



Australian Government

Department of Social Services



# Disability Employment Services (DES) Reform 2018

## Industry Information Paper Information Session

These slides are being provided for information and applicants are encouraged to undertake their own due diligence and research.

# Budget Announcement – DES Reform

- Improvements to the Government's **\$3 billion** plus investment in DES.
- Includes more than **\$300 million** over the next ten years to index payments to DES providers.
- Existing contracts will continue to **30 June 2018**.
- Existing DES providers offered new contracts for those current contracts that are 3 stars and above
  - “invitation to treat”

# DES and the disability service landscape

- National Disability Strategy (NDS)
- National Disability Insurance Scheme (NDIS)
- DES
  - **Not** part of the NDIS but a complementary initiative under the NDS framework
  - Provides access to tailored services for job seekers with disability to maximise their potential
- DES providers need to work with services provided under the NDIS



# How does the current DES Program Work?

# Disability Employment Services (DES)

- Flexible, individually tailored assistance for job seekers with disability, injury or health condition
- Both generalist and specialist services
- Both activity tested participants and volunteers
- Focus on appropriate, sustainable employment
- Independently assessed capacity for work

# Two services within DES

- **Disability Management Service (DMS)** – job seekers with **disability, injury or health condition** who require assistance to find sustainable employment, but who are not expected to need long-term support in the workplace
- **Employment Support Service (ESS)** – job seekers with **permanent disability** who require long-term Ongoing Support in the workplace

# Current DES Provision

## DSS currently contracts

- Around 119 DES providers
- In over 2,000 sites
- Across 110 non-remote Employment Service Areas (ESAs)
  - Remote areas are covered by CDP (Community Development Program) administered by PM&C

# Role of a DES Provider

- To provide tailored assistance into sustainable employment
- Build linkages and relationships with employers
- Assist employers to access financial support
- Connect participants to skills development
- Build linkages with other stakeholders
- Provide ongoing support in the workplace
- Help participants meet mutual obligations



# Who is Eligible for DES?

Job seekers who:

- have a disability, injury or health condition
- aged at least 14 to 65 years of age [tied to pension age]
- minimum legal working age in their state or territory
- have a future work capacity with intervention of at least 8 hours per week
- are an Australian resident (some exceptions apply)
- are not studying full time (unless the job seeker is an ESL)
- not working at or above their Employment Benchmark hours (some exceptions – Job in Jeopardy, ADE workers)

# How do Participants Register for DES?

- Centrelink referrals – 91%
- Direct registration – 8%
- Job in Jeopardy (JiJ) – which assists at-risk workers – *(to be known as Work Assist from 2018)* – less than 1%
- NDIS – future pathway

