

6 March 2018

Australian Government
Department of Social Services
engage.dss.gov.au

Dear Sir/Madam,

Submission to the Discussion Paper: Ensuring a strong future for supported employment

This submission from the Bedford Group (Bedford) responds to the discussion paper: *Ensuring a strong future for supported employment*. The discussion paper was issued by the Australian Government, Department of Social Services, in December 2017.

Established in 1945, Bedford is a non-government, non-profit organisation and today is one of Australia's largest employers of people living with disability, employing almost 1,500 people throughout South Australia, Victoria and New South Wales.

Bedford welcomes the Department's decision to consult with a range of key stakeholders on this important matter and appreciates the opportunity to contribute its views to help shape policy options to ensure a strong future for support employment for the benefit of people living with disability throughout Australia.

I would welcome the opportunity to discuss our submission with you and encourage you to contact me direct by phone (08) 8275 0276 or via email mdowling@bedfordgroup.com.au. I would also be pleased to host a visit to one of our Bedford sites should that be of interest.

Yours sincerely,



MAGGIE DOWLING
Chief Executive Officer



Bedford™
Changing Lives

**Submission to the
Australian Government Department of Social Services**

‘Ensuring a strong future for Supported Employment’.

March 2018

Office of the Chief Executive

Bedford Group

PO Box 18, Melrose Park, SA 5039

T +61 8 8275 0211

F +61 8 8277 0229

E bedford@bedfordgroup.com.au

Further information

Further information regarding this document can be obtained from the Office of the Chief Executive, Bedford Group, 615 Goodwood Rd, Panorama, South Australia, 5041.

This work is copyright. Apart from any use permitted under the Copyright Act 1968, no part may be reproduced without the permission of the Bedford Group.

About Bedford Group

Established in South Australia in 1945, the Bedford Group (Bedford) is a non-government, non-profit organisation. Today, Bedford is one of Australia's largest employers of people living with disability and is a recognised leader in the provision of supported employment and other services to more than 1,500 people living with disability or special needs throughout South Australia, Victoria and New South Wales.

Through its life changing work, Bedford provides a range of opportunities for people with disability seeking supported employment, including training and work experience in areas such as administration, hospitality, cleaning, furniture making, manufacturing, gardening and horticulture, as well as experience in its commercial laundry and packaging operations.

Bedford also provides a range of high quality accommodation, day option and lifestyle programs designed to support people living with disability to achieve their individual goals, and in doing so, deliver on our mission to positively change the lives of people with disability, their families and carers we serve.

Executive Summary

Bedford welcomes the opportunity to contribute its views to help shape policy options the Australian Government will consider introducing to *‘ensure a strong future for supported employment’*.

Ensuring people with disability have every opportunity to participate in the workforce aligns with a key object and principle of the National Disability Insurance Scheme (‘NDIS’) to, *‘support the independence and social and economic participation of people with disability’*.¹ It also gives effect to Australia’s human rights obligations under the United Nations Conventions on the Rights of Persons with Disability in 2008, and the subsequent decision to accede to its Optional Protocol in 2009.

Furthermore, the benefits to Australia’s economy for improving the participation rate of people living with disability are clear. Deloitte Access Economics reported in 2011, that *‘closing the gap between the labour market participation rates and unemployment rates for people with and without disabilities by one-third would result in a cumulative \$43 billion increase in Australia’s Gross Domestic Product (‘GDP’) over the next decade in real dollar terms’*.²

Yet, despite the economic imperative, Australia still has a long way to go, ranking 21 out of 29 of the Organisation for Economic Co-operation and Development (‘OECD’) countries in employment rates for people with a disability.³

The most recent data available from the Survey of Disability, Ageing and Carers (‘SDAC’), reported that in 2015 there were over 2.1 million Australians with disability of working age, and of this group only 53.4% were in the workforce or actively seeking work. For people with severe disability, the workforce participation rate actually declined between 2012 and 2015 from 30% to 25%.

The Council of Australian Governments (‘COAG’) National Disability Strategy 2010-2020⁴, highlighted that employment is also important in achieving social inclusion, and contributes to physical and mental health, personal well-being and sense of identity and self-worth. However, many people with disabilities, as well as their families and carers, are missing out on the opportunity to participate in employment, and as a result, tend to have a lower standard of living and less financial control.

¹ National Disability Insurance Scheme Act 2013 – No. 20, 2013 - <https://www.legislation.gov.au/Details/C2016C00934>

² Deloitte Access Economics – The economic benefits of increasing employment for people with disability – August 2011 – p2. <https://www2.deloitte.com/content/dam/Deloitte/au/Documents/Economics/deloitte-au-economic-benefits-increasing-employment-for-people-with-disability-010811.pdf>

³ Disability employment in Australia and the OECD – Parliament of Australia – 2011 - https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2011/December/Disability_employment_in_Australia_and_the_OECD

⁴ National Disability Strategy 2010-2020 – pgs 11-14 <https://www.dss.gov.au/our-responsibilities/disability-and-carers/publications-articles/policy-research/national-disability-strategy-2010-2020>

Developing policies which balance social life and work life, and stimulate both open and supported employment opportunities to maximise labour participation rates for people with disability, is clearly required. However, policies that only stimulate the supply side of employment opportunities, without addressing the need for commensurate NDIS committed funding, will not deliver a strong future for supported employment.

At present, the National Disability Insurance Agency ('NDIA') does not appear to be prioritising employment as part of its NDIS planning processes for people with a disability, despite the overwhelming case to do so. This is evident by the relatively low level of NDIS support funding committed for employment. As at 30 September 2017, for people aged 25+ years, just 2.2% of national NDIS funding was employment related, compared to funding for social and civic activities (20.2%) and daily activities (58.3%)⁵.

