disability and employers to directly interact about jobs;
- link participants and employers with service providers; and
- pay service providers.

Policy proposals

After presenting a case for change to improve employment opportunities for people with disability in Chapter 1, this Paper outlines a number of policy proposals in each of the subsequent Chapters in the areas discussed above.

These proposals are consistent with:

- international obligations, such as the *United Nations Convention on the Rights of Persons with Disability*;
- national obligations, such as the *National Disability Strategy*;

- a growing body of international and national research;
- future directions in the delivery of human services; and
- views expressed by people with disability, employers and service providers as part of the first round of consultations.

A summary of these policy proposals follows on page xvi.

The policy proposals contained in this Paper will form the basis of a second round of consultations. This round will be a comprehensive engagement on the options and potential approaches to the future direction of disability employment support services and a new Disability Employment Framework. Options for a new Framework will be developed for consideration by Government early in 2016, with a view to trialling aspects of the Framework and preparing for implementation, if adopted.

Ideally, the new Framework would commence in 2018 and would coincide with the full roll out of the NDIS and the end of the current round of DES contracts.

New Disability Employment Framework – policy proposal summary

| Policy Area | Policy Areas | Policy Proposals | Policy Strategies |
|---|--|---|--|
| Individualised funding and market-based service provision | Link resources directly to the participant so that resources are allocated to need and specific individual outcomes | 1. Core elements of an individualised market-based approach | 1.1 An effective gateway 1.2 Individualised career planning process 1.3 Funding linked to a career action plan 1.4 Consumer choice of providers 1.5 Support to navigate the market 1.6 A more open market 1.7 An effective quality assurance framework |
| | Make service providers more responsive and accountable to participants | 2. Maintaining effective elements of the current system | 2.1 Outcome payments 2.2 Mutual obligations 2.3 Service provider engagement and service coverage |
| | Encourage competition between providers which improves quality of and diversity of service providers | 3. A staged implementation | 3.1 Outline of an potential implementation plan |
| Supporting employers and creating jobs | Understand the needs of employers by providing appropriate support and addressing any attitudinal issues around employing people with disability. This is a critical part of the employment outcomes equation for people with disability | 1. Work with employers to identify and create job opportunities | 1.1 Change attitudes and raise disability confidence 1.2 Provide incentives 1.3 Partnering projects |
| | | 2. Effective recruitment and job matching strategies | 2. Expand the employer coordinator role |
| | | 3. Effective workplace adjustment support | 3.1 Workplace modifications, equipment and Auslan Interpreting 3.2 Job redesign 3.3 Employer and staff training |
| | | 4. Tailored and timely ongoing support | 4. Employer support service and early intervention support |

1 The case for change

1.1 Introduction

People with disability want the same opportunities for economic and social participation as all Australians. The expectation and opportunity for employment is an area that has been identified under the *United Nations Convention on the Rights of Persons with Disabilities* as a priority for signatories including Australia. Improving the employment of people with disability has also been identified as a priority by the Council of Australian Governments in the *National Disability Strategy 2010-2020*.

Improving the long-term employment outcomes of people with disability will bring economic and social benefits for the individual, their family and society as a whole. With Australia's ageing population, we need to harness the full potential of all working-age Australians, including people with disability, to meet the labour demands of the future.⁴

In 2011, an economic modelling study by Deloitte Access Economics found that if the labour force participation rate for people with disability increased by 10 percentage points (from 54 per cent to 64 per cent) and the unemployment rate for people with disability decreased by 0.9 percentage points (from 7.8 per cent to 6.9 per cent), Australia's GDP would increase by \$43 billion over the next decade.⁵

1.2 Australia is doing poorly

Labour force participation rates include the number of people currently employed or actively looking for work. According to the Survey of Disability, Ageing and Carers, from 1993 to 2012 labour force participation rates of people with disability have decreased from 54.9 per cent to 52.8 per cent. This is despite ongoing changes in employment services and the payments system over this time. In comparison, over the same period the participation rate of people without disability has increased from 76.9 per cent to 82.5 per cent.⁶

Further, the unemployment rate of people with disability continues to be high relative to people without disability. Over the same timeframe, the unemployment rate moved from 17.8 per cent to 9.4 per cent of people with disability and from 12.0 per cent to 4.9 per cent of people without disability.⁷ These figures show that people with disability are disproportionately disadvantaged in employment when compared to people without disability.

⁴ The Treasury. Commonwealth of Australia. March 2015. *The 2015 Intergenerational report overview*

⁵ Deloitte Access Economics. 2011. *The economic benefits of increasing employment for people with disability*.

⁶ Australian Bureau of Statistics (1993, 2012), *Survey of Disability Ageing and Carers (SDAC)*.

⁷ Australian Bureau of Statistics (1993, 2012), *Survey of Disability Ageing and Carers (SDAC)*.

Australia's performance in employing people with disability is also poor when compared with other Organisation for Economic Co-operation and Development (OECD) countries. Out of 29 OECD countries, Australia ranks 21st on employment rates of people with disability.⁸

1.3 What are we trying to achieve?

Improving employment outcomes for people with disability goes beyond increasing participation rates. The following objectives capture the scope of what Australia needs to achieve to improve outcomes:

- increase the labour force participation rate of people with disability (currently at 53 per cent, this would mean engaging a percentage of the remaining 47 per cent);
- increase the employment rate of people with disability;
- increase the number of people with disability in long-term, sustainable employment; and
- improve the career paths and better meet the career goals of people with disability.

It is important these objectives are considered together as a progression of objectives that build towards the overall aim of improving employment outcomes for people with disability.

It is also important to realise that if these objectives are achieved, they will reduce claims on the income support system and provide a pathway for people with disability to achieve economic wellbeing.

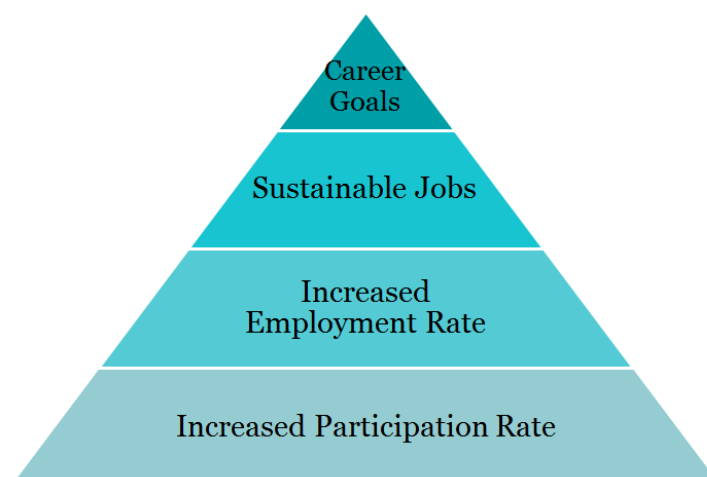


Figure 1: The building blocks for improved employment outcomes.

⁸ Organisation for Economic Co-operation and Development. November 2010. *Sickness, Disability and Work: breaking the barriers*.

1.4 Understanding what the priority target group is

In seeking to meet these objectives, we need to understand which people with disability are not achieving good employment outcomes. In considering the population of people with disability of working age (15-64 years), three sub-groups make up the priority target group for services. These are people with disability:

- participating in the labour force, who remain unemployed (5 per cent of all people with disability or 107,594 individuals of whom 44.7 per cent are receiving Newstart/Youth Allowance and 15 per cent are receiving Disability Support Pension (DSP));
- not participating in the labour force, who self-report that they are able to work and do not have any employment restrictions (7 per cent of all people with disability or 147,548 individuals of whom 30.5 per cent are receiving DSP and 14.7 per cent are receiving Newstart/Youth Allowance); and
- not participating in the labour force, who self-report that they are able to work, but have some employment restrictions (10 per cent of all people with disability or 226,725 individuals of whom 11.6 per cent are receiving Newstart/Youth Allowance and 8.7 per cent are receiving DSP).⁹

These groups are a priority because, while they are not employed, they are likely to have a high capacity to work and see employment as an option. We estimate there are approximately 481,867 (22 per cent) people with disability aged 15-64 years in Australia in our priority target group of whom 20.4 per cent are receiving DSP and 20.4 per cent are receiving Newstart/Youth Allowance.¹⁰

In addition, a further 30 per cent of people with disability (642,730 individuals) outside the labour force report being permanently unable to work. Some of these people could have the capacity to work; however, they may be harder to engage. A high proportion of this group (73 per cent) receives DSP though it is still in scope for the new Framework.¹¹

Additionally, a proportion of the 48 per cent of people in the labour force (1,041,568 individuals) might need assistance (such as workplace adjustments and ongoing support), be underemployed, or not be in long-term sustainable employment. While some of this group may already be accessing services through the Disability Employment Services (DES) or the Australian Disability Enterprise (ADEs), there is also scope to better support this group.

⁹ Department of Social Services analysis of Australian Bureau of Statistics. 2012. *Survey of Disability, Ageing and Carers (SDAC): Summary of Findings*, Cat. no.4430.0. Canberra.

¹⁰ Department of Social Services analysis of Australian Bureau of Statistics. 2012. *Survey of Disability, Ageing and Carers (SDAC): Summary of Findings*, Cat. no.4430.0. Canberra.

¹¹ Department of Social Services analysis of Australian Bureau of Statistics. 2012. *Survey of Disability, Ageing and Carers (SDAC): Summary of Findings*, Cat. no.4430.0. Canberra.

Disability Employment Discussion Paper

The following tree diagram shows the total number of people with disability of working age in Australia. The proposed Framework's priority target groups are highlighted in the grey box.