# Assessments to determine DES eligibility

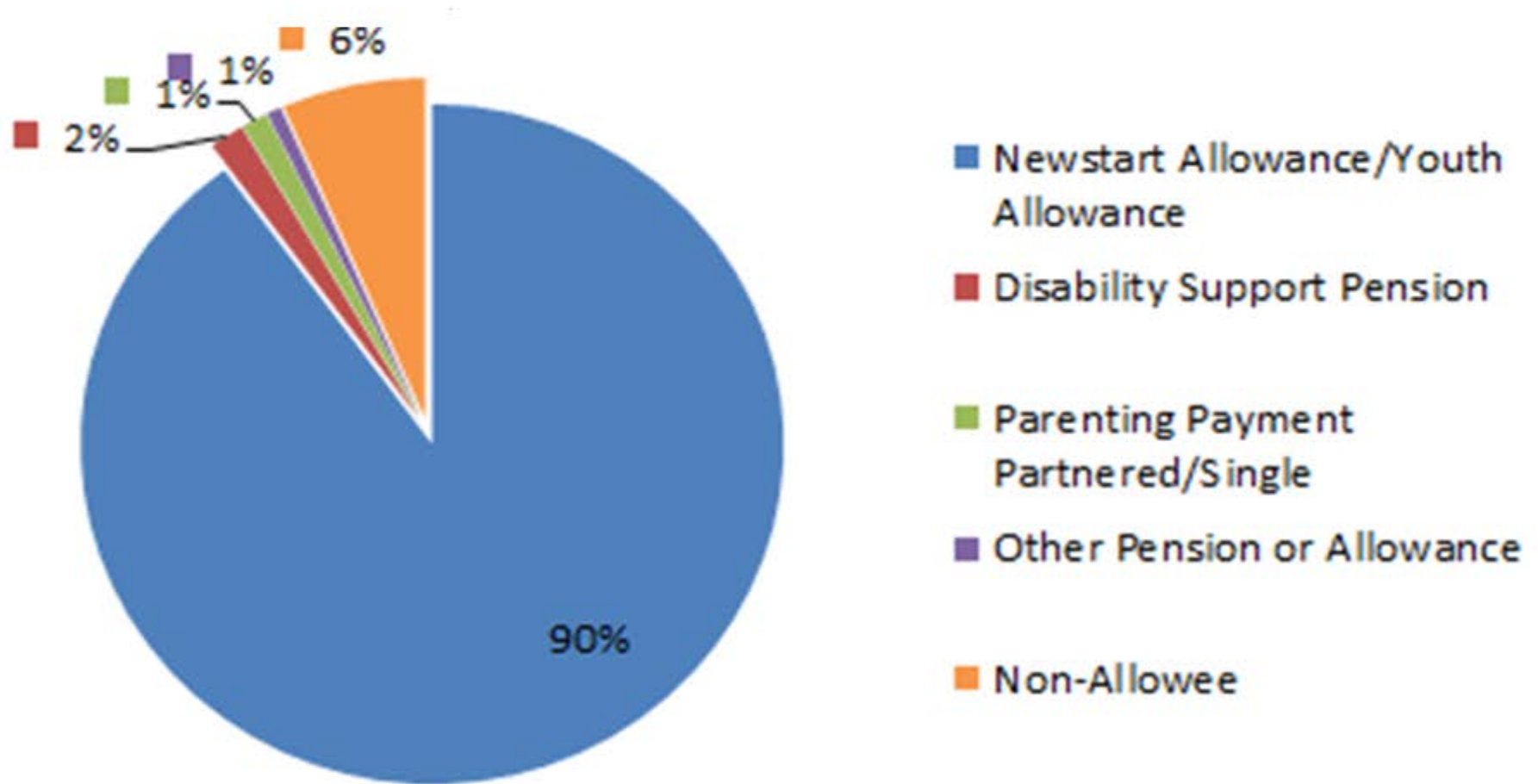
- Employment Services Assessment (ESAt)
- Job Capacity Assessment (JCA)