The implications of the current imbalance are reflected in the national data that measures NDIS participant outcomes by directly seeking responses from people with disabilities themselves, surveying whether the 'NDIS has helped them out'. Of all five NDIS participant outcome measures, 'work' scored the lowest, with only 17% of respondents aged 15-24, and 20% aged 25+ responding 'yes' that the NDIS had helped them with regard to work⁶.

By contrast, the 'social, community and civic participation' outcome measure scored favourable 53% (15-24 years old) and 63% (25+ years old). Of further concern, 27% of NDIS participants aged 25 years and over had a paid job, and only 18% aged 15-24 years. These statistics suggest that, to date, the NDIS has had little impact, if any, on improving the economic participation rate of people with disability.

Bedford is concerned there may be a considerable risk emerging from a failure to enshrine the intrinsic value of work into the NDIS planning process, and as a consequence, some NDIS participants are choosing to either reduce or relinquish their employment in favour of social activities. With NDIS funding levels for some support types likely to be reduced into future years, consistent with an insurance based funding model, there is growing concern of adverse consequences arising from the current funding imbalance upon providers. In addition, there are concerns for the long-term viability of the scheme, should it be unable to readily reduce NDIS funding support for social activities and/or increase NDIS funding to stimulate more jobs for more people with disabilities, in more locations throughout Australia, albeit in supported employment settings or more mainstream workplaces.

⁵ NDIS – National Public dashboard – September 2017 - Total annualised committed support for active participants with an approved plan by support category for age 25+ p6

<https://www.ndis.gov.au/medias/documents/h42/ha3/8805560582174/national-dashboard-30Sep.pdf>

⁶ COAG Disability Reform Council Performance Report – Quarterly Performance Report National - 30 September 2017 – p16
<https://www.ndis.gov.au/medias/documents/h69/ha8/8805560778782/national-performance-report-30sep.pdf>

Bedford supports the development of new policy options, designed to ensure a strong future for supported employment, but emphasises that policy development and importantly, subsequent introduction, must be undertaken carefully and in a manner that enables appropriate market adjustment, as the extent of the challenges disability services providers are currently facing as a result of the NDIS and its operational implementation is immense.

These challenges were reinforced by the peak disability industry body, National Disability Services ('NDS') in its survey of more than 500 disability providers in its 'State of the Disability Sector Report – December 2017', as follows:

'Most disability service providers support the direction of change, (driven by the NDIS), but they feel under immense pressure. The NDIS demands huge growth and change at the same time. As the Productivity Commission observed, this is "highly challenging" for disability service providers. Add to this the implementation problems of the NDIS. These have dogged the scheme since July 2016 when the NDIS moved to full-scheme transition. NDIS systems faltered as the intake of participants dramatically increased. After three years of trial, the NDIS had brought in 30,000 people, 15 months later the number had increased to 113,000. Disability service providers have borne additional cost from inefficient NDIS processes. In a major report on the NDIS published in October 2017, the Productivity Commission concluded that, while the NDIS's costs are broadly on track, the timeline agreed by governments won't be met. Among the causes: the workforce isn't growing fast enough; and demand for services will outpace market supply – impeded by uncertainty, financial capacity and the scale of organisational change required.

There are many ADE's that want to employ and support more people with disability and help them to achieve their employment goals, whether that be to remain in supported employment or move into open employment or between both options.

ADE's should not be misconstrued as mainstream workplaces that pay reduced wages. There are significant costs associated with doing business with a supported employee workforce, with reduced productivity and need for specialist disability and allied health support staff. Jobs are often specifically designed based upon a person's individual abilities which can often reduce the type of work contracts and associated profit margins attainable; contracts of a type that bring high competition and risk of automation, or produced in other countries at a fraction of the price. Furthermore, given the specialist unique needs of the workforce, ADE's make substantial investments into the accessibility of premises, their location close to public transport, as many people with disability do not hold driver's licences, often bringing with it higher leasing or purchase costs as well as workplace modification costs.

The costs associated with operating an Australian Disability Enterprises are considerably higher because it is not a mainstream employer. ADE's are a disability service, an educator, an employer and more, and Australian policy must recognise these unique qualities and ensure policy options are developed with such recognition.

It is vital that public policy enables people with disability the right to an ordinary life and the ability to participate in a workplace, make a meaningful contribution and earn a wage, within a supported employment setting. In doing so, supported employment often reduces the funds expended via the Disability Support Pension, and families of those in supported employment are often able to work and earn an income and pay taxes, which in turn reduces the need for payments associated with a Carers Allowance, benefiting their health and well-being and the economy.

The social and economic benefits for providing more people with disability the opportunity for work, or the support to help them pursue work, are clear. The challenge is creating the right policy environment for all stakeholders, including providers, the industries that utilise the services of ADE's or DES's, the Government and the NDIA, and importantly the people with disability, their families and carers whom we collectively serve.

Response to the Discussion Paper

1. Are there other principles, which should guide the Government's policy direction for supported employment?

Bedford supports the Government's principles stated in the discussion paper as follows:

- An 'employment first' approach for all NDIS participants of working age;
- A diversity of employers providing employment supports;
- Strong and viable disability enterprises, and
- Employees and employers have certainty about industrial wage setting.

The importance of an 'employment first' principle for all NDIS participants of working age being effectively implemented by the NDIA is paramount. Employment for people with a disability is critical to Australian society and public policy must enable people with disability with an opportunity in a supportive environment to actively participate.

For people with a disability, employment is much more than just a job. For people who experience barriers to full participation in having 'an ordinary life', employment provides them with a positive sense of self and an ability to be able to identify, not as a recipient of support, but as an active and valued contributing member of a workforce, whose productive outputs provide great benefits and are of significant importance to the end user.