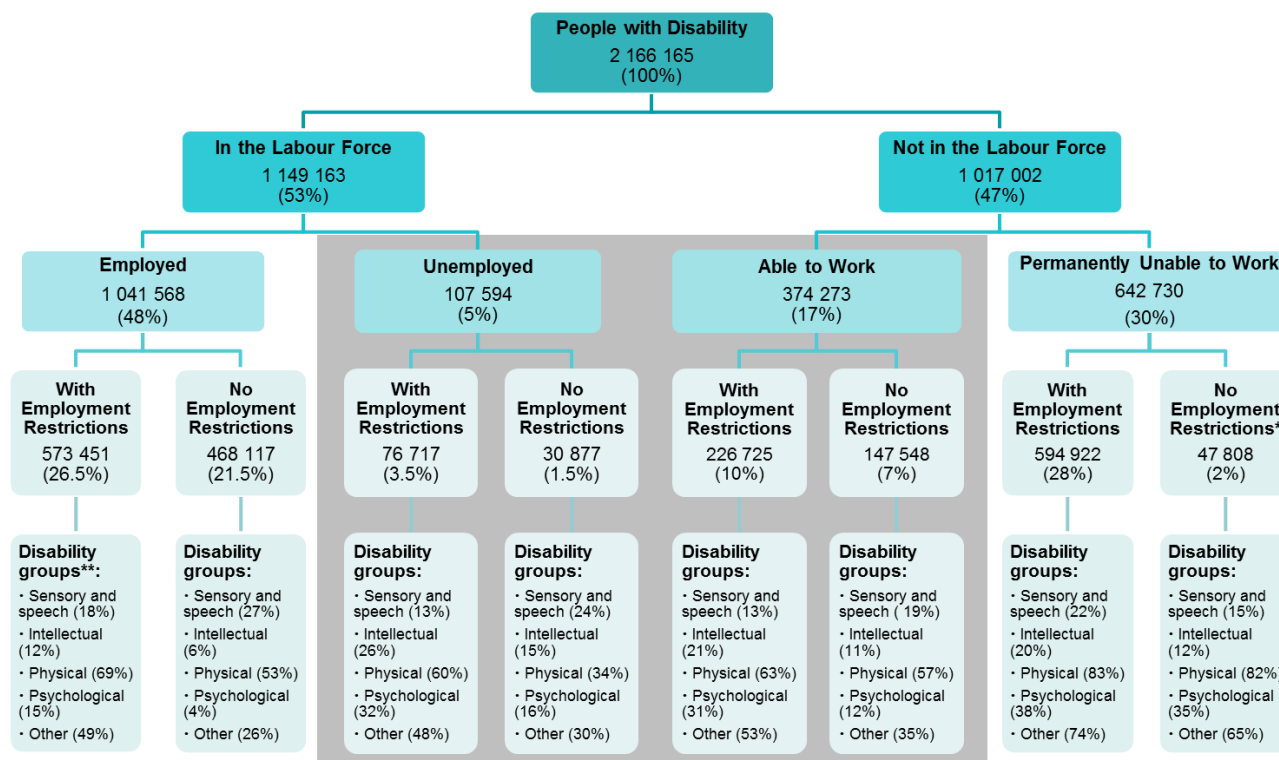


Figure 2: People with disability aged 15-64 years by labour force status.¹²

* According to ABS SDAC (2012) there is a subset of people who are permanently unable to work, but have no employment restriction. These respondents are permanently unable to work due to the illness or disability of someone else, being too old or other reason.

** Respondents may have multiple disabilities and therefore be counted in more than one disability group.

¹² All figures are from the Australian Bureau of Statistics (ABS) SDAC (2012) Confidentialised Unit Record File (CURF) data. All calculation of percentages are the Department of Social Services analysis of the ABS SDAC (2012) CURF data, except for percentages in the disability groups.

1.5 The employment equation

As detailed earlier, we have an understanding of our objectives and the priority target group whose employment outcomes we are aiming to improve. However, no matter what the level of investment or how job ready people with disability are, without job opportunities, employment outcomes will not improve.

With this in mind, the employment outcome equation for people with disability is:



Figure 3: The employment outcome equation.

This equation shows that employers effectively become a second target group of the new Framework along with the priority target group of people with disability.

Creating new job opportunities is a challenging task; primarily, because job availability and unemployment rates are directly related to economic growth and the health of the economy. Further, disadvantaged job seekers are disproportionately affected by economic cycles; often being the last to find jobs during periods of growth and the first to lose jobs during downturns. Research by Professor Jeff Borland from the Faculty of Business and Economics, University of Melbourne, demonstrates that economic conditions rather than employment programmes are the key driver of employment outcomes.¹³ Further, it is important that these are genuine new job opportunities to avoid displacing people already in the labour force.

Despite this analysis of the job opportunities side of the employment outcome equation, there are policies that can be implemented to improve the relative job opportunities for people with disability. These policies need to focus on the key issues that were raised during an initial round of public consultations including:

- Better understanding the needs of employers.
- Better responsiveness and assistance with the recruitment of people with disability.
- The need to change the attitudes of some employers and the community about the employment capabilities of people with disability.

¹³ Borland, J. 2014. Dealing with Unemployment: What should be the role of labour market programs?’, *Evidence Base*, issue 4.

- Improving support for employers and recruitment agencies to assist with employing staff with disability.
- Improving incentives for employers to employ people with disability.
- Developing partnerships with employers and championing best practice.

A focus on creating new job opportunities is important to improving the disability employment services system. It is also an integral part of the approaches by OECD countries that perform well in terms of employment rates for people with disability.¹⁴

1.6 Disability employment service programmes – performance and areas for improvement

Disability employment support services are currently the main mechanisms used by Government to facilitate people with disability to become job ready and improve their employment.

Limited disability employment programmes existed in Australia for over 100 years and were traditionally centred on the sheltered workshop model for people with disability. It was with the introduction of the *Disability Services Act 1986* (the DSA) that a national programme designed to provide employment assistance in the open labour market was established.

The DSA emerged following the de-institutionalisation movement of the mid-1970s which gradually replaced large scale institutions with community options. This change occurred in recognition that there was a social responsibility to offer improved, more inclusive support for people with disability to participate in society like other Australians; including employment opportunities in the open labour market.

The DSA established two new employment services. The first was a supported employment service for people with disability who could not participate in the competitive labour market (now known as ADEs); and the second was an employment, training and placement service for people with disability who required assistance to find and retain a job in the competitive open labour market (now known as DES).

Initially, these programmes were run largely by Government or by community organisations through block-funded grants from Government. Between 1999 and 2006, the programmes were subject to substantial reforms with the introduction of case-based funding, a fee-for-service and outcome-based funding model, and a greater emphasis on quality through National Standards for Disability Services.

In 2007, the *Disability Services Act 1986* was amended to support the introduction of market contestability. Gradually a carefully managed market for employment support

¹⁴ Organisation for Economic Co-operation and Development. November 2010. *Sickness, Disability and Work: breaking the barriers*.

services has emerged that sees private sector, social enterprises and not-for-profits compete to deliver disability employment services.

Currently, Australia has three main employment services aimed at improving employment outcomes for people with disability: jobactive (formerly Job Services Australia); Disability Employment Services (DES); and Australian Disability Enterprises (ADEs). These services continue to operate using more refined approaches to case-based funding and outcome payments in a tightly managed and limited market.

The results of these services could be improved, as outlined below. Aspects of the services were criticised during our recent round of public consultations.

1.6.1 Job Services Australia (JSA) performance

Despite DES becoming uncapped in 2010, the majority of people with disability on income support and/or seeking employment (220,000) are streamed into the mainstream JSA (now jobactive) programme.

Results published in *Labour Market Assistance Outcomes – Job Services Australia, March 2015* show that JSA had limited success in achieving sustainable outcomes for people with disability who have significant barriers to work.¹⁵ Figures taken from a series of post-programme monitoring surveys show that 21.1 per cent of people with disability in JSA Stream 4 (for people with multiple and/or complex barriers) were still in employment three months after exiting JSA. Results for people with disability in JSA Streams 1-3 (for people with fewer barriers to work) are higher, ranging from 33.1 per cent to 46 per cent.

The Evaluation of Disability Employment Services 2010-2013: Final Report (the Evaluation of DES) found that for those with a partial capacity to work who commenced in JSA between 1 July 2010 and 31 December 2010, 11.5 per cent achieved an outcome of 26 weeks at an average cost of \$23,700 per outcome.¹⁶

The Government recognised that the performance of JSA could be improved and replaced it with the jobactive programme on 1 July 2015. The jobactive programme implements a range of changes including a greater focus on achieving job outcomes, cutting red tape and giving job seekers the support they need to get and sustain a job. It is too early to tell what the impact of these changes will be on the employment outcomes for people with disability in the programme.

As the mainstream employment services programme, jobactive will continue to deliver services to people who are deemed eligible and will sit alongside the disability employment services. It is out of scope of the options and approaches outlined in this Discussion Paper.

¹⁵ Australian Government Department of Employment. March 2015. *Labour Market Assistance Outcomes: Job Services Australia*. Canberra.

¹⁶ Australian Government Department of Education, Employment and Workplace Relations. 2015. *Evaluation of Disability Employment Services 2010-2013: Final Report*. Canberra.

1.6.2 Disability Employment Services (DES) performance

Around 170,000 people with disability participate in DES. Outcomes for participants in DES are better than for participants in JSA Stream 4 (the most disadvantaged Stream of job seekers).

While caution should be used in comparing the outcomes of the two programmes, due to differences in participant characteristics, programme rules and funding levels, comparable data for DES is published in *Labour Market Assistance Outcomes – Disability Employment Services, March 2015*.¹⁷ The results show that 31.5 per cent of participants assisted in DES were employed three months after a period of assistance – ten percentage points higher than the results for JSA Stream 4.

Similarly, the Evaluation of DES found that for those with a partial capacity to work who commenced in DES between 1 July 2010 and 31 December 2010, 20.9 per cent achieved an outcome of 26 weeks at an average cost of \$31,300 per outcome.¹⁸

It is unclear to what extent these better outcomes are due to the quality of service providers, participant characteristics, or the extra funding available for individuals using this service.

The evaluation of DES also found that Disability Employment Services - Disability Management Service (DES-DMS) is performing better than the service it replaced (Vocational Rehabilitation Services (VRS)), while Disability Employment Services - Employment Support Service (DES-ESS) is delivering similar results to its predecessor (the Disability Employment Network (DEN)), once differences in policy and the way outcomes are measured are taken into account.

Administrative data tells a similar story. Since the introduction of DES in March 2010, it has generated over 265,000 paid job placements for Australians with disability.¹⁹ Financial and performance management incentives in DES are highly geared towards finding participants job placements of at least 26 weeks in duration. The number of people who received services in DES for 2014-15 has increased compared to those serviced in DEN and VRS in 2009-10. However, only 32 per cent of participants will receive a 26 week job outcome in DES, and performance has plateaued over the past three years.

¹⁷ Australian Government Department of Employment. 2015. *Labour Market Assistance Outcomes: Job Services Australia (March 2015)*. Canberra.

¹⁸ Australian Government Department of Education, Employment and Workplace Relations (DEEWR). 2015. *Evaluation of Disability Employment Services 2010-2013: Final Report*. Canberra.

