



## DEA Response to the DSS Consultation on DES Reforms – February 2024

DEA welcomes the opportunity to consult on prospective reforms, building on three years of constructive dialogue with DSS and other stakeholders. We recognise that DSS is under considerable time constraints, if the intention is to have a new service procured in the 3<sup>rd</sup> quarter of 2024 (as stated by Deputy Secretary Shannon in Senate Estimates) and in place from July 2025. However, we must note that the timeframe for industry consultation is extraordinarily tight – with just 8 days to form responses. We hope that DSS provides further opportunities for input and consultation as the finer detail is developed, including with respect to funding models. We are reassured by Group Manager Kellie Spence’s comments to that end.

The below submission sets out some broader thoughts, including on eligibility and implementation, while also addressing the questions set out by DSS.

### Eligibility

DEA is encouraged that DSS is considering expanding eligibility to DES, and the extension of DES to people with an assessed work capacity of less than 8 hours a week as a strong positive step. DEA has advocated for this reform for over a decade.

With the other relevant Peak Bodies - Jobs Australia, National Disability Services and the National Employment Services Association – we are jointly committing to the following statement:

***Disability Employment Services (DES) should be available to all people with disability of working age. In accordance with Article 27 of the UNCRPD and the recommendations of the Disability Royal Commission, there should be no constraints on eligibility to DES for people with disability, including those related to benchmark hours, assessed work capacity, or receipt of income support. All people with disability should be provided with an informed choice about all program and service options, including DES (or Workforce Australia, if that is their expressed preference) based on their assessed need, with a clear, simple pathway onto the service.***

This is our strong stance and all reforms to eligibility (and indeed to service design) should flow from this premise. We note also that Inclusion Australia made a similar case in its submission to the Disability Royal Commission Report where they recommended Government to “ensure that everyone who wants employment support is eligible and referred for DES services, no matter how many hours they want to work”.

DES should be the **default** service for all people with disability requiring employment support (while giving them the right to opt into other services in line with their own individual preference).

DEA’s stance on eligibility derives from the following:

- **Australia's status as a signatory of the UNCRPD and the primacy of the social model of disability** (as expressed in Australia's Disability Strategy). Article 27 guarantees people with disability the right to specialist disability employment support. This right is not subject to complex and highly engineered rules on eligibility, and certainly does not rely on a system of assessments which are medicalised and aligned with the medical model of disability.
- **The effectiveness of DES in supporting people with disability into work**, compared to mainstream employment services. The AIHW (Australian Institute of Health and Welfare) publishes data on the percentage of people with disability going into work and achieving 26-week outcomes from mainstream employment programs. The last AIHW data release for jobactive/Workforce Australia 26-week outcomes shows that only between 4.5% and 7.7% of people with disability on mainstream employment services secure outcomes, as opposed to 26-week outcome rates (on a disability cohort basis) which range from 22.1% (physical health) to 39.4% (sensory impairment) on DES.
- **Long-term thinking.** The DES caseload has been constrained by rules on eligibility. We know this because at the start of the current contract the caseload grew substantially before new constraints on eligibility were put in place. This includes a movement of participants from DES-DMS to mainstream employment services. While this may have provided short-term fiscal savings to Government, in the long-term this is not prudent. This is because, using modelling from DSS/University of Adelaide, DES delivers at least \$14 of return for every \$1 of investment - \$4 of which are in benefit savings, \$10 in GDP impact<sup>1</sup>. This excludes second order macroeconomic effects including health and NDIS savings, which are highly substantial.

While we know that DSS is concerned about the unintended consequences of extending eligibility, we should be much more worried about the unintended consequences of the failure to uphold the human rights of people with disability, given that 154,290 people with disability are on Workforce Australia Services (including 19,190 on the online caseload where they receive minimal support or human interaction). This is storing up problems for the future. With quicker attachment to a specialist disability service, participants would receive the support they need faster. DEA members report that they are receiving referrals of participants leaving the mainstream program where their problems have been exacerbated over time. Cases of low-level depression that have become more severe. Stress and anxiety becoming acute. Unhealthy habits becoming overwhelming. Short-term fiscal expedience is causing longer-term issues and this is the unintended consequence about which we have the greatest concern.