Employment provides structure, meaning and purpose. It provides opportunities to develop new skills, it enables people to set goals, work as part of a team, achieve and be recognised for their contributions.

To date, Bedford's experience has been that in some instances, NDIA Planners/Local Area Co-ordinators ('LAC's') have discouraged some NDIS participants to pursue supported employment, suggesting it is not an attractive employment pathway or have overlooked the matter of employment during the planning process entirely. By not implementing a 'work first' planning approach, it risks continuing a discriminatory mindset of 'low expectations' with regard to the valuable and meaningful economic contribution people with disability can perform with effective support.

Furthermore, in the initial six months following the commencement of the NDIS in South Australia for adults (1 July 2017), Bedford found almost 5% of its existing supported employees who had transitioned into the NDIS did not have funding for supported employment ('Finding and Keeping a Job') included in their plans, despite their individual goal to continue working in supported employment.

Bedford is concerned that a move away from employment by people with disability, albeit 'open or supported employment', in favour of social and recreational activities, facilitated by NDIS funding, could adversely impact upon both disability services providers, people with disability, their families and carers and the longer-term financial sustainability of the scheme.

It is clear that the fundamental principles underpinning the insurance based approach of the new scheme are focused upon capacity building of the person with a disability. Whilst this is supported, there is concern beginning to emerge that in future years, funding for 'social supports' will reduce, in line with an insurance model. However, the expectation and goal to increase the 'economic participation rate' of people with disability may not be achieved as a result of current NDIS planning which is not focussing on employment. As such, this may drive current disability employment providers (ADE's) to change their business models and suite of services they offer to participants in order to address viability concerns and policy reform risks, and in doing so, reduce their current future 'open and/or supported employment' capability and capacity, making the sectors' ability to reinstate jobs quickly far more problematic into the future.

Furthermore, the success of ADE's is influenced by their ability to meet the expectations of the commercial customers that purchase services from ADE's, and in doing so supplement the cost of operations that support people with disability. An inability to deliver upon commercial customer requirements brings with it longer term impacts, should ADE's be unable to adjust foreshadowed labour fluctuations and disruptions, should current NDIS planning arrangements prevail.

Bedford is concerned that there are other indicators that the NDIA is not focusing upon employment support for ADE's. For example, the NDIA price guides 2017/18 exclude information on the rates for supported employment payable to ADE's, making it unclear to a broader cross section of people with disability, and people who are performing plan management or support coordination functions on behalf of participants, advising participants on the range of employment services available to assist them to pursue their individual employment goals.

It also important to highlight that strong and viable enterprises need to be supported in practice. For example, at a time when the disability services sector needs to grow rapidly and attract and retain the workforce necessary to supply the ever-growing demand for services driven by the NDIS, the Australian Government has in real terms eroded the taxation exemptions and associated salary packaging benefits available to employees of not-for-profits. Recently introduced changes to the benefits have been counter-productive and directly oppose the purpose for which they were introduced. Moreover, salary packaging benefits continue to not be able to be increased each year in line with inflation, therefore the net benefits continue to decrease. This impact, together with NDIA prices that are currently regulated and capped, means that the ability to attract and retain staff is continuing to be more problematic.

A key principle that should also guide the development of Government policy for supported employment, should be that any introduction of new polices must be undertaken carefully with a detailed understanding of the transformation challenges disability service providers are currently facing. As highlighted, by National Disability Services (NDS) in its State of the Disability Sector report (December 2017), which surveyed more than 500 disability services providers across Australia, found that,

⁷the disability services sector is under pressure, and that key concerns include low NDIS prices, the costs of change and uncertainty about financial sustainability. The survey also highlighted that 74% of respondents don't think the government is anticipating or responding to the needs of organizations'

Accordingly, the operational implementation of any new policies that can impact upon ADE's or DES providers must be effectively and consistently implemented via the National Disability Insurance Agency (NDIA), with a reasonable timeframe for providers to adjust, which recognises the significant pace and scale of change currently driven by the NDIS and its associated implementation challenges.

⁷ National Disability Services (NDS) – State of the Sector Report (December 2017) – p4 <https://www.nds.org.au/news/state-of-the-disability-sector-report-2017-reflects-sector-under-pressure>

Transition to the future landscape.

2. What is a 'good' participation outcome for a supported employee and how can good outcomes be measured?

A good participation outcome for supported employees needs to be individualised, as a 'one size fits all' model will not enable an effective framework for measuring the vast differences in relative progress that people with different levels of abilities and disabilities experience. Bedford is of the view that a 'good' participation outcome should align with a recognition of a person's capacity to engage and sustain employment, relative to their ability to do so. Accordingly, outcome measures should focus upon the individuals:

- **Choice and control:** that is, their ability to determine their individual employment goals, where they would like to work and what tasks they would like to pursue to assist their career aspirations. Multiple options should be afforded for employment and participants provided with information and support to make decisions that best meet their needs;
- **Changes in a person's overall health and well-being:** this is an important benefit that supported employment provides to a person living with disability;
- **Positive changes in a person's labour participation rate:** over a defined period, as well as measures that consider the broader benefits of work and the individual circumstances of each person, and changes to their overall health and well-being. Other measures should be goal orientated and have a developmental focus designed to increase the skills of an individual.

Measuring good participation outcomes should be underpinned by a comprehensive understanding of the many and varied benefits that ADE's and employment provides to a person living with disability, as well as their family/carers or significant other in their life. Employment for people with a disability often has a multiplier effect, in so far as it enables family members/carers to also participate in the economy, as they are not required to provide a caring role during the time in which a person with disability is gainfully employed.

