

# **NDS submission in response to the Consultation Paper on a New Disability Employment Support Model for the next DES contract**

January 2022

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NDS welcomes this opportunity to provide a submission in response to the Consultation Paper on a new Disability Employment Support Model for the next Disability Employment Services (DES) contract. NDS is concerned that the current timetable is too short to enable reform of aspects of the DES program that need urgent attention before the start of a new contract. Consequently, in addition to addressing elements of the questions identified in the consultation paper we have also focused on specific areas of concern. NDS remains committed to working closely with both our membership and DSS in the period leading up to the introduction of the new DES contract.

The DES program has already undergone significant reform over the last year. Two previously eligible cohorts have been removed because of Federal budget reforms and the New Employment Services Model (NESM) will compete with DES for participants over the next two years. The government has expressed concern at the number of participants now accessing DES and the corresponding increase in program spend.

There is a perception that current DES employment outcome rates have been poor. Issues that need to be considered to help lift these rates include an inflexible risk adjusted funding model, excessive administration and compliance costs and the use of abstract benchmark hours to determine work capacity and an employment outcome. Current DES assessment and eligibility provisions continue to hinder access for people with disability.

NDS members have strongly indicated that they would like to see the service delivery model further refined in any future DES program. A longer period of trialing different service delivery models focusing on current best practice needs to be undertaken, like the DESE trial of the NESM. This is more likely to produce a fit for purpose service model reflecting the supports required by jobseekers and employees with disability. Consequently, NDS recommends that the current DES contract be extended until at least 30 June 2024.

This new DES program should remain distinct from NESM and be more closely aligned to the NDIS. This alignment would ensure that DES could potentially assist the many tens of thousands of people with disability of workforce age to gain and maintain employment, in accordance with the Disability Employment strategies that have been developed by the Commonwealth government.

People with disability, particularly those eligible for the NDIS are a cohort that evidence demonstrates are unlikely to be adequately assisted by NESM. A closer alignment of any new DES program with the NDIS will also ensure that jobseekers and employees with disability are able to access employment supports that allow for individual choice and control and participant centric service design and delivery.

This new DES program should provide a holistic service model that allows people with disability to enjoy a career over the course of their working lives. Participants should be able to access or easily re-access DES when support may be required. These supports could include but not be limited to, school to work transition, assistance to find and keep a job, career

transition or progression support, gaining a qualification, post graduate employment assistance and enhanced Work Assist support that enables a change of employer if current employment cannot be maintained.

DES should identify and deliver employment and career outcomes that ensure the current extremely low workforce participation rate for people with severe disability of 27.2% is significantly improved (Source: [ABS 2020](#)).

The DES program has been working with increased numbers of mature age cohort participants, particularly in the past 12 months. Over that period the number of DES participants aged 65+ has increased from 10,082 (3.2%) to 16,201 (5.2%). There are now more DES participants aged 65+ than there are participants aged under 21. The outcome rates for the 65+ cohort have not kept pace with the increase in participants. By December 2021 65+ participants had increased to 5.2% but achieved 2.6% of 26-week outcomes, while mature age participants (55 and older) make up 33.3% of total participants but achieved 22.2% of 26-week outcomes.

The various age cohorts in DES will need different types of employment supports. NDS recommends the Government investigate various employment support programs for aged jobseekers offered locally and overseas to ascertain which elements of these programs could be incorporated into DES.

NDS recommends that the DES program be significantly overhauled so that it supports the achievement of higher levels of successful employment outcomes for the next contract. We would like to see DES service cohorts more reflective of the program when it was first established in 1986.

## Refining the Assessment process and eligibility gateway

Assessment guidelines should recognise the differences in people's employment support needs. Assessors with specialist knowledge would be better able to estimate how an individual's impairment would impact on their work capacity.

The [WHO Disability Assessment Schedule 2.0](#) could be the basis for the development of an appropriate assessment method. Work capacity is the product not just of an individual's impairment but the way that impairment affects their motivation and emotional life and their interactions with their social and physical environment. A bio-psycho-social assessment recognises these multiple influences on work capacity.

Apart from determining eligibility for income support, it makes no sense to retain a bureaucratic process for trying to predict future work capacity in hour-bands without reference to a particular job. Currently an individual's employment benchmarks and their identified barriers to employment do not correlate well. People motivated to work but assessed as having a work capacity of less than 8 hours a week should be allowed access to DES.