# Current Pathway of a DES Participant

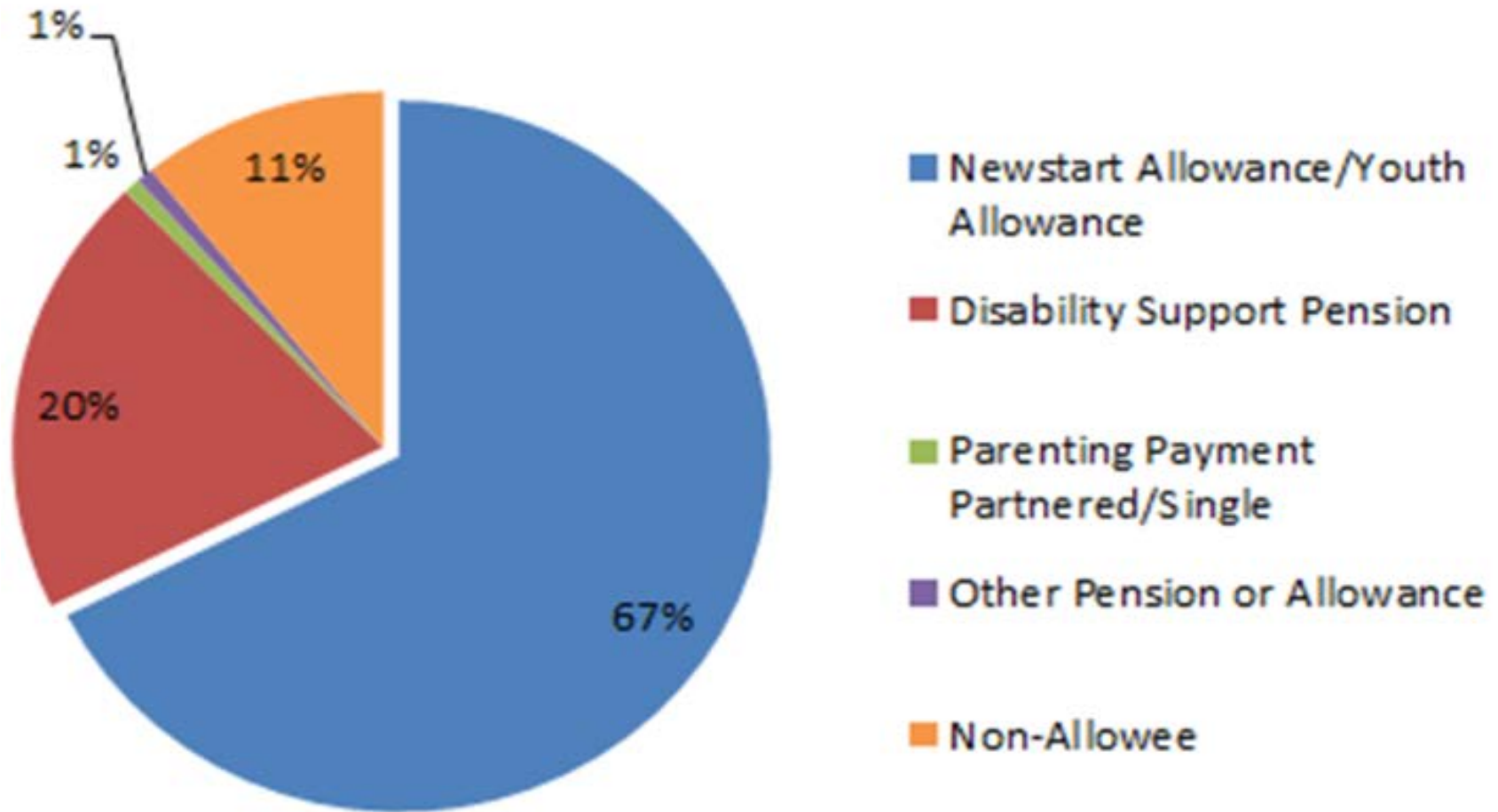
Three phases:

- Employment Assistance – commenced 63 per cent
- Post Placement Support – 26 per cent
- Ongoing Support – 11 per cent