The other unintended consequence about which we are deeply concerned is that of people with disability, often in vulnerable situations, having to navigate government systems which are complex and understood by few - even those working within the sector. We must reduce the reliance on referral pathways which can only move at the speed of Services Australia and assessments which are cumbersome and too imprecise to be fit for purpose. We must try to reach a point where someone with disability wants or needs to be connected to DES, and then it is a simple process for them to exercise their choice and control to select their preferred provider (using a robust, useful set of information that informs that decision and supported decision-making if required). The current system dehumanises people with disability, reducing their self-agency, while frequently resulting in backlogs and faulty assessments, which are nevertheless treated as gospel. These unintended consequences are those which require urgent rectification.

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<sup>1</sup> For a full accounting of this model, please see DEA's response to the Disability Royal Commission Final Report

We will now turn to DSS's specific questions.

**If eligibility was extended to include those with an assessed work capacity with support of less than 8 hours a week:**

(DEA Position: Endorse, but the optimum position is for all people with disability to be eligible)

➤ **What would quality employment look like for this cohort?**

Quality employment looks the same for any cohort, in that it depends on the individual and also the hiring manager's requirements, flexibilities and willingness to change hiring and other practices to accommodate. The six dimensions are as follows:

Dimension	Content
Pay and other rewards	Includes pay level (award wages); benefits and entitlements such as health insurance provided by employers plus worker's satisfaction with pay
Intrinsic characteristics of work	Includes skill level and use; task complexity; task autonomy plus worker's perceptions of useful/meaningful/fulfilling work; and social support inc. colleagues and management
Terms of employment	Includes contract type (e.g. permanent or casual), employer-provided opportunities for training, development and progression plus worker's perception of job security
Health & safety	Includes physical risks and psycho-social risks at work plus perceptions of how seriously employers take employee health and wellbeing
Work-life balance	Includes working hours inc. scheduling, opportunities for flexible working; work intensity plus perceived fit between work and non-working life
Representation & voice	Includes presence of workplace trade union or other forms of workplace representation, consultation and involvement plus worker's perceptions of consultation and involvement

Source: Warhurst, Knox and Wright's (2024) own list following Muñoz de Bustillo et al. (2011b); Warhurst et al. 2017); Irvine et al. 2018).

Whether these elements can easily become part of an outcome model or performance management regime is another question, however we must not think that the dimensions of quality employment are any less important or different for someone with a lower work capacity. We should also think about the definition of work, which is frequently too rigid in the context of today's labour market. How should casual work be recognised, if the participant themselves are happy with the arrangement (perhaps due to the importance of flexibility)?

In addition, we must be careful not to give too much weight or ascribe an accuracy or a precision to work capacity assessments that is not warranted. Frequently, our members witness the results of work capacity assessments that do not bear scrutiny. We should therefore not make major assumptions about the differences between groups, when their composition can be arbitrary.

➤ **What would be the key features of a service for this cohort?**

Good quality disability employment servicing essentially rests on the same thing – a person-centred, individually-tailored and strengths-based approach, delivered by a trained practitioner with a solid working knowledge of the social model of disability, unwavering commitment to purpose, and excellent communication skills. This holds true for all cohorts.

➤ **What kind of expertise would be required in providers to deliver this service?**

As above, the core skillset is the same whatever the cohort. DEA recognises that as a sector we need to make improvements to ensure that standards of workforce competence are as high as possible, and DEA is supporting this through its Disability Employment Fundamentals suite and Professional Members Program.