Assessment should not be based solely on barrier and deficits. DES providers rightly focus on jobseekers' attributes and strengths that enhance their likelihood of gaining employment. Assessments are often conducted too quickly and fail to identify all relevant factors.

As noted in the Boston Consulting Group's Review of the ESAt process, eligibility for DES

should be optimized to ensure access for those who would benefit most compared to baseline outcomes. The ESAt process should be refined to ensure accuracy and consistency in decision-making under current selection criteria.

It is imperative that the assessment process be reformed before any new funding model is introduced. This is another reason why the current DES contract should be extended.

## Potential DES participants and eligibility

It is strongly recommended that every person with a disability who has support needs to gain and maintain employment be eligible for any new DES program.

NDIS participants with plans that include Supports in Employment or those moving from a transition program (e.g. SLES) into the open labour market should be eligible. An additional cohort of jobseekers receiving Jobseeker/Youth Allowance with an ESAt identifying the need for ongoing support should also be eligible.

DES eligibility should largely reflect Part II, Section 8, Paragraph 1 of the DSA 1986 (Cth) which identifies a target group as below:

The target group consists of persons with a disability that:

- (a) is attributable to an intellectual, psychiatric, sensory or physical impairment or a combination of such impairments;
- (b) is permanent or likely to be permanent; and
- (c) results in:
  - (i) a substantially reduced capacity of the person for communication, learning or mobility; and
  - (ii) the need for ongoing support services.

People with disability who meet the above criteria, are not in receipt of income support and who are disengaged from training or employment should be eligible. Receipt of income support is not always an appropriate proxy for determining disadvantage for this cohort. For example, eligibility for income support may be affected by parents' circumstances, or because young people may lack the willingness or ability to engage with Services Australia to claim income support payments.

## Mutual Obligations for future DES participants

NDS does not believe that it is appropriate for service providers to be policing participants' mutual obligation requirements. This role should be undertaken by Services Australia. Service fees have never been linked to mutual obligation requirements, so removing this role should not adversely affect provider income.

DES should be a service that eligible people with disability in receipt of activity tested income support can participate in to satisfy their mutual obligation requirements. Participants who fail to engage in the service and meet participation requirements should be exited from DES and transferred to an Enhanced Services provider in NESM.

## The Funding Structure

NDS recommends that there be thorough modelling of the real cost of achieving sustainable employment outcomes for people with disability (recognising the different costs required to support cohorts such as intellectual and learning disability and autism), prior to the introduction of any new funding structure. To complement this modelling, it is recommended that there be an examination of the cost structures of current best practice DES provision. The funding structure should ideally recognize the different support costs for service provision to specialist cohorts.

One potential funding structure that could be trialed might resemble that used in the mainstream Transition to Work program, with a reduced outcome fee for placing a participant in cumulative employment for 4, 12, 26 and 52 weeks. The current payment structure for Transition to Work includes an Upfront Payment a 12-week Outcome Payment and Sustainability Outcome Payments intended to drive high performance. The three payment elements providers can receive are:

- An Upfront Payment of \$6,028 (GST inclusive) per Place per annum paid on a quarterly basis with the expectation that an Outcome Performance Target will be achieved
- A 12 Week Employment Outcome payment of \$3,980.90 (GST inclusive) paid
- A Sustainability Outcome Payment of \$3,980.90 (GST exclusive) achieved over the 14 consecutive weeks that immediately follow a 12 Week Employment Outcome

The existing hourly employment benchmarks are a subjective and artificial method of determining outcomes for people with disability who are likely to have multiple barriers to employment and who may never have held a job. A more useful approach would involve participants working with providers to determine the hours they are capable of working, by incorporating the methodology used in the Disability Pre-employment Instrument (DPI).

Employment outcomes in the new model could be based on the following:

- 3 hours per week (for participants with an NDIS plan)
- 7.6 hours
- 15.2 hours
- 22.8 hours

Outcome fees are based on a minimum of 7.6 hours and a sliding scale adopted for outcomes that increase depending on the extra hours worked in a week.

Ongoing support would be a core component in the new structure paid as a block fee that allows providers to deliver support on an as needs basis across their caseload.