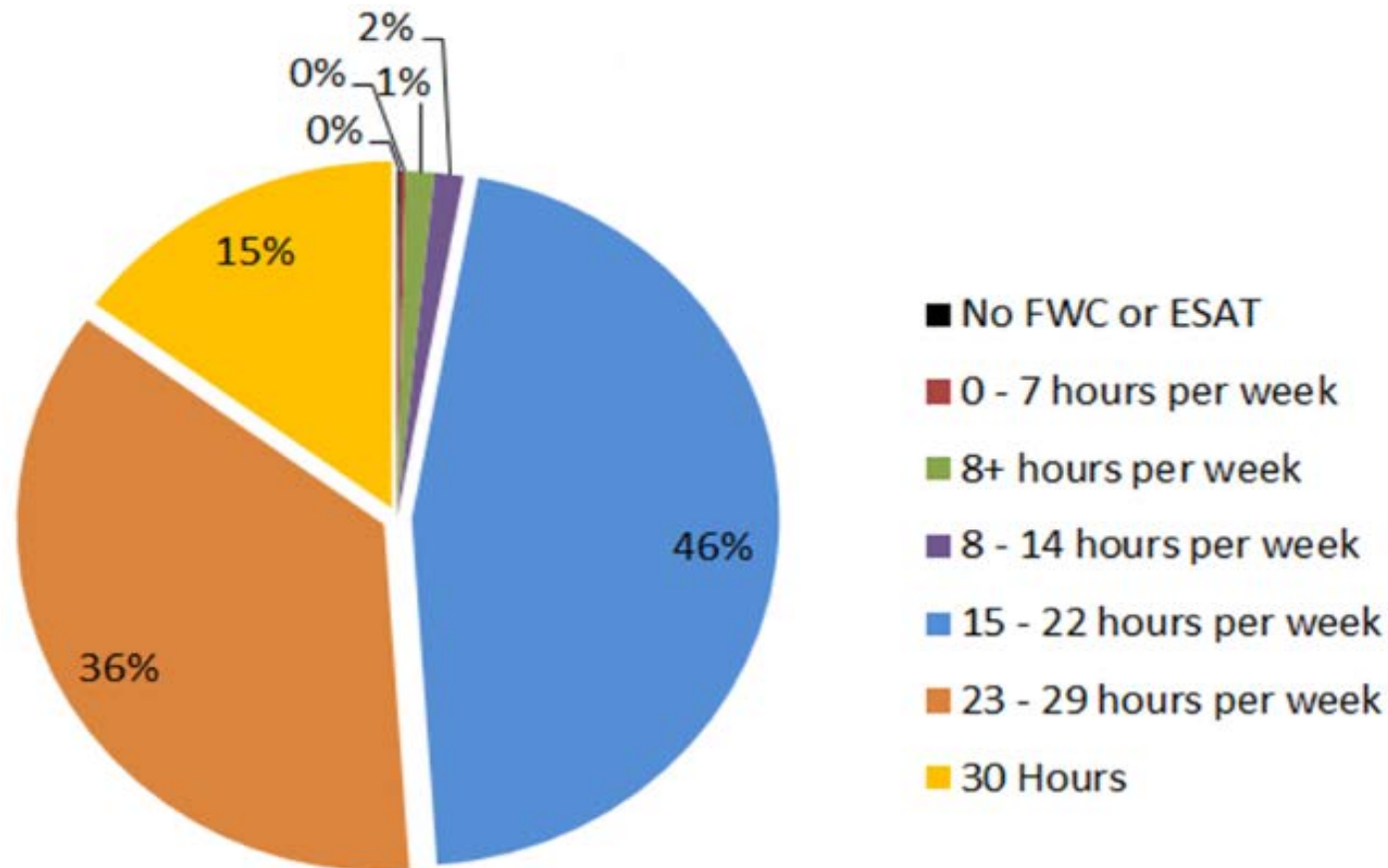
# DMS Caseload by Allowance type



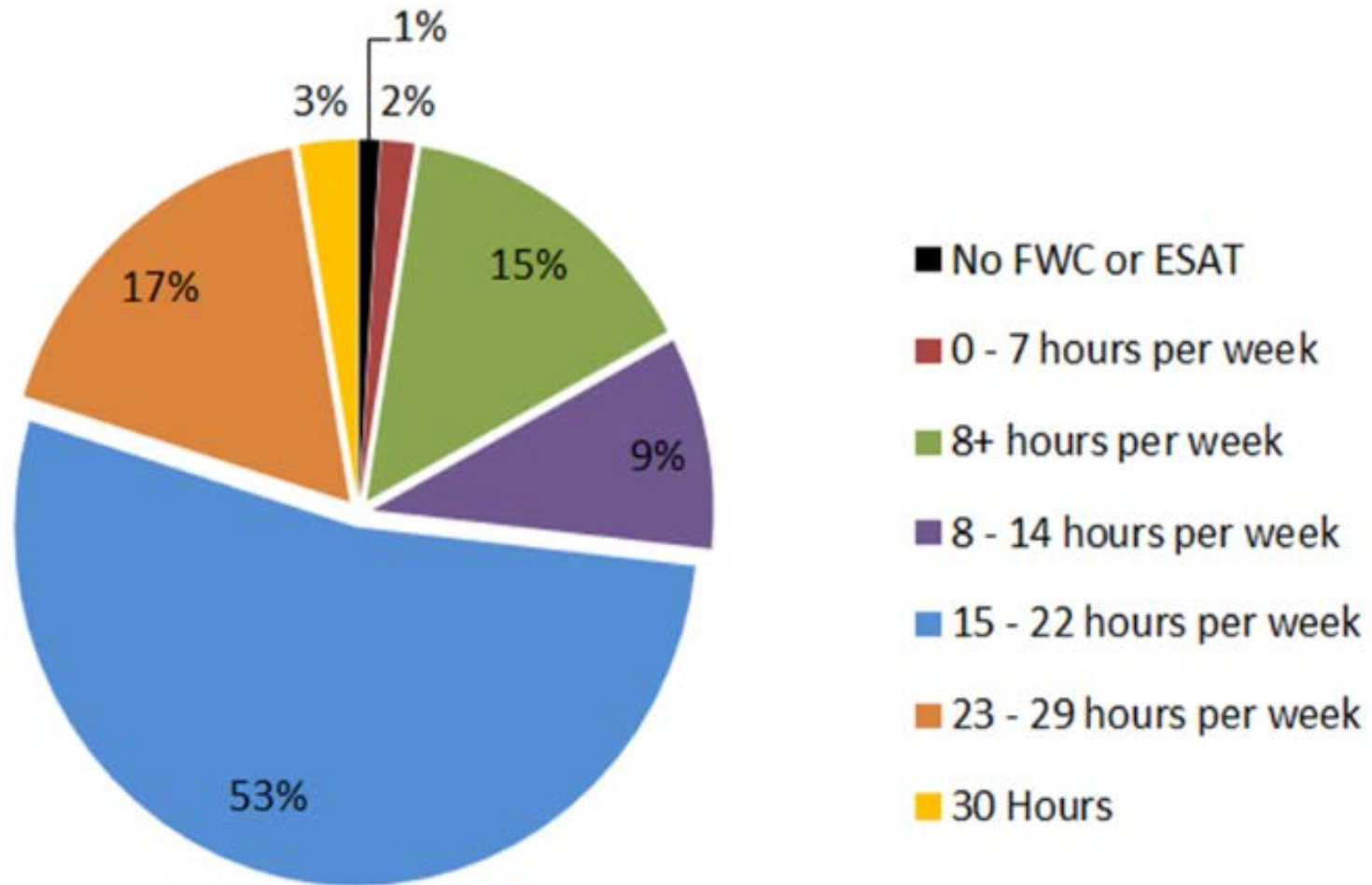
# ESS Caseload by Allowance Type



# DMS Caseload by Future work capacity



# ESS Caseload by Future work capacity





# Commencements and Placements (DSS Annual Report 2015-16, Page92)

**Table 2.5.3: Disability, Mental Health and Carers — Progress achieving goals**

Key performance indicator	2015–16	2014–15	2013–14
<b>Disability Employment</b>			
Number of commencements	86,729	96,918	93,395
Total job placements achieved	49,757	48,048	46,574
<b>Disability Management Service</b>			
Number of commencements	41,781	46,967	47,088
Total job placements achieved	22,153	20,428	22,197
<b>Employment Support Services</b>			
Number of commencements	44,948	49,951	46,307
Total job placements achieved	27,604	27,620	24,377
<b>Community Mental Health</b>			
Percentage of participants maintaining progress against relevant goals	92% <sup>a</sup>	95%	97%

<sup>a</sup> This indicator was previously measured by a survey that providers sent to selected participants. It is now collected from the DSS Data Exchange. Results for 2015–16 are not comparable with previous years.

# Eligible Participants not in DES

STATE	Assessed Work Capacity per week				Total
	8-14 hrs	15-22 hrs	23-29 hrs	30+ hrs	
n/a*	302	33	6	21	362
ACT	2,444	85	26	16	2,571
NSW	83,039	3,072	919	921	87,951
NT	3,418	50	19	28	3,515
QLD	48,912	2,213	657	711	52,493
SA	18,512	971	273	217	19,973
TAS	7,090	409	118	104	7,721
VIC	55,864	1,884	515	545	58,808
WA	16,092	872	256	250	17,470
<b>Total</b>	<b>235,673</b>	<b>9,589</b>	<b>2,789</b>	<b>2,813</b>	<b>250,864</b>

