



Brotherhood
of St Laurence

Working for an Australia free of poverty

Submission re the New Disability Employment Service Model

Brotherhood of St. Laurence

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Summary

The Brotherhood of St. Laurence (BSL) is pleased to contribute to the consultation into the development of the new Disability Employment Services (DES) model. We have outlined in this submission key recommendations for the development of DES that promote best practice disability employment policy. These practices are informed by:

- the experience of BSL's NDIS participants in the Pathways to Employment (P2E) project
- the experience of BSL's Local Area Coordination (LAC) staff who have interacted with the DES program, either through referring NDIS participants or having previously worked with DES providers
- BSL's expertise in employment-related research, program delivery and systems change work of the National Youth Employment Body (NYEB) (BSL 2022b) conducted with jobseekers, employers and services providers
- academic literature.

System level recommendations

1. Adopt a clear, person-centred vision for DES focused on access to and attainment of decent work
2. Improve connections and alignment between systems through governance mechanisms
3. Invest in more demand-side policy interventions
4. Commission to encourage collaboration, not competition

Policy level recommendations

5. Expand access and eligibility for DES to all people with disability
6. Co-design adaptive employment policy with employers
7. Redefine mutual obligations as mutual accountabilities

Program level recommendations

8. Develop program models that provide more training and upskilling opportunities
9. Define and measure success in conjunction with participants
10. Embed feedback mechanisms into DES for real choice and control for participants

Introduction

DES is being reformed during a critical window of opportunity in Australia's disability history. In the next few years, we will see the results of a Royal Commission set up to examine issues of discrimination against people with disability, a renewed focus on employment by the NDIA in response to low participant employment rates (NDIA 2021), and large reforms of mainstream Commonwealth employment programs such as Transition to Work (TtW) and the New Employment Services Model (NESM)—both of which will continue to have people with disability as service users.

Reforms to government's flagship employment program for people with disability must take advantage of this opportunity window. DES is estimated to account for \$1.6 billion in 2022–2023 (BCG 2020), and the mid-term review of the program commissioned by government has shown multiple avenues for improvement.

International and national literature on employment policy design and implementation points to the critical need for multi-stakeholder co-design to effect improved population-level employment outcomes. This holds true for the DES reforms. If government is committed to improving DES, it needs to embrace genuine co-design processes that value and empower the voices of people with disability in shaping the program from the start, and not simply in a public consultation about its shortcomings or benefits.

The recommendations provided below are supported by insights from BSL's NDIS participants who've chosen to share their experiences about employment programs, the DSP, DES and related issues. They agreed to be interviewed having engaged with BSL's P2E project, a proof-of-concept pilot (2020) which brings together the organisation's Local Area Coordination (LAC) and Transition to Work programs in an enhanced service for young people with disability to prepare for and find employment.

The views of BSL's LAC staff were also sought to inform this submission. A survey was sent to LAC staff soliciting their views on areas of improvement for the DES program. A total of 12 survey responses were collected, which highlight and reinforce areas of improvement that were identified through other sources of data, such as academic literature and interviews with people with disability.

System level recommendations

1. Adopt a clear, person-centred vision for DES focused on access to and attainment of decent work

Vision and ambition are critical to the development of the program; however, these are missing from the consultation paper released by government. Low expectations of the capabilities of people with disability remain pervasive among parents and carers, teachers, trainers and employers (Fisher & Purcal 2017, Pearce 2017). Without a guiding vision or set of principles, the next DES program will remain unambitious, which will be reflected in the program's design and implementation and fail to address the culture of low expectations.

BSL's vision for DES is a program where all people with disability have access to employment supports, regardless of capacity to work or income support status. The new DES program should also have the explicit aim of increasing the inclusion of people with disability in mainstream economic and social life. It should hold high expectations of jobseekers with disability and be grounded in a strengths-based approach that values their aspirations, talents, skills and potential contribution. Interviews with NDIS participants as part of the P2E project evaluation overwhelmingly indicated the success of conversations which were predicated on strength-based or capabilities approaches, including building confidence and work-related and social skills. These translated to positive employment and training outcomes (BSL 2022a). An LAC staff member sharing their experiences with DES providers commented on the need for job readiness skills to improve employment sustainability in the long term instead of the immediate goal of getting somebody into a job.

2. Improve connections and alignment between systems through governance mechanisms

The DES mid-term review commissioned by DSS showed the program had poor alignment with other systems, causing confusion for both participants and employers (BCG 2020). There is no clear governance mechanism that brings together multiple systems, such as the NDIA and VET, and incentives to collaborate with each other are sparse. This limits the opportunity for more integrated and supported employment pathways. Systems change literature underlines the central importance of top-down and bottom-up governance in enabling policy alignment and integration between systems. This translates to positive participant and population-level outcomes (BSL 2022b). Effective governance that improves connections between government agencies as well as employers and community stakeholders should:

- create interagency taskforces within and across different levels of government (Thies et al. 2021)
- provide learning and training mechanisms to build capability (knowledge, skills, networks and practice expertise) of disability employment staff
- provide resourcing and support for co-location of services to enable coordination and knowledge sharing.