Specifically, an extension in eligibility to this group is likely to lead to a greater intake of participants with intellectual disabilities and staff should receive training to support this group. On this matter, we will defer to Inclusion Australia and its submission following the Disability Royal Commission final report, where they advocate for training covering the following areas:

*“• The presumption of employability among parents, educators, employment services, the business sector, government and the wider community*

*• A high level of job customisation to suit the needs and interests of the individual and the employer, including job carving, job sharing and job creation*

*• Proactively seeking job opportunities and connecting individual job-seekers to employers (instead of waiting for job vacancies to be advertised), and that this begins as early as possible, with an emphasis on the role of schools to make those connections*

*• On-the-job training or on-site training mixed with work experience*

*• Time unlimited support in the workplace to continue to acquire work-related skills and capacity to independently access and maintain employment*

*• A strong role for employment brokers or vocational specialists to work with disability support services, health services (including mental health services), employment services, training organisations, schools, employers, families and jobseekers”.*

➤ **What type of employment incentives or support would be beneficial?**

DEA has many suggested changes for demand-driven disability employment, and we will refer DSS to ‘Gamechanger 4 – Addressing the Demand Side’ within DEA’s response to the Disability Royal Commission Final Report and Recommendations.

➤ **Is there the potential for unintended consequences that should be considered?**

Perhaps the greatest potential unintended consequence around this extension of eligibility is if appropriate funding is not provided or inappropriate performance measures are used. Clearly, we are not in a position to comment on this yet, due to a lack of information.

However, this is a cohort which is likely to require intensive, long-term support. For this reason, a performance metric like speed-to-placement is highly inappropriate (arguably the case for the whole DES caseload). The performance regime must be suitable, and potentially a well-calibrated quality framework could be enough – if participants are receiving a service with which they are happy and through which their rights are conspicuously being upheld, that is the most important metric. DEA would suggest a two-year period where we will build up the dataset with this group, allied with proper evaluation, before putting in place an outcomes-driven performance management regime. This aligns with the notion of a staged implementation for DES reforms.

Funding must be appropriate. During the lifetime of the current DES contract, we have seen a significant real-terms cut in funding. CPI has increased by over 20% since July 2018 at the contract's outset but only 7.5% has been given via indexation from the Department. This is not solely a recent phenomenon – the Centre for International Economics found that DES funding (including ongoing support) had been severely cut since the Case Based Funding Trial calculated the actual cost of service delivery<sup>2</sup> twenty years ago. For example, this includes real-terms funding cuts of 74.09% (as at June 2023) for people with an intellectual disability who aren't eligible for Moderate Intellectual Disability Loading and 32.49% for those who are, and a reduction in ongoing supporting funding of 42.59% for both groups.

If we wish to deliver a high quality service to this cohort, the above must be rectified as a priority. Otherwise there is a danger that promises will be made on which providers cannot deliver and this would be situation from which no one would benefit.

We recommend DSS to undertake an independent review of the cost of delivering the service to best practice levels, including to different disability cohorts, and then base funding levels on that exercise. This should include both metropolitan and regional/remote delivery, given the different cost bases in these locations (regional loading should be considered). It should also include a review of the effectiveness of risk-adjusted funding, which in DEA's view has not been effective. DEA would happily work with DSS on this project and have members with particular expertise with this cohort who would be willing to help.

**The Disability Royal Commission considers that all people with disability should have the opportunity to work in open employment.**

(DEA position: endorse, but the optimum position is for all people with disability to be eligible)

• **If the 2 year limit on DES participation is removed and/or**

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<sup>2</sup> C.f. Centre for International Economics, Specialist disability employment services post 2025, November 2023, prepared for Job Support, p.23

- **If the requirement to be in receipt of an income support payment is removed?**

- What benefits would these arrangements bring to participant services and reduced administration?

As a human right, all people with disability who want or require specialist employment support should be able to receive it. In addition, as the primary fiscal impact of DES is in GDP impact rather than benefit savings, there is a strong financial case to be inclusive of those not in receipt of income support payments.