3. What do supported employees most value about working in an ADE?

It has been Bedford's experience that supported employees value many different aspects from working in an Australian Disability Enterprise (ADE). Common themes most valued include friendships and social interaction. For many, the supported employment workplace and their colleagues serve as their 'extended family' and this is of paramount importance to their social and economic participation and overall health and well-being.

However, there are other elements, including being valued by the employer and work colleagues for performing meaningful and diverse work, enjoying a genuine sense of belonging within a community and self-achievement, making a meaningful contribution to society and earning wages, as well as learning new skills.

At Bedford, there is a recognition of the interrelatedness between what is happening in a person's life outside of work, which can positively or negatively impact them whilst at work. Bedford and other ADE's often provide assistance (direct and indirect) to supported employees with many other needs in their life. Examples can include relationship counselling, managing money, helping them to make an appointment with a doctor, managing challenging behaviours, helping them understand documents, or other skills associated with daily life. In doing so, supported employment plays a key role in helping them to manage their own health and well-being and be more able to maintain their employment.

Furthermore, as the functional capacity and severity of disability is very broad, it can influence what individual supported employees most value about working in an ADE. For example, some people requiring higher support (DMI 4) may place greater value on the importance of friendships and social interaction, different from a person requiring less support (DMI 1), where structure and purpose in their daily life, learning new skills and higher wages can sometimes have a proportionally greater priority.

Bedford's experience has also been that there can be differences in what a supported employee values, compared to their parents/carers or significant other. Families often express appreciation for the associated health and well-being benefits that occur for their child as well as the family, as a result of their loved one being employed. Families and carers also highlight the indirect respite benefit that supported employment provides as important in helping them to maintain their resilience as a carer, enabling them the opportunity to pursue or maintain employment. Each of these benefits create considerable direct and indirect costs savings to Government, through taxation and associated social welfare costs.

4. Why do most supported employees transition back to supported employment from open employment?

It has been Bedford's experience that people with disability, particularly intellectual disability, can often find it very difficult to maintain employment in an open employment setting without ongoing and regular support in the mainstream workplace. Whilst there can be a range of contributing factors, some examples include:

- **Productivity expectation levels by employers** - can sometimes be far higher than what the individual person with disability has been assessed as being able to reasonably perform relative to their supported wage. It has been Bedford's experience that people with intellectual disability, autism or profound complex disability, have significant barriers to finding and maintaining mainstream employment. This is primarily due to the person's individual capacity to meet productivity expectations, work effectively within traditional workplaces, be self-motivated, problem solve independently, and demonstrated a level of workplace flexibility across a broad range of job activities;

- **Inadequate support provided to the person with disability** - to enable them to sustain their employment, learn new skills and succeed;
- **Increased levels of social isolation** - loss of established and meaningful friendships and a genuine comradeship, and feeling part of a team within an ADE in an open employment setting, as compared to the experiences within mainstream workplaces. It has been Bedford's experience that many supported employees that have transitioned into mainstream employment have suffered bullying and harassment and social isolation, in time contributing to their decision to return to supported employment;
- **Lack of disability awareness and associated skills** - within a mainstream employment workplace to effectively support a person with disability and those experiencing episodic behavioural challenges;
- **Experiences of increased social exclusion in some workplaces** - whereby work colleagues do not genuinely support the integration of people with disability, through prejudicial and discriminatory views, leaving the person with disability feeling marginalised and ostracised within the workplace;
- **Higher rates of casualisation in open employment settings** - leading to an inability for the person with disability to receive wages for sick leave, annual leave, and other conditions as opposed to those provided for in supported employment settings.

5. How can more supported employees be provided the opportunity to choose open employment?

Whilst Bedford supports people with disability having every opportunity to choose open employment, it is our experience that it is not something that everyone necessarily wishes to pursue.

Bedford is also of the view that a strong future for supported employment in ADE's should be underpinned by the notion that supported employment should not always be considered as 'specialist employment' and a 'flow through' model to open employment. To do so may implicitly devalue the meaningful contribution supported employees make and the important contribution ADE's make in the lives of people with disability.

Policy options should also focus on supporting ADE's to become more innovative and to further transition their business models to be more successful, to be able to provide the different individual levels of support for their employees. Better and more interrelated models between DES and ADE's, industry partners and Government should be explored that enable a person with disability to transcend into both open and supported employment effectively and increase labour participation rates.

Until recently, supported employees wishing to pursue open employment were required to resign from their supported employment position, to seek employment in a mainstream setting. Subsequently, should they be unsuccessful, it required them to wait two years before they could return to supported employment, during which time they could become demotivated and in some instances de-skilled.

The new NDIA School Leaver Employment Support ('SLES') program has not been rolled out well, initially excluding supported employment as a valued form of work experience for school leavers with a disability. It is understood this has now been overturned.

6. Why is participant access to concurrent DES and ADE support services so low?

As highlighted in the response to the previous question, until recently, supported employees wishing to pursue open employment were required to resign from their supported employment position to seek employment in a mainstream setting. Subsequently, should they be unsuccessful, it required them to wait two years before they could return to supported employment, during which time they could become demotivated and in some instances de-skilled.

Bedford considers that the communication by the Australian Government regarding the ability for a participant to access concurrent DES and ADE support services has not been effective.

In addition, the NDIA SLES program (prior to changes announced in January 2018), now allowing work experience in an ADE, as opposed to open employment only, is a further example of how a person with a disability may be confused as to the arrangements surrounding their ability to access DES and ADE providers concurrently.

Furthermore, Bedford believes there are many people with disability in supported employment who are happy working in supported employment and do not wish to move into open employment.

The Discussion Paper states, *'While ADE's actively support and promote employee transition to open employment, the number of supported employees that move into open employment is small. The number of supported employees that remain after moving into open employment is small still'*.