Disability Support Pension (DSP)

The majority of DES participants enter the program as a condition for income support payments such as DSP (BCG 2020). As at November 2021, 79.9% of DES participants were activity-tested, while only 20.1% had voluntarily elected to participate in DES (LMIP 2021). BSL conducted a community consultation to inform our submission to the DSP Senate Committee, and found respondents who were NDIS participants felt unsupported and confused by the process and the outcome of their DSP application and assessment (BSL 2021). Many worried about their economic security if they lost access to the DSP.

This view was also expressed by participants in BSL's P2E trial, who stressed the need for jobseekers with disability to have assurance from government that they will not risk losing qualification for the DSP as a result of employment (BSL 2022a). LAC staff reinforced this view. Many shared experiences discussing employment with NDIS participants, noting the perceived

complexity between income support and employment policies has led some NDIS participants to potentially rethink engaging in employment.

These findings are hardly new or surprising. Over many years people with disability have repeatedly made the point that they want to be employed but not at the expense of their economic security. Policy revisions to the DSP, including the most recent partial capacity to work revisions (Soldatic et al. 2021) have exacerbated rather than eliminated this central concern.

Previous BSL research has underlined the findings that employment systems that focus on personalised support, skills development and employer engagement instead of penalties for non-compliance are more effective in delivering positive employment outcomes (Soldatic et al. 2021). If designed well this does not remove the requirement for mutual accountability of the jobseeker and the government, but it does shift the focus of the system and program to building aspiration and capability rather than satisfying compliance requirements. Other organisations across the country such as People with Disability Australia (PWDA) have advocated for removing activity testing and all financial penalties in DES (Coonan et al. 2021).

NDIS

The *NDIS Participant Employment Strategy 2019–2022* set a goal of 30% of NDIS participants in paid employment by 2022. As of December 2020, the employment rate for NDIS participants was 17% (NDIA 2021, pp. 16–17), and it looks unlikely that the NDIA will reach their target. The government’s own mid-term review of DES showed poor alignment with NDIS. Systems change requires deep collaboration from NDIS participant plan development to a thorough handover to DES providers. Thus there is significant scope to improve employment outcomes for NDIS participants, and jobseekers need:

- knowledge and information about employment-related supports in developing their NDIS plan
- advice and support to be linked to careers and vocational guidance
- a clear pathway into DES for NDIS participants with employment goals in their plan
- funded training for DES providers to understand the role NDIS can play in supporting employment
- improvements to the way plan information is shared between the two agencies delivering the NDIS and DES (which are NDIA and DSS), to ensure a smooth experience for participants using both programs.

Mainstream employment services

In addition to DES, many people with disability are directed to jobactive and Transition to Work (the Commonwealth Government’s specialist youth employment service) programs. In the New Employment Services Model (NESM) which will replace jobactive in July 2022, there will be renewed emphasis on supporting young people with disability to take up open employment, because Transition to Work (TtW) will be a complementary program in the NESM.

Aligning these two programs represents a critical opportunity to promote mainstream employment services for young people with disability. At the same time, it will be essential to

ensure that the increased reliance of NESM on online services does not effectively exclude many people with disability, especially those with sensory, intellectual and learning disabilities and those with limited digital access owing to their location or their income.

3. Invest in more demand-side policy initiatives

In addition to addressing the disconnect between systems such as NDIS and mainstream employment services, DES needs to work better with the entire disability employment ecosystem, including people with disability and employers. The current DES program includes support for jobseekers in the form of access to education, training and career guidance, which roughly translates to supply-side policy (to improve the efficiency of human capital). DES currently does little to create employment opportunities (demand-side policy), or to combine supply and demand elements in the form of bridging.

Research by the BSL and the University of Melbourne has shown that a combination of supply, demand and bridging policies is likely to be more effective than just a supply-side focus as it can build capability across the entire system, addressing employer and service provider capability, community engagement, and potentially the involvement of mainstream systems of support, such as schools (Kavanagh et al. 2021). Demand-side initiatives include wage subsidies, social procurement and (micro) support for social enterprises that promote the entrepreneurship of people with disability (Thies et al. 2021).