The benefits to the groups cited above are clear. However, the removal of eligibility restrictions will benefit all. If receipt of income support payments is not a criterion, then no one will have to demonstrate that in the referral process. This would improve the referral process and reduce the load upon it, while also making it more seamless for participants. If there is no 2-year limit, then no 78-week review is required. Furthermore, there is the opportunity for longer-term planning with participants, in recognition that their journey to work may be a long one – often appropriate dependent on health concerns etc. This must also be recognised in the performance management regime (i.e. no speed-to-placement metric).

- Are there any unintended consequences, for whom, and why is this important?

Nothing immediately obvious, aside from the earlier point that this reform must be accompanied by careful thought around definition of outcomes, performance management and funding regimes.

We note that the Workforce Australia does not have a program time limit, allowing for the additional time that long term unemployed participants may require to obtain ongoing and sustainable independent employment. However, Workforce Australia providers only receive the equivalent of a single DES Service Fee (known as an Engagement Payment) upon commencement of a participant in their program, unlike DES Service Fees which are paid quarterly throughout the course of the DES program. It is imperative that DES providers continue to remain regularly funded on an ongoing basis for the full duration of a participant's DES service in recognition of the ongoing investment (and implied increased complexity of support needs) required for those furthest from the labour market.

### **Service Structure**

**The recent reviews included recommendations with themes of program simplification and less administration, while retaining customised, cohort specific services.**

- **If the Disability Management Service (DMS) and Employment Service Support (ESS) were combined into a single service with funding levels catered to differences in service and support needs:**

(DEA position: cautiously endorse, with the proviso that much more information is required to make a full assessment. This endorsement is withdrawn if DES Reforms lead to a 'one size fits all' service, which diminishes the specialism inherent in good quality delivery and incentivises creaming and parking)

- Would this simplify the program design and reduce administration?

Potentially. More than perhaps any of the reforms, this is a 'devil in the detail' question. On the one hand, erasing the (often artificial) distinction between DMS and ESS:

- removes the need to manage so many contracts (and associated burden) with different rules and guidelines (good for both DSS and providers). Less complexity is a good thing.
- decreases the reliance on often burdensome and imprecise assessment processes.
- reduces the number of funding levels.
- (potentially) enables access for more participants to ongoing support, which is very positive.

However, the DES structure and funding regime cannot be 'one size fits all', and so this must be avoided if DMS and ESS are merged. There is a wide range of participants served by the program, wider still if eligibility is increased. DES cannot mirror Workforce Australia with its relatively flat payment structure, which inevitably leads to creaming and parking. Under such a regime, a line of best fit ensures that providers are overpaid for those who are closest to work and underpaid for those with the most significant obstacles, with inevitable results. Such an approach is problematic for Workforce Australia and would be ruinous for DES.

So if we are to merge the programs, we are still required to ensure it has the requisite differentiation to ensure all participants receive a world-class service. Risk-adjusted funding was designed to do this, but in practice it has not worked well, in part due to its complexity but principally because it is not based on the support someone requires but rather their (supposed) proximity from work. DEA would like to see risk-adjusted funding replaced by a methodology that is more focused on support.

➤ Would this have any unintended consequences, for whom and why is that important?

It really depends on how it is executed. Too simple and DSS will develop an approach which leads to creaming and parking. Too complex and DSS will repeat the mistakes inherent in current arrangements.

We do, however, appreciate DSS's intent to reduce administrative burden. Currently there are 54 program guidelines with over 600 pages of text associated with the DES program and a 200 page plus Funding Agreement. The NDS State of the Disability Sector Report details that 64% of DES providers consider the administrative burden to be onerous, particularly with respect to evidence collection and compliance audits<sup>3</sup>. It is understood that this is substantially about taxpayer protection – putting in places to safeguard against fraud and bad practice. However, the approach is one of managing the rule rather than the exception (when it is the exception that is the problem), and the casualty is the experience offered to participants who are shepherded through a burdensome and paperwork-heavy system by frontline practitioners who do not have as much time to spend with them as they would like. In the Workforce Australia Select Committee Final Report, it referred to Workforce Australia practitioners spending as much as 60% of their time on non-participant-facing activities:

*"Staff do not spend the bulk of their time helping clients, instead up to 60 per cent of frontline staff's time will be spent on administrative work and there are other staff whose roles are entirely focused on administrative and compliance matters."*<sup>4</sup>

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<sup>3</sup> NDS State of the Disability Sector Report, 2023

<sup>4</sup> Workforce Australia Select Committee Final Report, Chapter 6, p.193

There must be an understanding that for every piece of compliance or bureaucracy, something is taken away and that this is generally in service to participants. The management regime should instead be centred around 'how can we support providers to help as many participants as possible to secure and maintain sustainable work'? We appreciate all moves in that direction, including a potential merger between DMS and ESS, subject to further detail.

**The recent reviews have recommended that employment services be more flexible and tailored, with support differentiated according to individual need and circumstances.**

(DEA position: DEA does endorse the concept of flexibility and tailoring, and is keen to engage further on these matters. However we cannot currently endorse this proposal, due to a lack of information and clarity)

**• If, in addition to the current full service offer, a more flexible service option was proposed for some participants.**

➤ Which participants might be suitable for this type of service offer?

- Volunteers with or without temporary exemptions?
- Participants with circumstances limiting their capacity?
- Participants engaged in partial work, non-vocational activities or education or who want to remain connected?

DEA is not fully clear on what is meant here, nor what was referred to in the webinar as a 'flexible' and an 'intensive' service option. It is therefore difficult to make a clear determination on whether we think this is a good idea or otherwise. However we will offer a few reflections on flexibility within DES and some positive steps which could be made:

- The Suspended caseload for DES is very high (65,175 or 25% of the current caseload) and getting higher. At DEA, we are not convinced that this is helpful for anyone involved, while recognising that many participants are not well placed to engage intensively at various points. A review into the ease of achieving suspensions is recommended – as one of our members puts it: 'the gateway into suspensions has been much easier to access than the gateway into DES'. A light-touch service for suspended participants, with reduced expectations (including mutual obligations), would be warranted. This ensures a continued connection and enables long-term planning. This could include regular phone calls or videoconferences. People with disability should be consulted on the appropriate design for such a service. This 'light-touch' offer could also be extended to the above groups.
- Outcome performance has not decreased during the time that service flexibilities have been in place, through and after the COVID-19 public health response. While face to face servicing will always remain the gold standard for DES, we should be open to mixed modes of delivery, where agreed with the participant. This might also free up providers to be more imaginative with their delivery approaches too – the old model of opening full-time offices, staffed five days a week, in every suburb in an ESA already feels outdated and unaffordable, when the world of work has become much more flexible and enabled by telecommunications technology. DSS should strongly consider whether it offers more freedom to providers in this regard, with the choice and control of participants pivotal in ensuring that providers are offering service modalities in line with participant preferences.



- For certain specialist groups, a primarily remote-based service could be warranted e.g. people with sensory impairments, where there may be insufficient caseload to be viable within ESAs but there is a need at an aggregate level. This could be piloted in the coming months and could provide another option to participants through choice and control.

➤ What benefits would this bring to participant services and reduced administration?

It is hard to be fully clear on benefits without further detail, but anything that allows further tailoring to individual circumstances and a greater opportunity for a wider group to engage with DES is positive. In terms of reduced administration, again it is difficult to be precise, but allowing more flexible delivery modalities might reduce property costs etc. while providing a more varied delivery offering to participants through choice and control.

➤ Are there any unintended consequences, for whom, and why is this important?

Again, hard to say. One potential downside of offering a lighter touch service is that more people end up on it than is warranted. There will need to be clear rules around where this is and isn't to be applied. For example, it would not be beneficial if providers could use it as a 'parking lot' for participants furthest away from the labour market, or if participants could use it as an excuse not to engage properly. These matters warrant further detail and consideration.