\*Residential address overseas

Source: DHS administrative data

# DES Provider Payments

Three primary DES provider payments

- Service fees – quarterly, paid upfront
- Outcome fees – paid in arrears
- Ongoing Support fees
  - Flexible ongoing support - fee for service per participant
  - Moderate and High – paid in arrears, choice of quarterly or monthly per participant

Two main types of Outcome fees

- Full Outcome Payments
- Pathway Outcome Payments

# Other Types of Assistance Available

- Wage Subsidies
- Supported Wage System
- Employment Assistance Fund
- Job in Jeopardy (to be known as Work Assist)



# Changes to DES from 1 July 2018

# Key DES Changes from 1 July 2018

- Greater participant choice and control
- Greater competition and contestability
- Changes to the DES Funding Model
- Changes to Support in the Workplace
- School Leaver Trial

# Increased Participant Choice and Control

- Greater choice of provider
- Choice of providers from across Employment Service Area boundaries
- Enhanced information technology solutions
- Flexible modes of contact
- Improved ability to transfer to another provider

# Improving Competition and Contestability Between Providers

- Removal of market shares
- Initial five year term for panel of providers
- Subsequent grant application process for:
  - new providers to enter the market
  - business expansion by existing (high performing) providers
- Options to extend contracts up to 10 years



# Pro-rated Service Fees

- Funding follows the participant if changing providers
- Funding for the period of assistance provided
  - eg 4 weeks of a 13 week quarter

# Rebalancing the split between Service Fees and Outcome Fees

- A bit higher outcome payments, on average
- A bit lower service fees, on average
- Rebalancing from approx. 60:40 service fees to outcome fees to approx. 50:50 (on current outcome rates)
- Provider revenue more dependent on success in getting people into work.

# Risk-adjusted Outcome Fees

- Some participants require more support, some less, to get employment
- Participants assigned funding level based on likelihood of achieving employment outcome
- Five funding levels for each DMS and ESS
- Model will be recalibrated periodically
- Appendix 1 – relative caseload by ESA

# Employment Outcomes

In addition to 13 and 26 week Outcome Fees

- **4-week outcome payment**
  - replaces Job Placement Fee
  - participants work at least average benchmark hours for at least three weeks over a four week period
- **52-week outcome payment**
  - participants remain employed for 52 weeks at benchmark hours

# Education Outcomes

- Eligibility for Full Outcome payments
  - minimum Certificate 3
  - participants without a year 12 equivalent qualification
  - Disability Support Pension recipients with Mutual Obligation requirements
- Yr-12 equivalent redefined from Cert 2 to Cert 3
- 13-week Pathway Employment Outcomes
- Evidence of course requirements being fulfilled

# PaTH Internship Payment

- New outcome payment payable when DES participants:
  - are aged 17 to 24 years inclusive;
  - receive income support;
  - have mutual obligation requirements;
  - have received DES assistance for at least 6 months; and
  - undertake an internship for an average of 15 to 25 hours for at least 4 weeks.

# Indexation

- Annual indexation
- First indexation point 1 July 2019
- Fee schedule for 2018-19 at Appendix 2 of the Industry Information Paper

# Support in the workplace

## Ongoing Support

- Eight hour weekly minimum work hours for a DES participant to maintain eligibility for Ongoing Support

## Work Assist

- Replaces current Job In Jeopardy program



# School Leaver Trial

- Two-year trial starting from 1 July 2018
- Trial to extend support through DES to an additional cohort of students with disability in Year 12