¹⁹ Department of Social Services administrative data

1.6.3 Australian Disability Enterprises (ADEs) performance

ADEs are not-for-profit businesses that provide supported employment for people with moderate to severe disability who face barriers to working in the open employment labour market. Over 20,000 people with disability, mainly those with intellectual disability (70 per cent),²⁰ are provided ongoing support in 186 ADEs in 293 locations across Australia.

An employment outcome in an ADE is measured at working for a minimum of eight hours per week for 13 weeks or more. Administrative data for 2014-2015 showed over 19,500 participants were supported to achieve and maintain supported employment at an average cost of \$11,131 per year. This cost relates to ongoing support not placement and support, and the participants do not have mutual obligation requirements to attend an ADE; so comparisons with JSA and DES are inappropriate.

As of March 2010, 71 per cent of all supported employees were employed on a part-time basis (less than 35 hours per week) and worked an average of 25 hours per week. The most common industries for ADEs are packaging, landscaping, cleaning, recycling, and light manufacturing.²¹

1.7 Areas for improvement

As discussed, the disability employment services system could be improved to better achieve the overall aim of improving employment outcomes for people with disability. This is reflected in the performance of the different elements of the system in achieving sustainable open employment outcomes for people with disability. An analysis of why the system is not achieving outcomes reveals several design features that are contributing to these results.

1.7.1 Design and performance problems in DES

In the case of DES, most of these design features arise from the fact that the programme is transaction-based and driven largely by the payments system and a safety net approach. This can lead to tensions in the programme that impact on sustainable employment outcomes.

The following design features have been identified as areas needing improvement and are explored in more detail:

- the lack of a direct link between funding and individual need;
- the unintended consequences of the outcomes framework; and

²⁰ Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). March 2010. *Inclusion for People with Disability Through Sustainable Supported Employment: Discussion Paper*. Canberra.

²¹ Australian Government Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). March 2010. *Inclusion for People with Disability Through Sustainable Supported Employment: Discussion Paper*. Canberra.

- a limited market for services.

Funding individual need

Access to and delivery of DES is such that there is not a direct link between funding and the support needs of the individual to find sustainable employment. There are several reasons for this including:

- DES participants are allocated broad levels of funding based on levels of disadvantage;
- DES participants are not informed of this level of funding;
- the level of funding determined for the participant is not directly attached to them; and
- the funding instead is rolled into a gross amount of case load funding to the provider.

This approach means it is largely up to the provider to determine the level of funding and support provided to an individual. This leads to a potential tension between the amount of funding allocated for an individual and profit to the service provider.

The Department does not monitor the relationship between the need of the individual and the level of support provided, so has no data on the types of support provided to individuals by service providers.

Unintended consequences of the outcomes framework

The current outcomes framework, based on the Government as the single purchaser of services, has the potential to lead to a range of unintended consequences for individual participants and the system as a whole. These include:

- Poor job matching that may not support long-term outcomes.
- Participants who do not achieve long-term outcomes re-entering the service system, potentially multiple times.
- A focus on supporting participants who are deemed likely to find a job at the expense of other participants who are perceived as a poor return on investment.
- Job splitting to maximise outcome payments (e.g. service providers gain two outcome payments if they split a 30 hour job into two 15 hour jobs and place two participants in one position; even if those people were capable of and wanted to work more hours).
- Placing participants in jobs at the minimum hours assessed. Providers get the same placement payment for placing people at the minimum of their assessed hour range as they do at the maximum.

A limited market

By outsourcing employment services and moving away from block funding to case-based funding the Government has moved some way towards the kind of individualised, market-based approach described in the Harper Competition Policy Review.²² However, the current system has created a tightly controlled and limited market for employment services that does not harness the full advantages of a consumer-directed approach operating in a competitive and open market. In particular:

- The system of payments directly from Government to providers can and does result in providers following financial incentives rather than meeting the needs of the participant.
- A market-share approach leads to certainty for providers but limits competition.
- The establishment of Employment Service Areas (ESAs) limits competition and choice for participants.
- Although it is opened periodically, the market remains closed to new players for extensive periods of time which again limits competition.
- The star rating system which the Department uses to manage quality and strengthen 'competition' is based on the outcomes framework. This can reward providers that use approaches which lead to unintended consequences (discussed above). It also reduces the choice of providers over time as business is reallocated from providers with a low star rating to those with higher star ratings.

1.7.2 Design and performance problems in ADEs

ADEs are a component of the employment services system which operates between day programmes and open employment. While their performance in terms of sustainable employment outcomes suggests they are successful, ADEs have been criticised for:

- the limited number of capped places;
- targeting employees that might benefit from other forms of support. For example, some people who have limited productive capacity who might benefit more from community participation programmes while other employees may benefit from working in open employment with adequate support;
- a lack of sustainability as businesses;
- low wage outcomes for people with disability;

²² Harper et al. March 2015. *Competition Policy Review: Final Report*. Canberra.

- the segregated and congregated nature of the employment environment, meaning that most employees have disability;
- providing, in some cases, ‘work like activity’ rather than real work; and
- the low numbers of supported employees transitioning into open employment (in 2014, only 159 ADE supported employees (0.8 per cent) left ADEs to move into open employment).

Funding individual need

ADEs also use case-based funding. This recognises an individual’s support requirements at work via a four tiered funding model. However, there is no link between the amount of funding provided for an individual and how many hours they work. This can create tension between individual need and the funding of support.

ADEs are in scope to transition to the NDIS where funding is allocated individually on an as needs basis. Twenty per cent of ADEs have already made the transition to this way of funding and the rest are preparing for the move and are expected to transition within the next three years.

1.8 A way forward

As part of the first round of consultations, the Taskforce outlined seven possible principles for a new Disability Employment Framework and their perceived benefits. These principles were consistent with best practice competition policy, as it applies to the delivery of human services, and provide the basis for addressing the issues identified with the current system:

| Principles | Benefits |
|---|---|
| Individual funding based on needs and aspirations | Choice and control to the individual |
| Market-based service provision | Flexibility, innovation and responsiveness to individually based consumer choices |
| Long-term career planning and capacity building | Sustainable employment outcomes that meet current and future labour market needs |
| Understanding of employer needs | Better match between job seeker and jobs, leading to better, longer term employment |
| Increased open employment options | Social and economic gains for the |

| | individual and broader community |
|--|--|
| Whole-of-government coordination and use of technology | Improved service pathways and reduced 'red tape' for clients and service providers |
| The person is supported through the life-course | An integrated approach that maximises lifetime wellbeing |

Table 1: Principles for change, and their benefits for a proposed Disability Employment Framework

During public consultations, these principles were broadly well received. However, several risks and issues were identified including:

- The need for individually based funding to be supported by education, information and advocacy.
- A concern about how individualised funding, mutual obligations and compliance would work together.
- A tension between long-term career planning and a desire to get people into a job quickly.
- How quality of service provision, certainty of funding, business viability, and service coverage would be maintained in a market-based environment.
- The need for employers to change attitudes, behaviours and understanding of people with disability in employment and provide incentives for employers to hire people with disability.
- The difficulties of some people with disability utilising technology, such as a virtual marketplace.
- The need for employment interventions to begin earlier, particularly at school and in the education system, or at the onset of disability.

To improve the employment outcomes for people with disability, taking into account the feedback on both the current system and the proposed principles from the first round of consultations, the remainder of this Discussion Paper presents more detailed policy proposals on:

- 1) Individualised funding and market-based service provision;
- 2) Supporting employers and creating jobs;
- 3) Ongoing support and supported employment; and
- 4) A disability employment virtual marketplace.

The following diagram is a representation of how the proposals discussed in the Paper could fit together as a whole Framework. There are, of course, variations on this and some proposals presented in this Paper could be incorporated as additional elements to the existing system without adopting the full suite of options discussed.

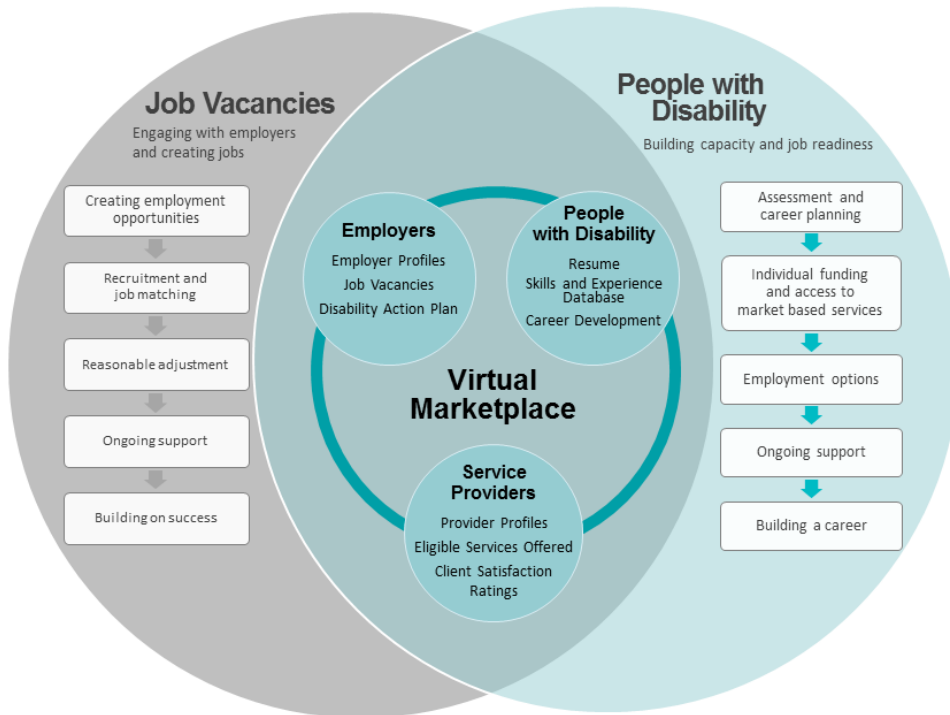


Figure 4: The proposed National Disability Employment Framework.

2 Individualised funding and market-based service provision

This Chapter explores what an individualised, market-based approach to service delivery for disability employment services may look like. It describes the key elements of such an approach, each of which will have many variations and could be combined into different options for building on and improving the current system.