### **Mutual obligations**

The Select Committee on Workforce Australia called for greater flexibility and tailoring of mutual obligations, with a focus on participating meaningfully in services.

(DEA position: strongly endorse as the current mutual obligations regime isn't working. It annoys employers, dehumanises participants, and ties up providers in paperwork. A more tailored approach is a strong step in the right direction)

- If it was possible to simplify requirements so participants meet their obligations by engaging effectively with a provider in preparing for, seeking and undertaking employment:

➤ What benefits would this bring to participants and administration?

DEA agrees with a range of stakeholders including People with Disability Australia, Inclusion Australia and the Australian Human Rights Committee that the current approach to mutual obligations is dehumanising and ineffective. We also concur with the Workforce Australia Select Committee that:

*“Mutual obligations as currently designed are excessive, tying the system up in red tape, driving employers away and having limited, if any benefit in terms of improving LTU (long-term unemployed) jobseekers’ capacity for social and economic participation or securing work. In too many cases, mutual obligations are actually making people less employable<sup>5</sup>”.*

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<sup>5</sup> Workforce Australia Select Committee Final Report, p.73

DEA also endorses that Committee's recommendation for more tailored setting of mutual obligations:

*"People should be accountable for the commitments they have made in a reformed 'Participation and Jobs Plan', tailored therefore to individual circumstances, needs, and aspirations and where a person is on their journey towards employment. For a not insignificant minority of unemployed people, realistic participation requirements might not include job search in the short term and instead may relate to agreed social participation ('life first') or human capital goals to prepare them for future employment. This should be accompanied by a system of genuine reciprocity which sets clear expectations and commitments for providers, employers, and government.<sup>6</sup>"*

We further agree with the Committee that it is problematic for providers to be both 'coach' and 'cop', with responsibility both to support the participant and to enforce compliance. It would be better if these two roles were decoupled.

The tailoring of job plans would also support many of the other suggested changes above, and the extending of eligibility to additional groups including those with a work capacity assessed at less than eight hours per week. As the Employment White Paper states:

*"Well-designed activity requirements improve labour market outcomes. However, if requirements are too onerous or are not accompanied by genuine quality support to find suitable employment, they can have harmful effects. Overly strong obligations can push people to become 'the hidden unemployed' as they stop searching for work and move on to payments with less onerous conditions or leave payment without finding work<sup>7</sup>".*

DEA strongly endorses the application of the Mutual Obligation settings advocated by the Workforce Australia Select Committee to DES participants and recommends this change is executed at the soonest possible juncture.

➤ Are there any unintended consequences, for whom and why is that important?

None that DEA can currently foresee, however further scrutiny of detail will be warranted when it is supplied.

- Would the option to move to specific requirements – similar to current arrangements – be appropriate where a participant wasn't engaging effectively?

The danger here is that we end up with an arbitrary application of that approach. We should instead attempt to design a tailored approach that works in all circumstances.

### **Ongoing support**

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<sup>6</sup> Ibid, p.76

<sup>7</sup> Employment White paper p.160

The Disability Royal Commission recommended that arrangements facilitate flexible employment supports, and support progress to long-term employment outcomes.

(DEA position: endorse but we would like to see further thinking on ongoing support. It is to employers' and participants' benefit to have earlier, more universal access as long as it is required and policy settings should promote this objective)

- If Work Assist focussed on immediate access to support service fees, and with less emphasis on outcome payments:

- What benefits would this bring to participant service and reduced administration?

DEA considers that overall this would be beneficial and will incentivise more providers and employers to engage with what has been an under-utilised element of DES. We would require more details around how this would work in practice, including specifics around service fees, to be more definitive.