It is also considered that there are few incentives for either DES or ADE providers to work together. This is a matter worthy of policy consideration to ensure that more collaborative models of employment, that also engage industry and employers in a partnership approach, is important to increase the likelihood of successful employment outcomes.

7. What is the role a supported employer can play in building employee capacity for transition to open employment?

ADE's are very well placed to build employee capacity to increase their potential to transition to open employment. A supported employer can assist a person with a disability to gain skills required to be productive and for some people transition into and/or experience open employment, with appropriate supports.

Through person centred approaches, supported employers provide a diversity of work, as well as activities that seek to provide training, work experience, job site training, transport training and personal development, in a secure and welcoming environment.

ADE's play a key role in assisting people with disability to increase their self-esteem and work skills are all developed in readiness for employment. Working and being part of a workplace in which an individual's contribution is valued helps gain confidence and independence.

Bedford is fundamentally of the view that despite being an ADE, through many of its commercial operations, it provides considerable exposure to 'real working' environments, with a considerably high ratio of people with and without a disability working successfully together. Whilst there is a need to review supported employment wage mechanisms and associated funding arrangements, Bedford believes Government should explore options to invest in ADE's that can demonstrate business activities and business models with an ability to grow, and in doing so, provide more opportunities for people with or without a disability.

Bedford also offers in-house training workshops to assist people with budgeting, travel, training, cooking, independent living skills, personal development, support to obtain a learner driver permit, healthy eating information, and more, which is not readily offered in an open employment setting.

8. What will attract NDIS participants to employment opportunities in the future?

Bedford considers that as the NDIS marketplace matures, and NDIS funding for employment supports increases in line with the need to improve Australia's low labour participation rates and achieve the goals of the NDIS, providers will need to focus further on activities that attract participants. Specifically, activities will need to be tailored to meet the individual's employment goals. Examples of specific attraction drivers may include:

- **Provision of work-related skills and activities:** to help a person to become job-ready and find a job in a location that fulfils their goals and aspirations;
- **Provision of a variety of work experiences:** in a range of different jobs to enable a person to observe and experience jobs they enjoy and align with their goals;
- **Provision of life skills and social skills development:** that will help foster confidence, independence and development of a lifestyle that supports work;
- **Provision of competitive wages and conditions:** that are underpinned by fair wage setting mechanisms, supported by commensurate funding support;
- **Provision of ongoing employment support:** to help a person maintain employment within an environment that fosters a strong sense of belonging, and a recognition that change within a workplace can for some people with disability be quite overwhelming;

- **Provision of opportunities to transition ‘open and supported employment workplaces’:** with new models developed that substantially recognise that levels of support need to be tailored to meet individual needs but are also commercially based, recognising workforce requirements and consistency of labour is an important element underpinning the provision and sustainability of jobs and the enterprises and industries that create them;
- **A demonstrable record of success:** supporting people with disability achieve employment goals and aspirations.

For some people, open employment will not be an acceptable option determined by them, and will self-determine their desire to continue in a supported employment setting. To increase the level of successful participation in mainstream workplaces will require a considerable overhaul and redevelopment of existing models and significant investment that is attractive to providers given funding per employee is becoming more portable, flexible and insecure.

Strategies to support employer/providers to offer effective employment opportunities.

9. How are ADEs marketing their services to an expanded market of potential NDIS participants?

Bedford is of the view that consideration should be given to whether the current policy employment environment and current implementation of the NDIS is stimulating ADE's to market their services to more potential NDIS participants, rather than focusing upon the mechanisms within which to do so.

Whilst statistically there is an expectation for an expanded market of 'potential NDIS participants', the reality is that national NDIA data highlights that a relatively low level of committed funding is occurring in NDIS participants plans for supported employment. Importantly, the report states that the NDIS must boost the take-up of employment supports. At present, they account for only 2.2% of all plans.

With uncertainty surrounding future supported wage mechanisms, currently before the Fair Work Commission, as well as no information yet known as to the ADE funding mechanism to be implemented under the NDIS following the cessation of the current Disability Maintenance Instrument (DMI), some ADE's may be of the view that marketing to expand its ADE's services is problematic. There are also problems associated with the DMI 'outlet' average funding mechanism, which does not take into account the range of severity of disability needs similar to the DMI approach. Under the NDIS, ADE's receive a funding allocation based upon an ADE's 'site based' outlet average which is determined based upon the average funding of existing participants at an ADE site, prior to the rollout of the NDIS. This approach does not adequately recognise the level of funding needed to provide support to people with a disability, specifically those with the highest levels of need.

In addition, initial experience in South Australia operating under the NDIS was that almost 5% of existing supported employees were not receiving NDIS committed funding for supported employment, following the NDIS planning process, despite making representation that continuing supported employment was a specific goal. Moreover, in NSW, many existing supported employees first year NDIS plans expired prior to the issuing of their second year plan, leaving the person with a disability uncertain as to how their continuing needs will be addressed and the provider being placed in the invidious position of having no mechanism to receive NDIS funding should it continue to provide supported employment.

Regarding the operational mechanisms that ADE's are utilising to promote their services, strategies can include social media, expos, networking events, information sessions, media advertising campaigns, school events and forums. A key challenge is that investment in marketing activities can be costly and the level of funding provided for under the NDIS does not readily support the costs of such activities.

10. What is the range of NDIS supports that ADEs currently offer?

Under the current registration requirements implemented by the National Disability Insurance Agency (NDIA), all providers are required to apply for and be granted approval to provide their selected suite of services they are seeking to provide. This could be limited to 'Specialised Supported Employment' or could be far broader. In terms of data that confirms what is the range of NDIS supports that ADE's currently offer, this is not available from publicly released data from the NDIA.