2.1 Policy rationale

Consistent with the Harper Competition Policy Review and the evolution of disability employment support services over time, improvements to the current system could be made by adopting an approach that places individualised funding, consumer choice, and a more open and competitive market at the centre of disability employment services delivery.²³

It is anticipated that such an approach would link resources directly to participant need and dedicated to achieving specific individual outcomes. This would:

- empower individuals by giving them choice and control over where and how they receive services;
- make service providers more responsive and accountable to participants;
- encourage competition between providers which improves quality of service and fosters a diverse range of service providers which are better able to meet diverse needs;
- have a long-term effect of raising community expectations of people with disability; and
- align with other Government systems which provide individualised, market-based service provision, such as the NDIS.

2.2 Evidence for change

There is support for a shift towards individualised funding coming at international and local levels under the *United Nations Convention on the Rights of Persons with Disabilities* and the *National Disability Strategy 2010-2020*.

Placing choice and control in the participant's hands is beneficial for generating competition, innovation and quality in the marketplace. The Harper Competition Policy Review recommended that Government place user choice at the centre of all human services delivery.²⁴

²³ Harper et al. March 2015. *Competition Policy Review: Final Report*. Canberra.

²⁴ Harper et al. March 2015. *Competition Policy Review: Final Report*. Canberra.

People with disability, advocates and peak bodies who represent different disability groups are also increasingly endorsing self-directed approaches to receiving services.²⁵ Social policy agendas are responding with a move towards consumer-directed approaches to the delivery of care, as demonstrated by recent reforms in aged care and the roll out of the NDIS.

International and national evidence suggests that, when compared to more traditional methods of service provision, individualised approaches are consistently related to positive outcomes for both the participant and their families and carers.²⁶ Benefits associated with individualised funding occur across a range of measures including improved general wellbeing, increased feelings of empowerment, greater independence, increased participation in community life and improved personal relationships.²⁷ For families and carers, benefits also extended to improved capacity to participate in the workforce.

Improved outcomes have been found across various disability groups, including physical disability, intellectual disability and mental illness. Furthermore, there is evidence that these benefits are sustained over the long term.²⁸

Case Study- Netherlands

Some countries have already experienced success in implementing individualised, market-based service provision models for delivering disability employment services. In 1998, the Netherlands piloted such an approach despite mixed feelings about its feasibility from some administrators and providers. The trial found that it led to activation of voluntary clients, greater motivation of clients and services better tailored to meet needs. Of those who had exhausted their allocated funding, 59 per cent had started gainful employment during or after the programme.²⁹

In 2004, the programme was extended nationally, and the disability employment rate has risen substantially during this time. From the mid-1990s to the late 2000s the Netherlands has experienced a substantial increase in the employment rate for people with disability from 40.2 per cent to 44.5 per cent.³⁰ Over the same period, Australia's employment rate has fallen from 41.9 per cent to 39.8 per cent and only 32 per cent of participants in DES currently receive a 26 week job outcome.

²⁵ Productivity Commission. 2011. *Disability Care and Support: Productivity Commission Inquiry Report*. Report Number 54, Canberra.

²⁶ For a good overview see Productivity Commission. 2011. *Disability Care and Support: Productivity Commission Inquiry Report – Appendix E*. Report Number 54, Canberra.

²⁷ Fisher, K et al. 2010. *Effectiveness of Individual Funding Approaches for Disability Support*. SPRU Occasional Paper no 29, the Department of Social Services (Formerly FaHCSIA).

²⁸ Caldwell, J and Heller, T. 2007. Longitudinal outcomes of a consumer-directed program supporting adults with developmental disabilities and their families. *Journal of Intellectual and Developmental Disabilities*. Vol 45, no 3, pp 161-173.

²⁹ Bosselaar, H and Rienk Prins. 2007. Personal Return to Work Budgets for Persons with Disabilities: Demand-Based Delivery of Re-Integration Services in the Netherlands. *European Journal of Social Security*, vol 9: 2.

³⁰ Bosselaar, H and Rienk Prins. 2007. Personal Return to Work Budgets for Persons with Disabilities: Demand-Based Delivery of Re-Integration Services in the Netherlands. *European Journal of Social Security*, vol 9: 2.

While the overwhelming majority of participants find their experience with individualised funding a positive one, a small number of participants experience adverse impacts from shifting to this approach from more traditional models.³¹ This indicates that care must be taken to provide adequate support for participants who require it.

2.3 Consultation feedback

Feedback from the consultations on individualised funding and market-based service provision was broadly positive. However, there were a number of concerns raised, which are summarised as follows:

- The assessment process will need to be robust and all necessary service elements will need to be included in packages to ensure sufficient funds are allocated to the participant.
- Participants need to be informed, educated and well supported to make good decisions in an open marketplace – there is a risk of inequity and a strong role for advocacy for some participants.
- There needs to be competition between and sufficient coverage of accessible services for the market to work – long-term sustainability of service providers will need to be an important consideration.
- There will need to be quality standards to ensure providers are acting in participants' best interests.
- There is a potential tension between providing individual choice and control and mutual obligation requirements.
- Transition to a new scheme will need to be handled with care to ensure a smooth change for both participants and service providers.
- There needs to be further consideration of the evidence-base to test that individual, market-based service provision works.
- Attention will need to be directed to how to measure the performance of service providers and outcomes for participants.

These concerns highlight some of the key requirements that an individualised, market-based approach needs from both the individual and marketplace perspectives in order to operate effectively. These requirements are:

³¹ Productivity Commission. 2011. *Disability Care and Support: Productivity Commission Inquiry Report – Appendix E*. Report Number 54, Canberra

An individualised, market-based approach

| The participant has: | The marketplace provides: |
|---|--|
| <ul style="list-style-type: none"> • Money • Knowledge • Support | <ul style="list-style-type: none"> • Viable businesses • Diversity of services • Accessibility • Quality • Competition • Geographic coverage |

Table 2: Requirements of an individualised, market-based approach

2.4 Policy proposals

In considering what an individualised, market-based approach to service delivery for disability employment services may look like, three policy areas will be explored:

- The core elements that would characterise such an approach.
- Continuing important elements of the current approach.
- A staged approach to implementation.

2.4.1 Core elements of an individualised, market-based approach

There are several core elements that would be important in understanding what an individualised, market-based approach might look like in practice. These elements include:

- An effective gateway into the service.
- An individualised career planning process.
- Funding linked to a career action plan.
- Consumer choice of providers.
- Ensuring knowledge and support in navigating the market.
- A more open and less restricted market.
- An effective quality assurance framework.

An effective gateway into the service

An effective gateway into the services is required to ensure those that are eligible and would benefit from the approach enter the system.

The simplest gateway into the service would be a continuation of the referral process from Department of Human Services (DHS). The existing Job Seeker Classification

Instrument (JSCI) and Employment Services Assessments (ESAt)/Job Capacity Assessments (JCA) could be used to determine streaming into either jobactive or the disability employment services system. It should be noted that this process was criticised by both people with disability and providers during the first round of consultations. Regardless, several other issues warrant consideration in terms of a gateway into the service.

The first is whether eligibility for services should be broadened given the target group extends beyond those that are currently in the system. More flexibility would allow for earlier intervention to:

- more effectively transition young people from school to work;
- encourage participation from some people with disability who are currently not participating in the labour force;
- better assist those who acquire disability while engaged in the workforce and need support to retain employment or re-train for different roles; and
- provide early intervention and ongoing support to people with disability already in work, to strengthen support for long-term career goals.

As well as eligibility, broadening the pathways into disability employment services should be considered. This would include referrals from the NDIS, other existing service systems, such as health services, and also by contacting the service directly for assistance. In particular, there would seem to be scope for investigating streamlined planning and assessment processes with the NDIS for those in both systems under an individualised funding approach. In all cases, it would need to be determined if an individual is eligible and whether the disability employment services system is the most appropriate system to meet their needs. In particular, jobactive, plays an important role in supporting people with additional, non-vocational barriers to employment or that do not meet the 8 hours per week threshold.

Consideration should also be given to individuals remaining in the system over their working life, to ensure they can easily access employment support services if needed. The intention would be to build a system which reacts before an individual is at crisis point and in need of multiple supports, including income support. It would also allow more longitudinal tracking of individuals and their employment outcomes.

Career planning process

At the heart of a consumer driven model is funding that is linked to need and under the control of the individual. A rigorous process would need to be established to assess need and allocate funding, control and responsibility accordingly.

This could be done through a comprehensive career planning process once an individual enters the system. The process could be strengths based, focusing on the participant's career goals and aspirations, while taking into account their capacity to work, local labour market conditions and their responsibilities to implement a career action plan.

This career planning stage could take multiple meetings to finalise and some participants may need additional support to take part in the career planning process. Families, carers and advocates could assist a participant in the development of a plan and other support, such as translation services, would be made available during the planning process. This kind of support may be particularly important for disadvantaged groups, such as people from CALD backgrounds, Indigenous Australians and women, to ensure they get the most out of the planning process.

This approach would require a group of highly skilled career planners to nationally deliver effective planning and case management services; similar to the role the NDIS planners currently play.

The career planners would be responsible for the career action plan (see below) and could perform the following roles:

- determining eligibility for the system (for clients not coming through DHS);
- career planning and assessment;
- managing linkages with other services, including referrals; and
- monitoring progress and mutual obligation requirements.

Ideally, the role would be independent from the provision of other employment services to avoid potential conflicts of interest.

Funding linked to a career action plan

The output from the planning process would be a comprehensive career action plan, with funding assigned to each component. The plan would be a practical and user-friendly document with clear actions and services linked to outcomes agreed upon by both the participant and the planner.

Appropriate services could be chosen from a service catalogue along with agreed levels of funding for each service.

The service catalogue could include items like:

- advocacy;
- Auslan interpreting;
- training and study;
- job seeker support;
- workplace adjustment; and
- ongoing support.

In addition to this list of services, the career action plan might also identify other programme elements, such as wage subsidies and pro-rata wages.

Career action plans would need to closely align with any other support plan the participant requires, such as an NDIS plan, Rehabilitation Plan or Mental Health Recovery Plan, to ensure compatibility and reduce duplication of services.

Consumer choice of service providers

One of the cornerstones of this approach is for the individual to have choice over their service provider/s and to be able to change service providers if they are dissatisfied. Such choice is currently restricted by aspects of the system like employment service areas, market-share and an approach where a participant goes to a single provider for multiple services.

Once a career action plan is agreed, individuals would need to be free to choose their service provider/s from the market to meet their service needs. They may choose to have one provider to deliver all their employment services (as is currently the case) or potentially to choose different providers for different elements of their plan. For example, they may choose one provider for job placement but another for ongoing support.