# Provider Performance

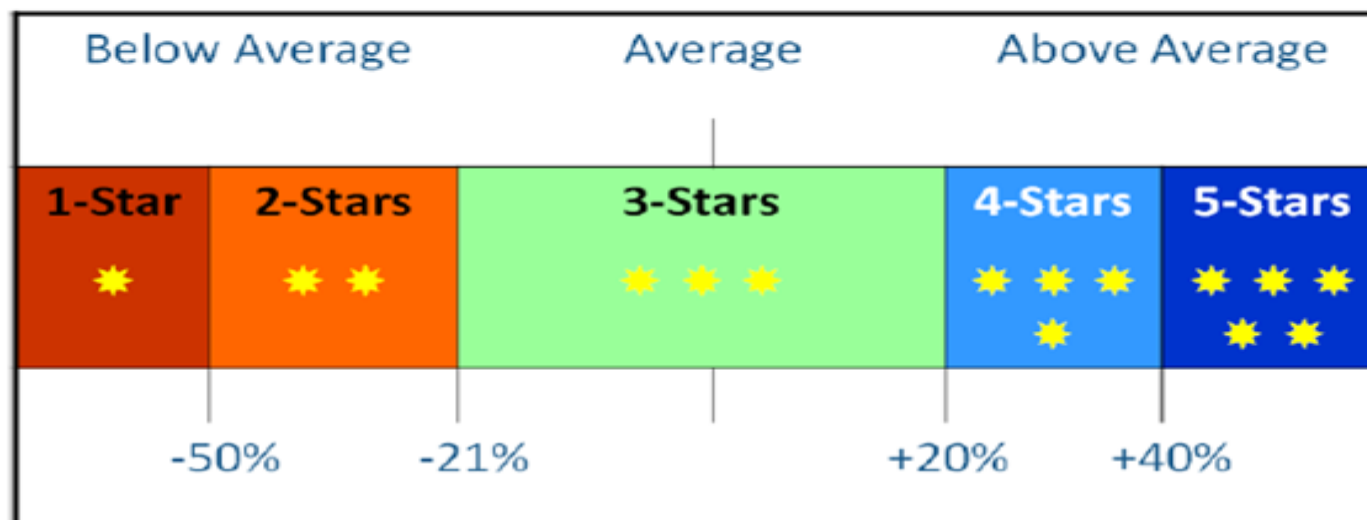
# DES Performance Framework

The Performance framework includes:

- Star Ratings
- Certification of compliance against National Standards for Disability Services

# Star Ratings

Distribution of DES Star Ratings – graphical representation



Distribution of DES Star Ratings

Star Rating	Star Percentage
5-Stars	40% or more above the average.
4-Stars	Between 20% and 39% above the average.
3-Stars	Between 19% above and 20% below the average.
2-Stars	Between 21% and 49% below the average.
1-Star	50% or more below the average.

# Consistent Underperformance

- Previously addressed through Business Reallocation

Under new arrangements:

- Poorly performing providers may have contracts revoked if low Star Ratings over at least four consecutive quarterly performance periods.

# Participant Compliance Framework

- New job seeker compliance framework from 1 July 2018
- Real penalties for wilfully non-compliant
- Job seekers accrue a demerit for participation failures without a reasonable excuse
- After accruing four demerits, further non-compliance incurs 1-4 week non-payment period



# Application Process

# New Panel of DES Providers

- A Panel of DES providers will be established.
- Single application for delivery of DMS and/or ESS in line with requirements of the *Disability Services Act 1986*.
- Two stage grant application process.



# Stage 1 – Registration of Interest (ROI)

- Unrestricted ROI for ALL organisations wishing to provide DES after 1 July 2018
- Indication of ESAs being applied for and for each ESA:
  - Services to be delivered – DMS and/or ESS
  - Whether specialist and/or generalist services
- Organisations which do not register interest will not be eligible to proceed to Stage 2
- Commencing in August and open for 4 weeks
- ROI will not be assessed

# Invitation To Treat (ITT)

- Existing DES Providers who have registered in Stage 1
- Invited to continue to deliver DMS and/or ESS in ESAs where DES provider is:
  - Is performing 3-Stars or above for that service or those services
  - Received new or additional business in 2016-17 reallocation process, or
  - Received new or additional business due to gap filling arrangement in 2017

# Summary Table of Requirements

Organisation	Stage 1: Registration of Interest (unrestricted)	Business*	State 2: Grant Application (restricted)
Existing DES provider	Register interest for all business.  Provide organisation details (existing DES provider details will pre-populate)	DSS ITT offers**	Accept or decline DSS ITT
		Below Average performing business	Apply for business through Grant Application process
		New business	Apply for business through Grant Application process
New Applicant		New business	Apply for business through Grant Application process