However, from the most recent NDIS data available, through COAG it states⁸:

'As at 30 September 2017, there were 10,507 registered service providers of which 4,324 were individual/sole trader operated business while the remaining 6,183 providers were registered as a company or organisation. Of this, 52% were yet to have evidence of activity. In addition, 25% of service provider received 80-90% of the dollars paid for major registration groups.'

Employment is not recognised or reported as a major NDIS registration group. On this basis, together with the relatively low national utilisation rates of NDIS committed supports, it is considered unlikely that all ADE's that have registered to provide other types of services under the NDIS are doing so. Furthermore, in some locations the ability for traditional ADE's to attract the workforce necessary to effectively start-up and provide other types of NDIS services to participants seeking to purchase different types of services is problematic, with this challenge more profound in regional locations.

11. What costs would be involved for ADEs that choose to:

a) Reform to more open employment models?

The costs associated with an ADE to reform to more open employment models would be significant. Effectively, maintaining both a supported and open employment model would most likely bring with it a level of staffing duplication and the costs would be vastly different depending on the scale of operations and the levels of adaptation required by each provider. To effectively assess the costs involved, would in part be predicated on the rules surrounding how a DES provider would need to operate into the future, for example, tender by region, or whether the current barriers to entry into the open employment provider market are substantially reduced with more attractive payment incentives associated with the current model.

Examples of costs categories would include market research and business planning, ICT systems and infrastructure, and appropriate mix of workforce with the skills and capability to deliver successful open employment services. There would also be the potential revenue lost from any reduction in ADE operation via the loss of production hours, which if practical to do so, could be redressed in part through capital investment in some forms of mechanised automation. There may also be higher wages likely to be payable in an open employment setting.

⁸ COAG Disability Reform Council performance Report – National 30 September 2017 – pgs 28 – 32
<https://www.ndis.gov.au/medias/documents/h69/ha8/8805560778782/national-performance-report-30sep.pdf>

b) Redevelop as service providers offering other NDIS supports?

The NDIS requires service providers to embrace a completely different way of operating. There are cost drivers associated with transforming business practices for success in the NDIS, as well as investment in expanding service provider capability into new service offerings. Expansion into new markets should be considered a cost of growth and an investment in the future, however the need to redevelop driven by a shift in disability employment policy would require considerable adjustment.

Some examples of cost drivers would include staff, ICT systems, building infrastructure associated with offering an attractive service over the medium to longer terms, short-term pilots to test the attractiveness of offerings, as well as establishing and marketing new service offerings where market forces present opportunity. There could also be costs associated with establishing new company or business structures to address commercial risks, and segregate charitable and non-charitable activities.

Bedford, as a relatively large ADE, provides services other than supported employment, however unlike all other NDIS service types, supported employment is the primary NDIS service type that has the ability to derive revenue from the work that supported employees perform, rather than simply being a transactional exchange between a service provider and an NDIS participant. As such, any policy shift that reduces the quantum of productive output at a relatively higher cost is likely to cause a substantial negative financial impact to ADE's if the revenue lost, as well as increased costs, are not supported by Government as well as be either passed onto the NDIS participant (which is not currently possible due to regulation) or passed onto the industries that utilise the services of ADE's, which is also problematic.

c) Specialise in the provision of employment support as a non-employer?

Specialisation of non-employment support would serve to be principally a niche service offering, based upon current NDIS funding, pace of scheme roll-out and degree of marketplace competition. Employment support requires real workplace experiences and on the job training to build confidence and attain skills.

For ADE's to no longer offer employment support as a non-employer would fundamentally change the current relationship. It would also change the industrial relations obligations of ADE's and would substantially reduce the capacity and capability of ADE's to deliver a productive output which is used to derive revenue to support services to people with disability.

For some ADE's experiencing financial viability concerns at present, the notion of transition to a 'niche-specialist' provider of employment supports as a 'non-employer' may seem attractive. It would however come with costs associated with terminating existing employment arrangements, and would have an overall reduction in the number of jobs performed by people with a disability in Australia, as the open employment sector would be unable to provide employment due to the limited capacity and capability of some supported employees.

12. Should the Government have a role in supporting new market entrants and start-ups in the short-term?

As outlined in the COAG Regulation Impact Statement ('RIS'), the NDIS changes have two categories that impact the disability service provider sector, both commercial and not-for profit. These include market impacts, driven by the change in 'block' funding transferring to individual support packages ('ISP's'), meaning providers will need to modify the way they do business, and Regulatory impact, driven by regulatory changes, such as the introduction of quality and safeguards, requirements for payment process, reporting requirements.

Bedford is of the view that for Government to effectively determine whether it should play a role in supporting new market entrants and start-ups in the short term must be based upon a detailed understanding of the impacts that such marketplace intervention will cause.

The NDIS is a competitive market, which should be underpinned by market forces that stimulate fair competition. Whilst it is clear that demand for NDIS services is being foreshadowed to be outstripped by supply, Bedford believes Government fiscal stimulation should be based on addressing weakness in the supply of employment in the market, whereby increased competition from the NDIS will not address such weaknesses, for example, in regional locations across Australia.

Assessing whether Government should have a role in supporting new market entrants, start-ups in the short term, needs to be based on the clarity of need for such support. If a short-term goal of Government in supporting new market entrants and start-ups is to expand the extent of supported employment options and locations of opportunities to people living with disability, because there is data that illustrates the likelihood of market failure under the NDIS for employment supports, then Government support may be warranted. Bedford is of the view that Government should support the ADE sector to further prosper and become stronger, more viable and larger.