Participants are likely to need varying degrees of help in navigating the market. This support could come from a variety of sources including:

- Support from families, carers or advocates.
- A virtual marketplace containing information and education on navigating the service system, including information on service providers such as services offered, prices and client ratings.
- Career planners would initially assist the participant to access support or advocacy services and to introduce the participant to the virtual marketplace when a career action plan is in place.
- Support or advocacy services may be required to manage the participant's career action plan and ongoing access to services. If required this could be included and funded as a part of the participant's plan.

A more open and less restricted market

Another cornerstone of an individualised market-based approach is to deregulate the market and increase competition so that it can be responsive to consumer choice. The current approach provides for a controlled and regulated market with only one consumer in the marketplace, the Government, which only tests the marketplace periodically. There is an opportunity for a more open and less regulated market which could be achieved in a number of ways.

One approach would be to establish some basic criteria that organisations must meet in order to enter the market and offer services in the service catalogue. Such criteria might change over time to open the market up even further but might include items such as:

- Ability to meet National Standards for Disability Services.
- Experience in delivering services to people with disability.
- Expertise and qualifications to deliver the service.
- Financial viability.

An assessment process would need to be established to determine whether a service provider met the relevant criteria for entry into the market. Once they were determined eligible, they would become a registered service provider and participants could choose to use their services. They could then make claims for payment against an individual's career action plan.

An effective quality assurance framework

It is important that consumers, particularly from vulnerable groups, have access to quality services and the risk of exploitation and poor servicing is minimised. In the current approach this is achieved through the star rating system and periodic testing of the market.

The mechanism of registered service providers described above is just one element of an effective quality assurance framework in an individualised, market-based approach. Other mechanisms that could be considered in the development of such a framework include:

- Quality assurance standards.
- Self-regulation.
- Effective complaints and investigation processes.
- Service provider audits and reviews.
- Client ratings systems.

2.4.2 Maintaining elements of the current approach

In addition to the key elements of an individualised market-based approach outlined above, it is important that several elements of the existing approach are maintained where they are effective. These could include:

- Outcome payments.
- Mutual obligations.
- Service provider engagement and service coverage.

Outcome payments

An important development in the evolution of the employment services system was the introduction of outcome payments that reward providers for successfully placing and maintaining participants in employment. While, as discussed, the current outcomes framework can lead to unintended consequences for individuals and the system as a whole, the market mechanism of paying businesses and service providers for results is sound for some services. Consideration should be given as to how to retain outcome payments in an individualised, market-based approach.

It is clear that some services in the proposed service catalogue, such as job placement services, are still candidates for outcome payments. The concept of paying individuals outcome payments for finding and maintaining a job could also be considered.

Mutual obligations

The current system also advocates mutual obligations for income support recipients as a condition of receiving benefits. It is important that this sense of responsibility on the part of participants is maintained in any individualised, market-based approach.

For participants with mutual obligation requirements, career action plans could form the basis of their obligation to Government. This means that, as well as being an agreed record of the participant's goals and services, the document would also be a record of their individual responsibilities to Government for meeting those goals. Failure to meet these agreed responsibilities could impact on a participant's career action plan and/or their social security payments.

In this way, participants would be actively involved in shaping their own mutual obligation requirements to support an employment outcome. This approach would increase participant ownership of the mutual obligations and improve participant motivation to adhere to them. It would also better tailor such obligations in a way that genuinely contributes to employment outcomes.

The career planner could still have final approval over the career action plan to ensure it is realistic, achievable and clearly outlines the expectations and responsibilities of the participant.

Service provider engagement and service coverage

The current approach provides for the comprehensive national provision of employment services including: national service coverage; and co-ordinated engagement with the employment services profession.

Any individualised, market-based approach would need to ensure that the benefits of a regulated market are maintained as much as possible. In particular, price signals and potentially other mechanisms would need to be implemented to ensure adequate access to services in regional and rural areas.

2.4.3 A staged implementation

The shift to an individualised funding and a market-based environment is a natural evolutionary step in the development of disability employment services and is consistent with competition policy for the delivery of human services. Nevertheless, it would be a significant change for both participants and disability employment service providers. For this reason, if such a direction was pursued, it would be prudent to develop a detailed implementation plan that provides for a staged approach to implementation over a number of years.

Table 3 summarises such a staged approach from pre-implementation to full roll out as an example of how this might be achieved. It is not meant to be a comprehensive implementation plan but rather provide an overview of some of the key considerations at various stages of implementation.

Pre-implementation (2 years)

Prior to roll out, a number of systems and processes would need to be in place, including a payment system and virtual marketplace, to enable the market to deliver services.

To ensure a smooth transition, all existing providers could have the opportunity to register before the systems went live to ensure continuity and access to services. A service provider transition fund may be required to assist service providers with the changes. Registration of both service providers and participants would need to be underway well before roll out to allow the market to function from day one.

Stage 1 (1 year)

In the first stage of implementation, the market would be open for business. However, it would remain tightly controlled with a focus on retaining current providers as the main base of service providers. Fees for services would be set by Government to give stability to the new marketplace. Some elements of the previous system, such as quality assurance measures and some level of outcome payments would be retained.

Stage 2 (1 year)

The second stage of implementation would see all participants now using the market. This would be the time to review elements of the first stage of roll out, such as operations and fees and so that adjustments could be made where necessary. So that the market could be opened up to allow new providers, a quality assurance framework would need to be developed and implemented and new provider registration and assessment process would need to be in place.

Stage 3

In the third and final stage of implementation, restrictions on new service providers entering the market could be lifted, while still maintaining a quality assurance framework. Setting fees in a market-based model is generally viewed as counterproductive to the benefits of the system over the long term and fees for services should be reviewed at this stage to decide whether or not to remove fee structures. It may still be advisable to retain set outcome payments for some services. It could take a number of years (5 or more) to get to the final stage of implementation.

| Pre-implementation | Stage One | Stage Two | Stage Three |
|---|--|---|---|
| <ul style="list-style-type: none"> • service catalogue with prices (including outcome payments for job matching) developed in collaboration with participants and providers • virtual marketplace established • career planning service in place • service provider transition support (including transition fund) • pilot aspects of the system • payment system in place • begin career action plan development and selection of providers for participants • all providers will have the opportunity to transition | <ul style="list-style-type: none"> • controlled market with existing providers plus targeted new providers where appropriate • focus on retaining existing providers • set prices for the service catalogue • continue existing quality assurance elements • maintain outcome payments for job matching service element • continued career action plan development and selection of providers for participants | <ul style="list-style-type: none"> • all participants now registered • evaluate operation of Stage 1 and make adjustments where necessary • review pricing levels and make adjustments where necessary, but continue to set prices and retain outcome payments • develop and implement quality assurance framework • prepare for opening the market • provider registration and assessment process • controlled market with existing providers plus targeted new providers | <ul style="list-style-type: none"> • evaluate operation of Stage 2 and make adjustments where necessary • move to an open market • review pricing policy and decide whether to continue setting prices • potentially retain some outcome payments |

Table 3: The proposed staged implementation of the individualised, market-based model of service provision.

2.5 Programme costs

A move to individual funding packages might result in a change to the cost of delivering disability employment services. To estimate the cost of providing individualised funding packages, we need to look at the current costs and how these might be attributed at an individual level.

There are a number of ways to calculate this cost estimation including the:

- average cost per year of a participant in the current disability employment services;
- average cost of a participant per employment outcome; and
- minimum and maximum cost of a participant per year, with and without an employment outcome.

| Programme | Average Cost per participant | Average Cost per Outcome* | Cost over a year without Outcome | Cost over a year with 26 week Outcome |
|-------------|------------------------------|---------------------------|----------------------------------|---------------------------------------|
| DES (DMS) | \$6,324 | \$27,487 | \$4,620 | \$11,220 |
| DES (ESS1)# | \$6,114 | \$26,278 | \$3,560 | \$9,810 |
| DES (ESS2)# | \$10,419 | \$54,481 | \$7,600 | \$18,540 |
| ADE | \$10,400 | \$11,131 | N/A | N/A |

Table 4: Average costs of DES and ADEs in different scenarios. *For DES this is for a 26 week outcome. For ADEs this is a 13 week outcome. ADEs have four levels of support ranging from \$4,320 - \$14,580 per year. #In DES (ESS) there are additional loadings service providers can receive for placing a participant with moderate intellectual disability in a job, which can be between \$677.60 and \$1,355.20 per job placement and from \$2,516.80 to \$6,776 per outcome.

The most useful estimate on package funding cost is likely to be the minimum and maximum an individual can be allocated per year under DES which ranges from \$3,560 to \$18,540. Over a lifetime, assuming an individual does not re-enter the system, one can expect a cost of between \$26,278 and \$54,481 based on the cost per employment outcome.

Further, ongoing support costs can be up to \$13,200 per year for DES participants with high ongoing support needs. Support may need to be funded for the employee's entire working life which would add to the cost of packages required by these individuals.

Funding for ongoing support from other sources, such as the NDIS, would be taken into account when determining the level of ongoing support provided under the new system as a part of a participant's career action plan.

3 Supporting employers and creating jobs

3.1 Policy rationale

Supporting employers and creating job opportunities is a critical part of the employment outcomes equation for people with disability. No matter how job ready a person with disability is, unless there is a job available and an employer willing to give them the opportunity, a positive employment outcome is hard to be achieved.

There are many other factors which strongly influence the availability of jobs in Australia, including the strength of the economy. However, a new Framework could play a role in creating an environment where jobs are available for people with disabilities through effective engagement with and support of employers.

3.2 Evidence for change

People with disability are under-represented in employment. Despite making up 14.4 per cent of the population aged 15-64, in 2012 people with disability comprise only 9.3 per cent of employed Australians aged 15-64 years. In the Australian Public Service, representation of people with disability has declined from 4.8 per cent in 1999 to 3.1 per cent in 2014.³²

Some of this under-representation could be accounted for by a lack of disclosure of disability status by employees. However, the reasons behind such non-disclosure could be indicative of other perceived issues relating to disability in the workplace such as fear of discrimination.

It is documented that community and employer attitudes play a part in the reduced number of employed people with disability.³³ Employer attitudes could be changed through information and education, which could potentially assist people with disability to have a better chance of satisfactory employment outcomes.

Research from the Australian Human Resources Institute (AHRI) shows that there are persistent attitudes that employing people with disability is risky and costly.³⁴ However, as highlighted by the Australian Chamber of Commerce and Industry (ACCI), there are a number of benefits to employing a person with disability, including creating a competitive advantage, securing a future workforce and building employee loyalty.³⁵

³² Australian Public Service Commission *State of the Service Report 2013-2014* Appendix 5 – Diversity. At www.apsc.gov.au/about-the-apsc/parliamentary/state-of-the-service/state-of-the-service-2013-14/appendices/diversity (viewed September 2015).