4. Commission to encourage collaboration, not competition

DES runs on the logic of a marketised system, referring jobseekers to DES providers. After the 2018 reforms, market competition has increased (which, according to market logic, should improve its efficiency), yet there are no observable improvements in outcomes for participants (BCG 2020). The mid-term review of DES found that competition may be distracting some providers from delivering positive employment outcomes for jobseekers. A quote from a DES provider sums up the state of the program:

Everyone is focusing on growing a caseload, staying afloat, and somehow the client has been forgotten. (BCG 2020)

BSL has developed commissioning principles for TtW with associated tools and resources that are people-centred and enable collaboration by providers. They could be broadly applied to DES to overcome some of the inefficient market mechanisms highlighted earlier in the submission, by:

- requiring organisations that bid on contracts to demonstrate their capacity to engage employers and harness community resources that take into consideration local labour market contexts
- embedding mechanisms for purposeful, ongoing collaboration between providers, employers and government to ensure continuous improvement of support for jobseekers
- redesigning commissioning to reward person-centred support that focuses on decent work opportunities.

Policy level recommendations

5. Expand access and eligibility for DES to all people with disability

Despite DES being an employment program for people with disability, there are a number of restrictions that prevent people from accessing the program. An employment program that should get people into work has been mired by a logic of compliance to receive income support payments. For example, somebody who wants to work less than the 8-hour minimum requirement cannot access DES. The assessment of work capacity does not always lead to positive employment outcomes (Soldatic et al. 2021), and often DES providers are incentivised to provide work opportunities only at the maximum assessed hours of work, to attract a full outcomes payment (BCG 2020).

The next DES iteration should remove eligibility restrictions related to work capacity and income support status. Tightened eligibility for income support and employment services is not likely to lead to general improvement and workforce participation for people with disability (Buckmaster 2014), and employment services that exclude people based on their capacity to work run counter to the goal of improving participation in social and economic life. Removing eligibility restrictions will mean any person with disability, regardless of how many hours they work and whether they receive a Centrelink payment, can access employment services.

6. Co-design adaptive employment policy with employers

As key stakeholders, employers must play an active role in DES. This will allow government policy to adapt to the changing needs and enabling conditions of workplaces. To address concerns about the current DES program's inefficacy for employers (BCG 2020), reforms should be co-designed with employers to address the local context, including local skills shortages and different business sizes.

BSL supports Disability Employment Australia's call to establish a Disability Employment Centre of Excellence to 'house evidence-based best practice and act as the conduit for employers seeking to employ people with disability, including an employer taskforce with an aggressive time-framed goal to introduce, or at the very least trial, some of the many evidence-based recommendations [aimed at increasing employer engagement]' (DEA 2021). Such a centre could serve as a 'one stop shop' where employers could access information and guides, share stories and best practice, and connect with DES providers.

The Centre of Excellence should lead an evidence-based Community of Practice (CoP). This CoP would assemble and synthesise case studies, foster best practice and outreach with employers, develop data and evidence, and mobilise networks to maximise opportunities for employment of people with disability. The CoP can centralise knowledge that is currently dispersed and fragmented between different providers, as well as provide a secondary consultation capability for government.

Government should also better fund the work undertaken by employers to address workplace accessibility and inclusion so that it can be considered core business for employers and support organisations (Meltzer et al. 2018). Australia Network on Disability's submission regarding the

2018 DES reforms stated the employers they work with indicated wage subsidies are not the most important reason they consider a jobseeker with disability. Instead, job matching and post-placement support are usually considered more important (AND 2018).

7. Redefine mutual obligations as mutual accountabilities

From reports like *Willing to work* (AHRC 2016), to community consultations BSL has run, to academic literature, we already know that people with disability want to work. Several P2E participants said that while they receive the DSP, they would prefer to eventually get a job so as not to rely on a pension (BSL 2022a). Therefore to reduce the problem to one of jobseekers' [failure to meet] obligations is to gloss over the systemic policy failures to support positive employment outcomes.

Mutual obligations have been found to reduce the quality of job searches, potentially leading to poor employment outcomes (Gerards & Welters 2021). Furthermore, DES providers have commented on the monitoring and administrative burden they face to enforce mutual obligations, which they feel hinders their ability to offer quality support and build relationships with jobseekers (BCG 2020).

Regardless of which new version of activation requirements government creates, it needs to focus less on compliance and be non-punitive. Some specific recommendations include:

- Activation requirements must avoid financial penalties (payment suspensions).
- Activation requirements should allow jobseekers to nominate the activities, including volunteering, that best advance their aspirations and suit their circumstances
- Activation requirements should hold service providers to account. This could look something like The Deal, which is a job plan in TtW signed by both the jobseeker and the service provider that includes the requirements and duties the provider must also undertake (see panel).

The Deal: an alternative to mutual obligation used in TtW that improves employment outcomes

The Deal, developed for Education First Youth Foyers (Mallett et al. 2014) and adapted for TtW Community of Practice (CoP), is underpinned by Nancy Fraser's theory of recognition, where recognition refers to the status of individuals as full partners in social interaction (Fraser 2000).