Government support for growth and expansion of the sector must be available to both new market entrants, start-ups and the existing ADE market, to avoid unintentionally distorting the market and creating an uneven playing field, choosing to stimulate one part of a sector at the detriment and disadvantage to another, particularly in the more uncertain NDIS consumer directed funding environment.

13. What investment, or industry adjustment will promote viable expansion in the employer/provider market?

There are a range of key drivers that will support viable expansion in the employer/provider market. There needs to be disability employment policy certainty, and operational implementation consistency, beyond the short term in order to stimulate investment. The level of risk in the current environment is high. Addressing elements that contribute towards mitigating these risks is required.

Furthermore, there needs to be demand. ADE's require an ability to attract and retain a workforce, that is now effectively a customer under the NDIS, and at the same time meet obligations to the companies they provide services. Supported employment is not strictly a transactional NDIS service, and at present the environment presents a range of challenges that can impede the attractiveness to invest. Some examples are as follows:

- **NDIA committed support in NDIS plans is relatively low** - (2.2%) of total committed NDIS funding;
- **Supported wage determination mechanisms unknown** - following consideration by the Fair Work Commission;
- **Future NDIA pricing levels for supported employment is uncertain** - pending the outcome of the McKinsey & Co price review;
- **NDIS price deregulation is likely to occur** - with the timetable for implementation by geographic location unknown;
- **Disability Employment is not being prioritised by the NDIA** - as demonstrated by its Planners and Local Area Coordinators through NDIS plans implemented to date;
- **Indexation to NDIA pricing for supported employment** - has been inconsistent and delayed;
- **New NDIS quality and safeguards to be introduced** - bringing with it new obligations, with unknown implications upon operations;
- **Future supported employment funding determination mechanisms remain unknown** - following the cessation of the current Disability Maintenance Instrument (DMI) mechanism currently continuing via the NDIS;
- **Supported employment funding does not contribute toward the cost of capital** - enabling ADE's to increase investment in plant equipment.

14. How could employer/providers share learnings of their success and failures within a competitive market?

In an increasingly competitive environment where funding provided under the NDIS has become highly customer centric, highly portable and competitive, compounded by relatively low committed NDIS funding, creating an environment for providers to 'share learnings' must be underpinned by incentives and an understanding of risks to providers in doing so. 'Sharing a learning' is equivalent to asking providers to share intellectual property or experience into a competitive market which in doing so, helps competitors to perform better. Commercially this is nonsensical. However, from a service provision view point it may make some sense.

Government could consider making an innovation fund available to ADE's and DES providers to support innovation and developments in the open and supported employment sectors, designed to increase the economic participation of people with disability, and in doing so as part of the grant conditions, stipulate a requirement to transfer knowledge throughout the industry. Such strategies could also involve the peak industry bodies, to maximise Government's return on its investment from

funding new opportunities for innovation, business development, or service improvement.

In the absence of Government funded incentives, or some other form of commercially based incentive for providers to do so, drivers for the market to share learnings would be largely non-existent or very limited.

15. How can wage supplementation be better targeted?

Across Australia there are approximately 22,000 people with disability employed throughout 600 Australian Disability Enterprises (ADE's). Any decision by the Fair Work Commission to alter the Supported Employment Services (SES) Award 2010, (currently under review February 2018) must improve conditions and importantly increase the opportunities for all people with disability to gain and maintain employment.

Bedford is of the view that wage supplementation arrangements under the NDIS should be individualised and not simply reflect 'outlet average' funding. As such, an approach means that funding under the NDIS deviates people with disability to an average, when the range of supports required are significant.

Furthermore, wage supplementation should be based upon a realistic price that takes into consideration all of the relevant costs that are associated with the provision of supported employment to people with disability, and should provide incentives for ADE's to also invest in providing greater employment opportunities.

There are significant costs associated with doing business with a supported employee workforce, with reduced productivity and need for specialist disability and allied health support staff. Jobs are often specifically designed based upon a person's individual abilities which can often reduce the type of work contracts and associated profit margins attainable; contracts of a type that bring high competition and risk of automation, or produced in other countries at a fraction of the price. Furthermore, given the specialist unique needs of the workforce, ADE's make substantial investments into the accessibility of premises, their location close to public transport, as many people with disability do not hold driver's licences, often bringing with it higher leasing or purchase costs as well as workplace modification costs.

Strategies to facilitate greater choice and control for NDIS participants.

16. How can the NDIS enable an employment first approach in planning?

NDIS planning questions focused upon an individual's employment participation should be an essential feature and key requirement of the NDIS planning process, with a corresponding minimum level of NDIS committed funding to support participants.

All information available prior to the NDIS planning process should be accessible to the NDIA/LAC planner, to ensure that if a person has been assessed as being eligible and able to work, that NDIS funding should focus on this, as the social participation benefits of work are interrelated.

Furthermore, planners should endeavour to understand why a person has been unable to engage in work in order to direct them to an appropriate type of intensity of supported employment.

Given that a key pillar of the NDIS was that every Australian has the right to an ordinary life, people with disability through the NDIS should be encouraged to work first, and participate socially following conclusion of work. Social programs should occur after work, not instead of work.

Consideration should be given to measuring the NDIA's performance in allocating committed NDIS funds to people who have been assessed as being eligible and able to work. Similar to the view that the NDIA should not be responsible for NDIS price setting, independent reviews should occur to assess the effectiveness of its committed funding allocation against the objects and principles underpinning the National Disability Insurance Scheme Act 2013, the National Disability Strategy and the UN Conventions on the rights of persons with disabilities.

17. How do current assessment processes drive the inclusion of employment supports in an NDIS participant's plan?

It does not appear that the current assessment processes drive the inclusion of employment supports in an NDIS plan, and that such a link between the two do not appear to necessarily coincide.

a) Are existing employment assessment processes appropriate for NDIS participants?