³³ National People with Disabilities and Carer Council. 2009. *Shut Out: The experience of people with disabilities and their families in Australia Report released in 2012*. www.dss.gov.au/our-responsibilities/disability-and-carers/publications-articles/policy-research (viewed September 2015).

³⁴ Australian Human Resources Institute. 2011. *Recruiting people with disability: an employer perspective*

³⁵ Australian Chamber of Commerce and Industry. 2014. *Employ Outside the Box* series.

The OECD recommends the activation of employers to make them part of the solution to improving disability employment rates through strengthening the role employers can play in health management and early intervention when problems arise, and providing better supports and incentives for employers.³⁶

International evidence demonstrates that countries which have high employment rates of people with disability have generous supports in place for employers.³⁷ For instance, Sweden and Denmark, which rank first and sixth respectively in the ranking of 29 OECD countries, have wage subsidies which range from 50-80 per cent of the individual's wage cost. Switzerland, which ranks fifth, has a strong focus on early intervention; working with employers on job retention and providing high levels of ongoing support.

3.3 Consultation feedback

The key themes around supporting employers and creating job opportunities for people with disability from the first round of consultations were as follows:

- Government should lead the way by improving its employment of people with disability.
- Employers are a diverse group and different kinds of employers may need different policies or levels of support to employ a person with disability, for example, wage subsidies might carry more weight with small businesses than large businesses.
- There needs to be greater promotion and awareness of the available support to assist employees and employers; particularly the Employment Assistance Fund (EAF) and ongoing support.
- Employers and their staff need to be better educated and supported to change attitudes about employing people with disability.
- Employing people with disability should not only be about corporate social responsibility or goodwill.
- Incentives (both positive and negative) would encourage employers to employ people with disability e.g. tax incentives, quotas or targets, procurement policies and accreditation schemes.
- Service providers need to be more responsive to employer needs and improve job matching skills.

³⁶ Organisation for Economic Co-operation and Development. November 2010. *Sickness, Disability and Work: breaking the barriers.*

³⁷ Organisation for Economic Co-operation and Development. November 2010. *Sickness, Disability and Work: breaking the barriers.*

- There needs to be a single access point to the system for employers and processes for accessing services should be simple and timely.
- Employers need to be better supported to improve flexible employment options, such as improved job design.
- The EAF offers good support, although it could be made more flexible, particularly for people with mental illness and in relation to Auslan services.
- A modified Job in Jeopardy Assistance (including a new name) was suggested to provide ongoing support to employees and employers when issues arise.
- When a participant gets a job, career action plans should be modified through three way discussions, including: the individual; employers; and the career planner; focusing on workplace adjustment, ongoing support needs and career development.

3.4 Policy proposals

One of the key messages from consultations with employers was that there are diverse needs across employers and that a number of strategies may be required to engage employers and encourage job creation. When considering the needs of employers in relation to employing people with disability it may be worth thinking of them in three separate groups according to size: small; medium; and large businesses. The following table outlines some of the differences that may impact on which strategies will be effective:

| | Small | Medium | Large |
|--|--|---|--|
| Number of employees | 1-19 | 20 - 199 | 200+ |
| Entry points | <ul style="list-style-type: none"> • Owner | <ul style="list-style-type: none"> • CEO • Line Manager • HR Manager | <ul style="list-style-type: none"> • CEO • Recruitment organisation • HR Manager • Disability coordinator |
| Priority considerations for employers | <ul style="list-style-type: none"> • Job match • Risk • Cost • Level of support • Personal values | <ul style="list-style-type: none"> • Job match • Risk • Cost • Disability policy and knowledge • Corporate culture | <ul style="list-style-type: none"> • Job match • Risk • Disability policy and knowledge • Corporate culture • Reputation • Competitive advantage |

| | | | |
|------------------------------------|--|---|---|
| Proposed Government support | <ul style="list-style-type: none"> • Localised / personal values • Cost and productivity based • High levels of ongoing support | <ul style="list-style-type: none"> • Localised / corporate culture • Productivity based • Medium levels of ongoing support | <ul style="list-style-type: none"> • Corporate culture • Competition / Corporate social responsibility based • Low levels of ongoing support |
|------------------------------------|--|---|---|

Table 5: Different considerations for small, medium and large employers and the corresponding support approach needed to be adopted by Government.

Despite differences between employers and the different Government policy strategies to engage with them, there are four policy proposals that could frame the engagement with all employers:

- Working with employers to identify and create job opportunities.
- Effective recruitment and job matching strategies.
- Creating an enabling work environment.
- Tailored and timely ongoing support.

3.4.1 Creating job opportunities

The Government’s current emphasis on job creation does not specifically focus on people with disability. As previously discussed, this is critical to the employment equation and to achieving the aim of improving employment outcomes for people with disability. The following strategies have been designed to potentially assist in creating more job opportunities for people with disability.

Changing attitudes and raising disability confidence

Positive community and employer attitudes towards disability are important to assist in improving outcomes for people with disability. They are also perhaps one of the most difficult issues to address and change is likely to take time. Some initial work could be undertaken in two areas:

- A national awareness campaign to dispel myths and educate the community and employers about employing people with disability and the support services available. This could include an awards scheme, perhaps as part of the National Disability Awards.
- A national employer accreditation scheme that assesses and accredits employers and organisations as disability confident. It could be accompanied by a supporting series of information and resources for employers to promote disability confident practices.

Providing incentives

There was much discussion during the consultations about using both rewarding and punitive measures to encourage employing people with disability. Options mentioned

include wage subsidies, tax incentives, quotas or targets, and using procurement policies to preference disability confident organisations.

Further research based on international evidence on the effectiveness of these approaches needs to be undertaken to determine which incentives should be pursued in Australia.

Partnering

Some employers are already finding innovative ways to create jobs and employ people with disability. A specific grants programme that funds partnerships with employers who are willing to undertake such innovations could expand the number of innovations, encourage best practice, and create genuine job opportunities for people with disability.

The Department could annually invite employers to submit innovative proposals which would be funded on a competitive basis.

3.4.2 Recruitment and job matching

Recruitment and job matching is an area that could be improved in the current system. Large employers in particular would prefer a single point of entry and greater responsiveness from DES service providers. To a large extent this is because the current approach to recruitment and job matching is localised to individual DES providers, often involves cold calling and an appeal to social conscience or corporate responsibility, and is focused on finding a participant any job as quickly as possible.

The existing role of the National Disability Recruitment Coordinator could be expanded to support engagement with employers. This coordinator role could provide a single contact to the disability employment system for employers (particularly large employers) and provide them with support during the recruitment and job matching process. The coordinator could also manage the partnering programme (mentioned above), JobAccess and be charged with raising awareness among employers.

This work could be done in conjunction with, but not dependant on, individualised funding and/or the introduction of a virtual marketplace, which may also allow employers better access to search for job seekers nationally.

3.4.3 Workplace adjustment

Once a person with disability is recruited to a job, the employer and person with disability may need to access support to ensure the workplace maximises the person with disability's effectiveness in the workplace. At this point, where appropriate, the individual's career action plan could be revised to have a focus on employment adjustment and ongoing support.

- The Employment Assistance Fund (EAF) is one of the few elements of the current system that was strongly supported during the consultations, and the

elements of the fund should remain, including workplace modifications and equipment, job redesign and Auslan interpreting.

- An important aspect of workplace adjustment may be to design or redesign the job to better utilise the abilities of the new employee.
- It is not just the physical environment and job design that determines how well a person with disability adjusts to the workplace. A recurring theme of our first round of consultations was that the attitudes, acceptance and relationship with the employer and other workers in the workplace are more significant elements of adjustment to a new position. A new framework could build on the current provisions in the EAF for employer and staff education, to develop a disability positive culture and reduce barriers to the person with disability performing well.

3.4.4 Ongoing support for employers

There was a consistent theme that ongoing support for employers was key to the employment of a person with disability and the long term outcome of that employment. It is proposed that the employer coordinator could also provide an employer support service aimed at giving employers assistance and early intervention support if issues arise during the employment of a person with disability.

4 Ongoing support and supported employment

Some people with disability will need ongoing support to fully participate in the workplace. This may be occasional or intermittent support as circumstances arise, or day-to-day support and supervision.

Currently, ongoing support is provided through DES for those in open employment or through specialised supported employment organisations, ADEs, for people with moderate to severe disability who face barriers to working in open employment.

A shift to individualised funding and market-based service provision could have implications for the way ongoing support is provided, particularly in relation to the future role of ADEs. Currently ADE funding for support services is linked to an individual, however, the funding is also tied to a particular job and an employee is not able to take the support funding to another ADE. In addition, this funding is limited to ADEs which means the funding is not available to other types of employers. Furthermore, the entry of new ADEs into the market is also restricted.

4.1 Consultation feedback

Individualised funding could also provide an opportunity to address some of the issues that were raised about ongoing support during the first round of consultations, including:

- Better recognition of the need for ongoing support.
- Improving the quality and amount of ongoing support by some service providers.
- Adequate funding of ongoing support linked to need.
- Better engagement with employers to achieve and sustain supported places in open employment.
- Resolving the tension around differing views on ADEs. There are currently two views: one in support of ADEs as they currently are; and one that recognises the need for supported employment, but believes the current ADE model is segregated and produces poor wage outcomes for people with disability.
- Clarifying the place and future role of ADEs.

4.2 Core elements of ongoing support in an individualised, market-based approach

There are a number of core elements which are important when considering how ongoing support in an individualised, market-based approach could work in practice. These elements include:

- Funding for ongoing support linked to the individual, based on need;

- Portability of funding for ongoing support; and
- Retaining Pro-rata wages

4.2.1 Funding linked to need

In DES, once a participant meets a 26 week outcome, their provider determines if they are to exit from the DES Programme or if they require ongoing support to keep their job. The ongoing support, if required, is initially assessed by the DES provider for the first 6 months of support and after that it is assessed by an independent Ongoing Support Assessor each 12 months. DES participants can be placed in one of two levels of ongoing support, which come with a set amount of funding. This means that the provider receives an amount of funding to support an individual which is not linked to the amount of support the individual receives.