## Assessing the true cost of DES service provision using a social return on investment approach

Participants with disability who gain employment will create cost savings for society in several key areas. These savings include the following:

- DSP income test recoveries
- Tax paid by employees
- Savings on the provision of community participation programs
- Carers potentially gaining employment
- Improved mental and physical wellbeing arising from employment

The savings arising from people with disability gaining employment can be easily quantified by government for DSP recoveries and taxation paid. These two savings should be included as a matter of course when assessing the true cost of service provision in any new DES program. While the Social Return on Investment (SROI) methodology in Australia is not widely used, it should be included in any new DES program. NDS is keen to assist government to develop an SROI framework that could be used in a new DES program.

## Assessing the quality of employment outcomes

Star ratings are not a realistic indicator of service quality and evidence suggests that service users do not take these into account when choosing a provider.

A core component of the new model should not only be the measurement of employment outcomes but more importantly the quality of those outcomes. The NSDS audits should also be used to measure service quality and participant satisfaction. A net promoter score/system could also be considered so as to capture important real world inputs and observations from participants.

A mechanism should be developed that captures the progress a participant has made on the way to an employment outcome, including satisfaction reports collected from participants on a provider's success in meeting the former's needs.

## Competition in the New Model

A viable number of providers could be based on a per capita count in an ESA. The current ESA boundaries would be retained. A positive weighting for local organisations who can demonstrate an ongoing connection with their community would be a factor when determining the providers in an ESA.

Allowance should also be made for the inclusion of specialist providers (e.g. intellectual and learning disability, hearing impairment, psychosocial/mental health), where there is a demonstrated need in an ESA. This will assist participant choice and control without the conflict and over saturation that the current model is experiencing.

## Recommendations

For any new DES contract, NDS recommends the following:

- Extending the current DES contract until at least mid 2024
- Using this additional time to trial different service delivery models focusing on current best practice

- Align any new DES model with the NDIS, rather than NESM
- Undertake significant reform of the assessment and eligibility gateway process
- Investigating which elements of programs for aged jobseekers could be incorporated into DES
- Align DES eligibility more closely with the cohort identified in the DSA (Cth) 1986
- Remove any policing of mutual obligation requirements from DES providers
- Trial several possible new funding models, including one like the current Transition to Work funding model
- Incorporate a social return on investment approach to assess the true cost of DES service provision
- Reform the DES performance assessment framework to incorporate measures of service provider quality and participant satisfaction
- Overhaul the process for allocating providers to ESAs, ensuring sufficient inclusion of local and specialist providers

An Appendix is included below identifying six case studies in current DES best practice service provision.

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**National Disability Services** is the peak industry body for non-government disability services. It represents service providers across Australia in their work to deliver high-quality supports and life opportunities for people with disability. Its Australia-wide membership includes around 1,200 non-government organisations which support people with all forms of disability. Its members collectively provide the full range of disability services—from accommodation support, respite and therapy to community access and employment. NDS provides information and networking opportunities to its members and policy advice to State, Territory and Federal governments.

## Appendix: DES Provider Case Studies

### **Lara - Customised employment and individualised support models**

Lara has Generalised Anxiety Disorder, which made it difficult for her to secure and maintain jobs. Provider support in Stage 1 of the service model focused on building Lara's capacity to manage her anxiety. At first, Lara was unable to attend face to face meetings, so the provider negotiated alternative approaches including teleconferencing. As her trust developed, the provider focused on managing her anxiety and introducing her to group settings. She moved on to achieving her education and employment goals in Stage 2. The provider identified that her interview skills were poor and exacerbating her anxiety. Through coaching and mock interviews, the provider supported Lara successfully in interviews. She was placed in a customer service role with government and the provider mentored her employer in how to manage and support an individual with anxiety. Provider post-placement support, delivered in Stage 3, continued to develop Lara's ability to manage anxiety. She has now reached her 52-week outcome and has been exited as an independent employee.

### **Flynn - School to work transition; Customised employment and individualised support models**

Flynn, 18, was referred to the provider by his school. Flynn was regularly suspended from school due to drug use and mental health issues. He struggled with classroom learning and preferred to work with his hands. The provider worked with Flynn and his parents to access treatment for his mental health issues and to address his drug use. Flynn's interest in fishing and mechanics formed the basis of his employment goals. Through local employer networks the provider explored a role with Tailor Made Fish Farms. The owner had a trade background and an affinity with young people who struggled at school. He recognised Flynn's aptitude for problem solving and fixing irrigation. The provider supported the employer to engage Flynn while his treatment was progressing. Flynn was able to exit school and to date has been working for 15 months. His goal is to further his education and secure an apprenticeship in marine mechanics.