# Stage 2 – Grant Application

- Organisations which lodged ROI in Stage 1 invited to:
  - Submit an application – new providers, existing contracts below 3 Stars, existing providers wishing to expand service type or coverage
  - Accept or decline an ITT – 3 star or better contracts with continuing providers
- Non-competitive process
- Open for 6 weeks
- ITT will run separately alongside Grant Application process

# Application Pack

- Application Form
- DES Grant Opportunity Guidelines (GoG)
- Draft Grant Agreement
- Preliminary Questions and Answers
- Information to be provided by an organisation

# Organisation Level Details

- Organisation details on governance, strategies and proposed specialisations (if any)
- Experience and past performance in disability support, employment support or related services
- June 2017 Star Ratings will be available on Employment website from early August
- See *Useful Information* section of Paper for links

# Ability to Provide Full Employment Service Area (ESA) Coverage

Applicants will be required to:

- Nominate the proposed locations where the services will be delivered
- Describe how they will service the entire ESA
- Specify full-time, part-time and outreach locations

# Specialist Services Providers

- Applicants can nominate to deliver services to one or more specialist client groups
- Client groups can be defined by:
  - job seeker characteristics
  - disability type
- Applications should include details of:
  - expertise/strategies
  - past performance in addressing specific needs
- Specialist providers must only accept job seekers within their speciality group



# Who is eligible to apply?

- Legal entities, incorporated bodies and sole traders
- Eligible group entities
- A full description of group entities that are eligible to apply is provided on Page 21 of the *Industry Information Paper*.

# Grant Application Assessment

- Applications will be assessed by DSS Community Grants Hub
- Assessment will take into account:
  - ITT offers
  - ESA Characteristics
  - Coverage
  - Diversity
  - Meeting needs of specific client groups/job seekers in general
  - Risks for Australian Government
  - Risk of disruption for participants

# Financial viability

- Financial viability and other checks of applicant organisations
- An application may be excluded if the applicant does not provide all reasonable assistance to the Department
- Applicants not currently delivering DES services must provide a completed financial and credentials information form attached to their Grant Application

# Provider Certification Requirements

- National Standards for Disability Services
  - Must be certified compliant or must obtain certification within 12 months
- Information Technology Certification
  - Must obtain security accreditation within 36 months
  - Accreditation can be obtained through the Department of Employment's Pathway to Accreditation Programme.

# Indicative Timeline

Indicative Date	Milestone
June 2017	Release of industry information paper
June 2017	Information sessions and a public webinar about the industry information paper and <i>Registration of interest</i> process.
August 2017	Letter to existing DES providers with their Star Rating; and  Public release of Star Ratings
July/August 2017	<i>Stage 1 - Registration of interest</i> opens (4 weeks)
August/September 2017	<i>Stage 2 - Grant application</i> opens (6 weeks) Organisation who completed the <i>Registration of interest</i> process will be invited to submit a Grant Application. Current Above Average DES providers will be offered business for the same services in the same locations where they currently operate.
August/September 2017	Webinars for registered organisations about the <i>Grant application</i> process
February 2018	Announcement of successful Grant applicants
March 2018	Grant agreements executed
1 July 2018	DES Grant Agreement Commencement Date



# Transition Arrangements

# DSS Management of Transition Period

- Transition is where continuing participants move to new providers
- DSS will manage the Transition Period in consultation with the sector
- DES Transition Working Group to be established
- Post-transition period support to continue after 1 July 2018
- Information packs for participants, providers and employers

# Information for DES participants

- Participants need easy access to information about providers and services
- DSS is developing a technology platform to:
  - facilitate access to relevant, timely information
  - support participants' progress to open employment
- DSS consultations underway to inform development of the technology which will be made available to DES participants



# Public Information Sessions

- June / July in capital cities and regional centres.
- Webinar available via [engage.dss.gov.au](https://engage.dss.gov.au)
- Stakeholders can ask questions at information sessions or email to [despurchasing@dss.gov.au](mailto:despurchasing@dss.gov.au).

# Useful Information and Links

- Labour Market Information Portal
  - DES Deed
  - ESA Maps
  - Engage.dss.gov.au
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- Direct links: Industry Information Paper page 28

# Questions ?