A similar process occurs in ADEs where supported employees are categorised into four levels of ongoing support which are determined by an online assessment tool, the Disability Maintenance Instrument (DMI). After an amount of funding is provided to the ADE to support an employee, there is no direct link between the amount of funding provided for that individual and the number of hours they work, or the support they receive during their work day.

Individualised ongoing support could better link funding to need and potentially provide greater choice and control to the participant. These changes could help to overcome many of the ongoing support issues identified with the current system.

Under this approach, ongoing support could be an item within the service catalogue. This could enable the tailored design of ongoing support for a participant linked to adequate funding. The level of support could be reviewed and adjusted based on need, either periodically or at the request of the participant. This is similar to the approach of the NDIS.

4.2.2 Portability of funding

Another advantage of moving ongoing support into an individualised, market-based approach is that ongoing support could become portable. This means that participants would be able to take their individualised ongoing support package to any employer rather than having it tied to a particular provider or employer. This may have particular implications for ADEs which until now have operated under a different award and set of rules to other employers and have been directly funded to provide supported employment for an individual.

4.2.3 Pro-rata award wages

In Australia, industrial law generally allows employers to reduce the wages of people with disability in line with their productive value. The method used in the open labour market is called the 'Supported Wage System' (SWS). For ADEs, industrial law allows them to use SWS as well as a range of other wage assessment tools that take into account other factors, especially competency. Wages for people with

disability employed in ADEs are generally lower than their counterparts in open employment.

Some advocates argue for the removal of pro-rata award wages determined by tools that take into account the employee's level of competency and support the minimum wage being the benchmark for all employees including people with disability. They suggest that to assess the economic output of low paid workers with disability is discriminatory and to pay less than the minimum wage is exploitative.

Some OECD countries, such as the United States of America and New Zealand, have removed the segregated employment model and below award wages in favour of open employment. There is some evidence of a reduction in the employment rates and options for people with intellectual disability as a result of these changes.³⁸

The implications of a shift to a minimum wage approach in Australia would be far reaching as it would likely force many low productivity workers out of the labour force altogether and into community participation services. This may in turn decrease the labour force participation rate and reduce the benefits to these individuals of participating in the workforce.

Overall, it could create a much stronger division between those people with disability who are able to participate in open employment and those who cannot. It may also make employers less likely to employ people with disability with lower capacity to work.

By contrast, pro-rata productivity wages allow more people with disability to gain employment and the benefits that it brings.

On balance, there would seem to be a place for pro-rata wages attached to a participant that they could take to any employer along with other ongoing supports. However, a single, independently assessed, supported wage system that would apply, where relevant, to any person with disability would be preferable to the current system which allows different assessment processes for ADEs and open employers.

The Government is currently engaging with industrial stakeholders through the Fair Work Commission to develop a new productivity wage tool for use in supported employment. This process will influence the role of pro-rata wages in the future.

4.3 The future of ADEs

One of the most complex areas of disability employment is the role of ADEs in providing supported employment for people with disability, predominantly those with intellectual disability. There are several issues related to ADEs including that they:

³⁸ See for instance the [New Zealand Centre for Political Research website](http://www.nzcpr.com/test-post-167) at www.nzcpr.com/test-post-167.

- raise questions about whether and to what extent all people with disability can participate in employment;
- can be seen as contrary to inclusiveness as they mostly provide segregated and congregated employment;
- can be viewed as unfair and inequitable because wage setting arrangements are controversial;
- currently play many roles for people with disability including employer, wage assessors, providers of ongoing support and places of social connectedness;
- vary greatly in their business models and organisational designs to the extent that it is not necessarily useful to think of them as one programme; and
- are historically linked to 'sheltered workshops' and institutionalised approaches to delivering services to people with disability.

Consistent with the evolution of disability employment services moving towards approaches emphasising choice and control and a preference for open employment, the kind of supported employment provided by ADEs could be opened up to the broader employment market. Under this approach there would be no specific ADE programme.

Instead, ADEs would be businesses that were willing to employ people with disability who received an ongoing support package. They would not be required to be not-for-profit and could compete in the open market on the same basis as other businesses. In this way, ADEs could continue to be an option for some job seekers with particular needs, provided sufficient numbers of such job seekers choose to work with these employers to make this business model viable.

Depending on the choices of participants, some existing ADEs may find themselves unsustainable or needing to change their business model to be competitive in the open market. Options for ADEs operating in a market-based environment could include:

- focusing on the enterprise side of its business and become like any other open employer that employs people with disability;
- focusing on providing an ongoing support service to other employers;
- becoming a training organisation for people with disability and a pathway to open employment funded under the training section of the service catalogue;
- moving to a labour hire model where the ADE employs, places and supports employees in other businesses (some ADEs are already moving in this direction); or
- any combination of these options.

ADEs are already in scope for transition to the NDIS and will be subject to individualised funding in a market-based environment. So these issues are already being confronted by ADEs, especially those in NDIS trial sites. In this context, the Department is already working on strengthening the sustainability and business models of ADEs through the provision of various supports, such as business improvement advice, wage supplementation and leading practice grants.

4.4 ADEs, the NDIS and a new Disability Employment Framework

ADEs have already begun to transition to the NDIS in some regions with around 20 per cent of ADEs currently in the NDIS, with the rest transitioning over the next three years. This move will split the ongoing support and supported employment functions across two social service systems: the NDIS and disability employment services. The majority of ongoing support would be provided by service providers under a new Disability Employment Framework, however, participants who choose to work in ADEs would need to access ongoing support through the NDIS. This could lead to:

- inconsistencies in policy across the NDIS and the disability employment services;
- funding overlaps;
- duplication of processes; and
- the need for a particularly vulnerable group of people with disability to navigate two government systems.

Strategies should be considered to minimise these risks including:

- strong referral pathways between the two systems;
- portability of and accountability for support in both systems; and
- a single planning gateway for those people with disability in both systems.

A broader consideration would be whether ongoing employment support should be located in one system.

5 Disability employment virtual marketplace

A new Disability Employment Framework could explore better use of information technology infrastructure to support interactions between participants, employers and service providers. A virtual marketplace could be developed independently of other changes to the current approach, although, it would play an important and expanded role in an individualised, market-based approach to the delivery of services. This section describes the potential functions and key elements of a virtual marketplace.

5.1 Functions of the virtual marketplace

The functions of a virtual marketplace could be to facilitate:

- management of participant information;
- information and education;
- direct interaction between employers and people with disability about jobs, in some cases assisted through service providers;
- choice of service providers for people with disability and employers; and
- payments to service providers.

5.1.1 Management of participants information

The virtual marketplace could allow participants to take more ownership of their personal information, potentially including career action plans and its attached service elements. Using logins participants could access and update their information, and share this with their service providers and also potentially employers. Additionally, participants could create a personal skills profile that could include information such as:

- previous work experience;
- qualification and/or training undertaken;
- resume;
- career goals; and
- skills (both vocational and transferable non-vocational skills).

Privacy settings would allow participants to control the information they would like to share and with whom. Depending on these privacy settings, employers and recruitment agencies could be able to search this information to find suitable job candidates.

The Department could have access to the stored information to monitor and improve the programme.

5.1.2 Information and education

A virtual marketplace could also contain information and education on disability, employment and available support.

For people with disability, a virtual marketplace could contain resources on:

- how to identify and choose the right service provider to meet their needs;
- how to find a disability confident employer; and
- other available disability services, such as the NDIS and education specific supports.

For employers and service providers, a virtual marketplace could include information on:

- available supports for employers;
- information on disability groups (for example through links to emerging Centres of Excellence on specific disability types such as mental health conditions) and what types of workplace adjustments are typically expected for each; and
- guidelines on what makes a disability confident employer and how to create a Disability Action Plan.

Materials would need to be developed for this purpose as well as collated from other sources. These materials and services could be well placed for a content specialist to develop and maintain. There may also be a role for an online support team to answer enquiries, and provide specialist advice when employers, services providers or people with disability require it. This could build on the existing JobAccess support.

5.1.3 Direct interaction between employers and people with disability

Currently in DES, service providers act as the link between employers and people with disability who are looking for work. During the first round of consultations, many employers and people with disability voiced concerns about the quality of job matching provided by some DES service providers.

Additionally, the current approach discourages communication and collaboration between DES providers. This means that when a DES provider does not have enough suitable candidates for a bulk employment opportunity, the employer must then approach multiple DES providers, or when a national employer wants to fill a number of positions across Australia, there is no single DES contact for them to approach.

A virtual marketplace could also provide an opportunity for employers and people with disability to interact directly. As previously mentioned, participants could post details about themselves which means that employers and recruitment agencies could search for job candidates directly.

Additionally, a virtual marketplace could contain employer's profiles, where employers post information such as:

- name of the company;
- regions serviced;
- whether the employer is accredited as a disability confident employer;
- an overview of their flexible working policies and Disability Action Plan; and
- ratings and comments from other people with disability who have worked for the company, as well as service providers who have assisted the employer.

Employers and recruitment companies could use the virtual marketplace to advertise jobs and job seekers could search and apply for jobs using a job search function. The job search component could be integrated with an existing system, such as the JobSearch website.

5.1.4 Choice of service providers for people with disability and employers

Another concern we heard from DES participants was dissatisfaction that their choice of service provider is generally restricted by Employment Service Areas (ESAs). If an individualised, market-based approach is established this would mean that participants could have greater choice about who delivers their services. To facilitate this, a virtual marketplace could allow participants to choose their own service providers based on service provider profiles and previous participant feedback.

Similarly to the employer profiles, services provider profiles could contain vital information about the provider, including:

- services offered;
- location;
- ratings and comments from other people with disability and employers who have worked with the provider; and
- costs of each service.

Participants and employers could use this information to make choices about finding service providers who meet their needs.

5.1.5 Payments to service providers

With any potential move to individualised funding there would need to be a new payment system in place so that registered service providers could charge their itemised fees for services. As a minimum requirement, a virtual marketplace would need to link to this payment system so that payments could be attached to individual career action plans.

5.2 Participant support

In relation to introducing a virtual marketplace, concerns have been raised that some people with disability may need assistance in accessing and using such a system and interacting with employers. Any support that participants require to interact with any or all of these functions would be included in their career action plan.

Additionally, resources, such as task cards, to use the technical aspects of the virtual marketplace would be developed before any users are introduced to the site.