The Deal is a reciprocal agreement signed by the young person and service provider on starting the TtW program. It activates the rights and responsibilities of both participants and staff and seeks to reframe mutual obligation as mutual accountability and reciprocity. Young people receive the supports they need, and staff hold high expectations because they view young people as equal partners capable of making a valuable contribution to society, and offer ongoing support and opportunities for them to achieve personal goals.

Young people meet TtW requirements (e.g. 25 hours participation) but rather than simply undertaking government-mandated activity, they see this time as their opportunity to pursue their career goals. Young people feel accountable to themselves and the service and know that the service is accountable to them.

An evaluation of the TtW CoP found that reframing mutual obligations towards a culture of reciprocity and mutual accountability enabled young people to make progress with their career goals (Bond & Keys 2020).

Program level recommendations

8. Develop program models that provide more training and upskilling opportunities

Participant upskilling

Most participants in BSL's P2E project indicated their desire to continue building work-related skills. Some were critical of other employment services they had used in the past that didn't build skills, but instead focused on applying for jobs which they either didn't want or didn't feel ready for, with the purpose of just getting them into any job.

The current DES program does not emphasise education and training to develop work-related skills. Future program iterations need to ensure that resources and incentives are designed to develop job readiness skills, which some LAC staff have noted as including resume writing and interview help. The new DES program should:

- provide comprehensive vocational exploration (through TtW or a specialist employment provider) before a young person can work in an Australian Disability Enterprise (ADE)
- provide periodic access (through TtW or a specialist employment provider) to vocational exploration for those already working in an ADE.

Improving VET access for people with disability

VET learners with disability are found to be over-reliant on the use of individual capital to access supports at points of need across the VET system, while transitioning either within the system or into the labour market (BSL 2020). BSL consultations about the obstacles disadvantaged learners face in training highlighted the critical role Commonwealth government can play in improving access to TAFE for people with disability through employment programs like DES, including:

- increasing funding to state VET systems to understand barriers faced by learners with disability and their needs across the community, in state VET systems and within each institution. This could include encouraging a rigorous performance monitoring framework with associated targets and disaggregated reporting on access, progress and outcomes in VET for those with disability
- fostering stronger connections between TAFEs and NDIS Partners in the Community and other representatives of those with disability (e.g. advocacy organisations and peak bodies)
- working with states to develop community hubs at which LACs supporting people with disabilities can assist with career advice, pathway guidance and TAFE workforce skills development.

9. Define and measure success in conjunction with participants

As our introduction stated, government needs to embrace a true co-design process with people with disability. This applies to the reform's life cycle—evaluation and success indicators included. An employment program for people with disability will be successful when people with disability themselves have indicated it is.

Government can make better use of the forthcoming National Disability Data Asset (NDDA) to ensure that disability data collection is consistent, aligned across governments, portfolios and service systems, and publicly available wherever possible. Making data available to the disability community will start to address the issue of data sovereignty and ownership, as well as informing rigorous studies about what works in best practice employment.

The current evidence base is patchy (Kavanagh et al 2021). Further studies are essential and should include expanding how 'good' employment outcomes are defined and appraised, to embrace job sustainability, the quality of work and opportunities for social inclusion (Thies et al. 2021).

Finally, what's missing from most cost estimates of public spending on disability-related programs such as the NDIS or DES is a measurement of net benefit to the Australian economy. Government should commission research that identifies the positive impact of public expenditure, including jobs created and the return on investment to government by getting jobseekers into meaningful work.

10. Embed feedback mechanisms into DES for real choice and control for participants

One participant in the P2E program discussed their past experiences with employment service providers and reflected on the lack of personalisation and consideration of their own strengths and career goals, instead being shuffled into generic work experience without consultation. Other than the participant leaving this service provider, there is no mechanism for participant feedback that could improve the quality of supports. In DES, the market signal for indicating employment outcomes—star ratings—does not reflect how participants feel they are supported by service providers and has been criticised for lack of clarity for both employers and participants (BCG 2020). LAC staff have also highlighted the negative impact DES has on participants when government systems don't have mechanisms for receiving or acting on feedback from.

Government should:

- replace star ratings with a rating system that takes account of participant feedback, sustainability of employment, and collaboration/engagement with other providers, employers, and community
- work with participants to determine how sustainability of employment outcomes can be measured (e.g. hours worked, pay rates, duration of employment, subjective assessments of how well jobs match skills and career goals)
- incentivise funding for sustained employment tenures, not just one-off placements.

These three steps would guide what quality supports are needed for participants, as well as what to measure when developing an outcomes framework. It would provide a clearer market signal for providers to allocate resources to things like collaboration and person-centred support if they are being assessed on it.

Like others in the community, such as PWDA, BSL recommends establishing a mechanism for ongoing capacity development across the sector. This could be a community of practice or a centre of excellence as highlighted in recommendation 5. In either case the goal would be to improve the quality of services offered to jobseekers across the sector.

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