### **Eliza - Assistance to find and keep a job; Customised employment and individualised support models; Working with specialist disability cohorts**

Eliza, 23, presented to the provider in early 2021 with a limited employment history and a diagnosed anxiety disorder. This manifested in a lack of confidence, social isolation, difficulty interacting with others within the workplace, difficulty managing workplace stress and motivation issues.

Eliza's family background was one of intergenerational welfare dependency. The provider worked intensively with Eliza to ensure that she maintains her Mutual Obligation compliance, despite pressure from one family member who is oppositional to her efforts to overcome her anxiety and retain employment.

Eliza secured a placement with a larger employer. The program of support included health support in addressing Eliza's anxiety, as well as workplace support to address sources of

anxiety and to implement strategies to address these.

She receives ongoing post-placement support from the provider including liaison with her employer to support symptom management and to improve capacity to cope with workplace stress. The provider facilitated her involvement with support groups to improve her self-confidence, self-sufficiency and personal responsibility as well as additional support to assist her maintain compliance requirements. Eliza remains employed, has achieved a 26-week outcome and remains on-track for a 52-week outcome.

### **Perry - Assistance to find and keep a job; Customised employment and individualised support models; Working with specialist disability cohorts**

Perry, 45, is an ex-offender who was initially referred because of an intellectual disability that impacted on his ability to engage with potential employers. He had a history of drug addiction and travel issues due to losing his licence. The provider partnered with a Senior Community Corrections Officer to ensure that Perry was meeting his obligations with the court, which included regular drug testing.

Because of the provider's strong relationship with a local employer, Perry was placed into a role within two weeks. The provider worked with the employer, Perry and Community Corrections to adjust his court obligations around work. The provider supported him with transport and work readiness so that he could start work and begin training in welding.

Perry breached his court obligations and was returned to prison for 2 weeks. The provider liaised with the employer, who was willing to hold his employment open. Adjustments to the medical support for his drug addiction were made and Perry and the employer received ongoing support from the provider. This resulted in the achievement of a 52-week outcome and Perry's exit from the program with permanent employment.

### **Cass - Assistance to find and keep a job; Customised employment and individualised support models; Gaining skills or a qualification**

Cass is in her early 50s and an ex-offender. She had been referred to the DES by a JobActive provider with barriers including mental health and substance abuse issues, caring responsibilities for a disabled child and lack of suitable qualifications.

The provider supported Cass to obtain a Mental Health Care Plan and referred her to a rehabilitation facility to support her substance abuse issues. They enrolled her in a Cert III Logistics / Industry Essentials course.

Cass was placed by the provider in employment within a month. In the post placement support period, the provider engaged its network of referral partners to support access to mental health services and services that assisted her in managing her child's needs. Cass and her employer, received ongoing support from the provider, resulting in sustainable employment.

### **Stefan – Individualized Placement and Support (IPS)**

Stefan suffers from Obsessive Compulsive Disorder and a Major Depressive Disorder. Despite struggling with his mental health over the last few years he has been unable to continue living

in the community and working. Stefan has been a patient at a Continuing Care Unit (CCU) for the past 17 months which is a 35 bed residential facility supporting residents with major mental illness. The facility helps provide independence and support for residents to reach their goals, which may include learning how to manage their illness, housing, support groups, building relationships, dieting and employment. On site at CCU are nurses, allied health professionals, doctors, peer support workers and a designated DES employment Consultant on most days. The provider employment consultant also attends all residents' meetings.

Following a 12 month period where his condition worsened, the provider's employment consultant met Stefan at a resident meeting after his Care Co-ordinator encouraged him to participate in some pre employment activities. Stefan was certain he was not ready for employment or going back to a role in the building industry where he once worked. Stefan expressed an interest in making coffee and discussed doing a Barista Course. The provider paid the cost of Stefan to complete this course and obtain a certificate in Barista Making Basics. Stefan began volunteering at a local Café and over time developed confidence and overcame daily challenges that arose in the workplace.

Stefan soon became a paid employee for 8 hours a week and progressed to Managing the Café with his duties including opening and closing the store, training new staff and volunteers, banking and customer service. Despite some difficult days Stefan has had significant positive changes in his life continues to recover since becoming employed. Stefan now has a goal of securing housing and leaving the CCU and has expressed strong gratitude to the DES provider for assisting him to gain employment.