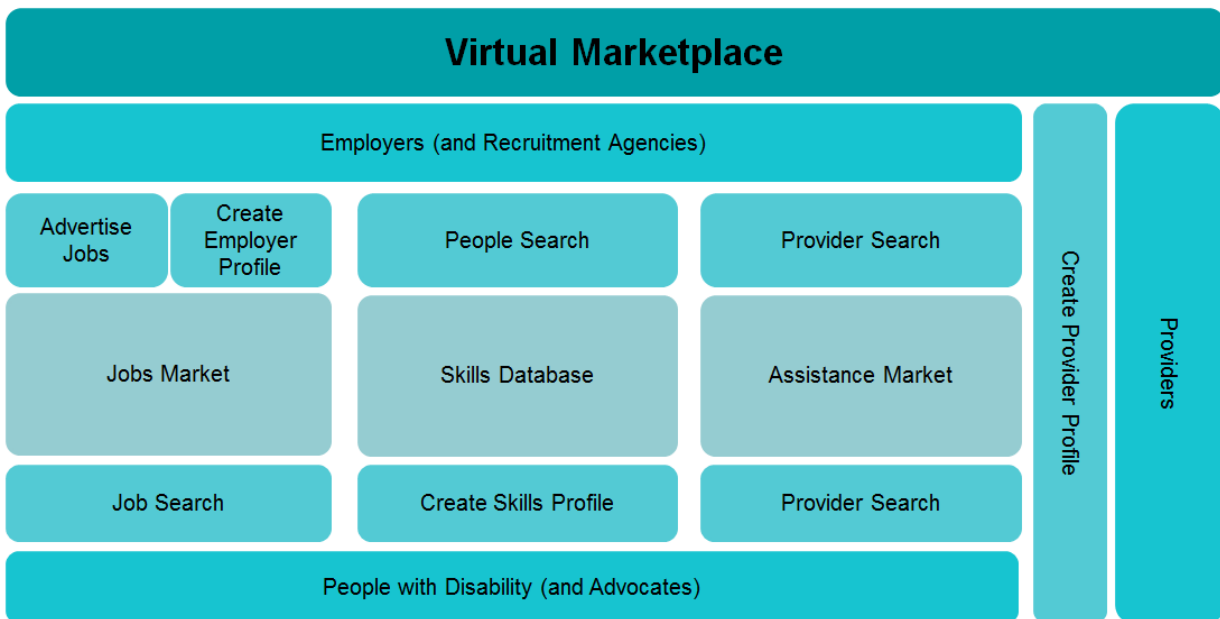


Figure 5: The virtual marketplace

6 Next steps

6.1 Life-course interventions

One of the proposed principles underpinning the new Framework is supporting individuals throughout their life-course. The first round of consultations supported this principle and identified several points in the life-course that would benefit from intervention. These were:

- early childhood and school;
- transition from school to work;
- transition between jobs;
- early intervention in cases of acquired disability and rehabilitation; and
- transition to retirement.

The approach to individual funding discussed in this Paper has the potential to address the issue of life-course interventions by allowing earlier access to employment services for students and by maintaining attachment to the employment system throughout a participant's working life. However, more work needs to be done on identifying points of intervention, the types of intervention and the best way to deliver these interventions.

The Taskforce has engaged PricewaterhouseCoopers (PwC) to undertake further work in this area including a cost/benefit analysis of such interventions. This work will run in parallel to the consultation process and will inform the development of the new Framework.

The Taskforce will also work with states and territories on possible interventions in school and in the transition from school to work. Again, this work will be progressed in parallel to the consultation process and the development of the new Framework.

6.2 Further consultation

The Disability Employment Taskforce will be conducting public information sessions on this Discussion Paper in capital cities around Australia during November and December 2015. Additionally, an online survey will be available to collect more detailed comments and reactions to the policy proposals contained in the Discussion Paper.

If you would like to attend an information session or complete the survey please go to the [Engage website](http://www.engage.dss.gov.au) at www.engage.dss.gov.au.

You can also join the discussion on Twitter by using [#disabilityefc](https://twitter.com/disabilityefc)

The Disability Employment Taskforce will also be conducting workshops with peak bodies and nominated stakeholders during the consultations to explore the policy proposals in more detail. These workshops will be held with peak bodies and nominated stakeholders in Sydney and Melbourne in November.

At the conclusion of this second round of consultations, the Disability Employment Taskforce will develop a final draft of options for the new Disability Employment Framework by early 2016 for the consideration of Government.

Thank you for taking the time to read the Discussion Paper and contribute to the development of the new Disability Employment Framework.

If you would like to contact the Taskforce directly about the consultation process or Discussion Paper, please email disabilityemploymenttaskforce@dss.gov.au

Thank you for participating

Appendix A – Description of figures for those who use screen readers

Figure 1

Figure 1 is a four-tiered triangle demonstrating the building blocks for people with disability to achieve improved employment outcomes. The bottom tier of the triangle says 'Increased Participation Rate'. The next tier up says 'Increased Employment Rate'. The next tier up says 'Sustainable Jobs'. The top tier says 'Career Goals'. The Taskforce is addressing all four tiers and together these tiers can be seen as a progression of objectives to improve employment outcomes.

Figure 2

Figure 2 is a tree diagram showing the total number of people with disability of working age in Australia. The first and top box in the diagram says 'People with disability, 2,166,165 people, or 100% of the group displayed in the tree diagram'.

The first box leads into two boxes below it. One says 'In the labour force, 1,149,163 people or 53% of people with disability of working age'. The second box says 'Not in the labour force, 1,017,002 people or 47% of people with disability of working age'.

The box showing the number of people in the labour force breaks into two boxes. Those who are employed, which is 1,041,568 people or 48% of the total people with disability of working age, and those who are unemployed, which is 107,594 people with disability or 5% of the total people with disability of working age.

The box showing the number of people employed breaks into two boxes underneath it. Those with employment restrictions, which is 573,451 people or 26.5% of the total people with disability of working age, and those with no employment restrictions, which is 468,117 people or 21.5% of the total people with disability of working age.

For those employed, with employment restrictions, the breakdown by disability groups is as follows: Sensory and speech, 18%; Intellectual, 12%; Physical, 69%; Psychological, 15%; and Other 49%. For those employed, with no employment restrictions, the breakdown by disability groups is as follows: Sensory and speech, 27%; Intellectual, 6%; Physical, 53%; Psychological, 4%; and Other, 26%.

Respondents may have multiple disabilities and therefore be counted in more than one disability group.

The box showing the number of people in the labour force but unemployed breaks into two boxes. Those with employment restrictions, which is 76,717 people or 3.5% of the total people with disability of working age, and those with no employment restrictions, which is 30,877 people or 1.5% of the total people with disability of working age.

For those unemployed, with employment restrictions, the breakdown by disability groups is as follows: Sensory and speech, 13%; Intellectual, 26%; Physical, 60%; Psychological, 32%; and Other 48%. For those unemployed, with no employment

restrictions, the breakdown of by disability groups is as follows: Sensory and speech, 24%; Intellectual, 15%; Physical, 34%; Psychological, 16%; and Other 30%.

The box showing the number of people with disability of working age but not in the labour force breaks into two boxes.

Those who are able to work, which is 374,273 people or 17% of the total people with disability of working age, and those who are permanently unable to work, which is 642,730 people with disability or 30% of the total people with disability of working age.

The box showing the number of people who are not in the labour force but report that they are able to work breaks into two boxes underneath it. Those with employment restrictions, which is 226,725 people or 10% of the total people with disability of working age, and those with no employment restrictions, which is 147,548 people or 7% of the total people with disability of working age.

For those who are able to work, but have employment restrictions, the breakdown by disability groups is as follows: Sensory and speech, 13%; Intellectual, 21%; Physical, 63%; Psychological, 31%; and Other 53%. For those who are able to work, with no employment restrictions, the breakdown of by disability groups is as follows: Sensory and speech, 19%; Intellectual, 11%; Physical, 57%; Psychological, 12%; and Other, 35%.

The box showing the number of people who are not in the labour force and report that they are permanently unable to work breaks into two boxes underneath it. Those with employment restrictions, which is 594,922 people or 28% of the total people with disability of working age, and those with no employment restrictions, which is 47,808 people or 2% of the total people with disability of working age. According to ABS SDAC (2012) there is a subset of people who are permanently unable to work, but have no employment restriction. These respondents are permanently unable to work due to the illness or disability of someone else, being too old or other reason.

For those who are permanently unable to work, with employment restrictions, the breakdown by disability groups is as follows: Sensory and speech, 22%; Intellectual, 20%; Physical, 83%; Psychological, 38%; and Other 74%. For those who are permanently unable to work, with no employment restrictions, the breakdown by disability groups is as follows: Sensory and speech, 15%; Intellectual, 12%; Physical, 82%; Psychological, 35%; and Other, 65%.

The priority target groups for this Framework are people with disability of working age who are in the labour force but are currently unemployed and those who are not currently in the labour force but are able to work.

Figure 4

Figure 4 shows a Venn diagram illustrating the proposed National Disability Employment Framework. This diagram contains two intersecting circles. On the left is 'Job Vacancies: Engaging with employers and creating jobs'. On the right is 'People with Disability: Building capacity and job readiness'. In the middle, where both circles overlap is 'the virtual marketplace'.

On the left, inside the job vacancies circle, is a five step flow chart illustrating a pathway of employer engagement and job creation, they are, from top to bottom, Creating employment opportunities; Recruitment and job matching; Reasonable adjustment; Ongoing Support; and Building on success.

On the right, inside the people with disability circle, is a five step flow chart illustrating a pathway to build the capability and job readiness of people with disability, they are, from top to bottom, Assessment and career planning; Individual funding and access to market based services; Employment options; Ongoing support; and Building a career.

The virtual marketplace is situated where the left and right circles intersect indicating that this is where the two elements of the framework interact. The virtual marketplace contains three elements: Employers; People with Disability; and Service Providers. Features for employers include employer profiles, job vacancies, and disability action plans. Features for people with disability include resume, skills and experience database, and career development. Features for service providers include provider profiles, eligible services offered, and client satisfaction ratings.

Figure 5

Figure 5 shows the three stakeholder groups who will use the proposed virtual marketplace and the three core functions of the proposed virtual marketplace. The three stakeholder groups are employers and recruitment agencies, people with disability and their advocates, and service providers. The three core functions are a jobs market, a skills database and an assistance, or services, market. Employers will use the jobs market to create a profile and advertise jobs, while people with disability will use the jobs market to search for jobs. People with disability will create skills profiles to populate the skills database and employers will search for job candidates using the skills database. Service providers will create profiles of their business to populate the assistance market and both employers and people with disability will search the assistance market for service providers who meet their needs.