More generally, DEA assesses that ongoing support is evidence-based best practice in supporting people with disability into sustainability employment. A core feature of the new DES should be a significant increase in uptake of DES participants into ongoing support. This could be enabled by several reforms:

- The merging of DMS and ESS could allow former DMS participants to access ongoing support. Given the often fuzzy distinction between these programs, and imprecision of assessments, the denial of this support to many who might require it is a false economy – given the GDP impact of keeping people with disability in work.
- Earlier access to ongoing support for all in-work DES participants would also be prudent, for the same reason.
- Performance management regimes must not disincentivise using ongoing support e.g. by incentivising exiting 'independent workers' from their caseload. If a participant is assessed as requiring ongoing support, it is nobody's interests to deny them such support.
- The uptake of ongoing support should be built into Quality and Performance Framework objectives and methodologies.

- Are there any unintended consequences, for whom, and why is this important?

None, pending further detail.

### **Further Considerations on Implementation**

As above, considerable further detail is required to give definitive views and we are hopeful that there will be several further opportunities for consultation through the process, while accepting that timelines are constrained. DEA understands the desire to have a new DES contract in place in July 2025, given the previous contract is outdated (even the enabling legislation has changed) and the policy context is fundamentally different. The status quo is also not working well for many of our members from a viability perspective. However, we must express concern about the prospect of moving along a timeline at rapid pace and trying to do too much too quickly. It is important that changes are evidence-based and not 'half-baked'. A 'staged implementation' of DES reforms would be welcomed, and it would be helpful to establish the shape of these stages as quickly as possible.

DEA's counsel is to be cautious and pursue a smooth curve of change rather than a jagged transformation, driven by procurement cycles. Radical shake-ups can have negative consequences, as found by the Workforce Australia Select Committee when reviewing the WFA procurement:

*“A hunger games style contracting model and regulatory culture drives very high turnover in providers during contract and licensing rounds—bafflingly 22 per cent of regions saw all providers removed in the last round—leading to service disruption and devastating impacts on relationships of trust which have been built up between jobseekers and providers, and with employers. There is no other human services system where this level of provider turnover would be considered desirable or acceptable and this informs the case for a more relational contracting model<sup>8</sup>”.*

A disruptive market shake-up would be especially problematic within DES due to the nature of ongoing support relationships lasting many years. For example, Job Support has been assisting participants who have been with the same employer for over 40 years! Any procurement process should be informed by the ‘unintended consequences’ of previous/analogous procurements relating to participant disruption, increased participant anxiety, staff turnover within providers, and downturn in referrals and placements.

The history of employment services globally is littered with Governments making the same error: attempting transformative service design change, while also radically reshaping their market. Arguably, Workforce Australia is one such example, and this approach rarely (if ever) succeeds. As a rule, it is prudent to pick only one of these avenues. If the service model is to be revolutionised, it is best to deploy experienced and well-embedded organisations, and to focus them on that task rather than opening and closing offices or hiring and retrenching staff. Likewise, if a market is to be shaken up, it is best to do so in an environment where reasonable certainty is available about what is to be delivered in future, otherwise organisations and their staff become wary and cautious about investment in the service or staying within the sector – thereby causing a drain on resources, capability, and capacity when the opposite is required. DEA recommends that we focus on changing and improving the service, including through some of the ambitious Reforms set out by DSS.

We should give organisations the opportunity to adapt and prosper in this environment, accepting that they should be competing for the hearts and minds of participants through informed choice, warranting only limited intervention from government to steward the market (as in the cases of fraud, sustained risky practice and/or poor performance). Given the lack of a currently operative performance framework and the newness of Quality Framework metrics, this is probably the most practical and prudent approach regardless (at least until new frameworks are bedded in). This could be achieved by extending the current contract and varying it as required, or by inviting all current DES organisations to treat, with the object of moving onto a new DES contract in July 2025. In any event, ‘essay competitions’ and the reintroduction of market shares should be avoided at all costs given they conflict with Australia’s Disability Strategy. Either way, new providers should be allowed the opportunity to enter the market (and for providers to move into new ESAs), but all must start with a ‘zero’ caseload and build through participant choice.

We look forward to hearing more detail and ongoing engagement as we progress towards a new DES from July 2025.

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<sup>8</sup> Workforce Australia Select Committee Final Report, Chapter 2