The existing Disability Maintenance Instrument (DMI) is helpful, however, individual goals and aspirations can change, as can the level of support required to assist the person achieve their goal.

18. *Are there different approaches to planning that could be explored for different groups of supported employees (e.g. younger workers, established workers, retirement transition)?*

Yes. Similar to people without a disability, a person's individual employment goals and aspirations are likely to change over time. It is important to recognise that in addition to a person's level of functional capacity and disability, there are different approaches to planning. Influences such as a person's age, their cultural and linguistically diverse background, their experiences and health and well-being need to be given consideration.

The NDIS Planning processes have been criticised by the Productivity Commission, peak disability bodies and advocates with regard to an initial NDIS planning process primarily being 'phone based'. This has now changed, with more 'face-to-face' meetings. Bedford shares the view of the Productivity Commission, that quality NDIS plans rather than quantity of plans should be the key focus, to avoid higher levels of plan reviews and ineffective plans being released.

Bedford is of the view that often service providers, such as ADE's, have very well established and a longstanding understanding of many challenges faced by an individual with disability. It is Bedford's experience that often people with disability or their families actively request the assistance of our organisation to help them navigate the NDIS planning process and support them in ensuring the needs of their loved ones are effectively represented. Planning processes should better recognise the valuable contribution and insight service providers can make in informing NDIS planning decisions, and determine mechanisms that can overcome any real or perceived conflicts of interest whilst at the same time considering the views that providers are able to make through their experience in supporting an individual with disability.

a) How could SLES better support school leavers to build skills and confidence in order to move from school to employment?

The rollout of the School Leaver Employment Support (SLES) program has been inconsistent between jurisdictions, with changes made to the NDIS program over time. Following representation from peak industry body, National Disability Services (NDS), the NDIA amended its guidance for School Leaver Employment Supports (SLES). Importantly, the amended guidance accepts that supported employment in a Disability Enterprise is an appropriate post-school pathway for SLES participants. Prior to this amendment, this was not the case.⁹

Recognising that ADEs are an important pathway for young people transitioning into employment is very important. Bedford is of the view that more integrated models of employment support should be driven by SLES funding, rather than open or supported employment. SLES funding should also be made available earlier to enable students an earlier introduction to employment.

⁹ NDIA takes advice on School Leaver Employment Supports – NDS News article <https://www.nds.org.au/news/ndia-takes-advice-on-school-leaver-employment-supports>

19. What role could or should an NDIA Local Area Coordinator or planner have in linking participants to an employment opportunity?

The NDIA Local Area Coordinator or planner has a key role in providing information to participants regarding all employment options and registered providers available that have the capability and are approved to provide the required supports the individual requires to achieve their employment goals and aspirations. It has been Bedford's experience to date that LAC's have limited knowledge regarding ADE's or DES providers and the benefits that employment provides to people with disability. Much greater emphasis should be placed on educating planners about the importance of workforce participation, and that key performance measures are in place to ensure that for people assessed as being able to work, have funding to support goals either to work, or prepare themselves to become work ready.

It should be mandatory for all NDIA LAC's to focus on a work first planning approach for all participants deemed able to pursue employment. LAC's could help to link participants to employment providers to experience tours or work experience opportunities.

20. What role could or should NDIA market stewardship have in developing a market with a range of employment, other support, or participation options for existing supported employees?

According to the NDIA,

*'Market stewardship recognises that when government implement policies to increase consumer choice and adopt market based delivery, they must also oversee how the marketplace develops. Typically, where information is insufficient or unevenly available, transaction costs too high, choice unable to be informed by quality as price demand is 'thin', inputs such as workforce are constrained. If the marketplace is not working as intended a responsible market steward identifies what action, if any, it should take to improve the marketplace so policy objectives can be realised.'*¹⁰

To avoid inequities in the NDIS and/or market failure, governments need to take on a stewardship approach in addition to a regulatory approach. This requires a more hands-on approach as well as greater information sharing between different government agencies.

¹⁰ NDIS Market Approach: Statement of opportunity and intent – November 2016 – pg6
<https://www.ndis.gov.au/medias/documents/h08/h2e/8799510396958/Statement-of-Opportunity-and-Intent-PDF-1.02MB-.pdf>

The announcement of a new independent NDIS Quality and Safeguards Commission to commence in July 2018 set up to take on a market oversight role in addition to overseeing quality assurance and safeguards appears to be a positive step forward. However, there is considerable information either missing or not publicly available with regard to how NDIS markets are performing. There are some insights though, for example the number of active and inactive registered NDIS providers. There is also low utilisation rates of committed supports in NDIS plans.

In terms of market stewardship, there are two elements, namely a regulatory role and stewardship role. There may be an intrinsic tension between the ability to effectively perform such a role and address thin markets, for example through pricing levers, whilst containing costs and rolling out the scheme to the number of people with disability it is foreshadowed to provide.

It is important to highlight that supported employment unlike many other NDIS service types has a critical market interface that extends beyond the NDIS participant and the NDIS provider. This is the industry, the commercial customers that ADEs provide their products and services to for a fee. A model of stewardship as it applies to supported employment needs to be aware of this element, rather than simply applying a model that may be appropriate for other types of NDIS services.

There is also the interplay between supported employment and industrial arrangements for supported employees. Under current arrangements, a supported employee is both an, 'employee' and a 'customer', with obligations from an industrial relations perspective required to be met by the provider. There are decisions such as those able to be made by the Fair Work Commission to alter respective awards, which are separate to the NDIA, yet could have a dramatic impact upon the ADE market and its ability to respond to NDIS participant demand, should industrial relations decisions create impacts that are not effectively addressed through the policy levers and pricing mechanisms available to the Agency to utilise.