



Disability Employment Reforms

23 May 2024 Event

2024-25 Budget Disability Employment Reforms

Post-budget briefing – 23 May 2024

This is a copy of the transcript for the Department's presentation.

A new specialist disability program presentation

ROBYN SHANNON:

Good afternoon, everyone. I might just start with a visual description. It's always a dilemma how you do this, as I think the Minister indicated. So I would describe myself as a tall woman of middle years with a volume of long brown, curly hair. Today I'm wearing a dark patterned dress, actually with a bit of a love heart motif because I'm in a celebratory mood, and a dark Jacket.

Look, I really do thank everybody for participating in today's information session and I'd also like to thank everyone who has participated in the reform process to date. The Department has undertaken extensive consultation in seeking to improve the overall performance of the current DES program and to inform the new program, which is something that we're going to seek to reflect on during this presentation.

Probity Statement

ROBYN SHANNON:

The Department is committed to conducting a fair, honest and transparent process for the design and implementation of the new specialist disability employment program and related services.

For today's event, this means that this presentation will be made publicly available on the Department's website and any views expressed or information provided by attendees to this event will be considered along with the views expressed and information provided by other stakeholders.

For those of you who know me, you know that I might have a tendency to go off script at times. That's unlikely to happen today. Okay.

Objectives

ROBYN SHANNON:

So I might just start by sharing an outline of what we want to cover today.

The agenda for this part of the discussion is around 60 minutes, so Kellie and I will talk in some detail. We might edit a little bit on the fly because the Minister has spoken to some elements, if we're running a little over, and then there will be 30 minutes for questions because we really do want to keep that time for questions.

So firstly, we'll outline the new program, simplified program design and key improvements, including expanded access for people with disability, which the Minister has touched on; increased flexibility so that providers can focus on serving participants and employers; and how we're going to work to seek to shift culture away from compliance and towards goal setting and meaningful engagement between providers and participants.

We'll also cover details on key improvements and areas for change for participants and then highlight how the new program will better support employers, including details of a higher value wage subsidy.

The next few sections will then give some indicative details on the new payment model, planned procurement and aspects of the new program that encompass performance, data, quality and assurance.

Last but not least, we'll provide details on how you can find out more, be involved and share your ideas moving forward.

Simplified program design

ROBYN SHANNON:

So as the Minister reflected, the new program will be a single disability employment program combining the current Disability Management Service, or DMS, and Employment Support Service, or ESS, programs.

This simpler approach focuses on participant need within the program rather than differentiating programs.

The change does not mean the new model is one size fits all. Providers will be expected to design services to meet the needs of their participants and will have the flexibility to do so.

The need for Ongoing Support will be assessed once in employment, rather than upfront, and better reflect an individual's need at a point in time.

This simplification aims to reduce program complexity and contract administration and make it easier for job seekers and consultants and everyone involved in service delivery to understand.

So why did we make these changes?

We heard from stakeholders that there is a lack of transparency in understanding how the assessment process determines access to each of the current programs. The Select Committee Inquiry into Workforce Australia also included feedback on the high levels of fragmentation across the employment services system.

In addition, and as you'll see there, program data demonstrates the employment outcomes for participants in the 2 current program streams, DMS and ESS, are very similar across weeks regardless of the payment incentives and structures that exist under each of these programs, and so, you know, I think if the results are not markedly different, that sort of presents a case for simplification.

It can also be difficult to determine the need for Ongoing Support in the workplace at an initial assessment as there are many variables, such as the preemployment supports that providers deliver, the actual job found and the job match and relationship with the employer. So, again, that's one of the reasons why we've made a change to the Ongoing Support assessment opportunity.

So a final benefit of this change is that it will mean less contract administration and simpler referral processes into the program and it reduces fragmentation within the employment services system.

Participant eligibility for the new program

ROBYN SHANNON:

Just to talk a little bit about the new program and the expansion of eligibility, the aim is to help more people with disability, injury and/or health conditions to prepare and find sustainable employment.

Changes to eligibility will mean that the program will be open to anyone whose disability is the primary barrier to employment who has an assessed capacity of up to 30 hours per week due to their disability, injury and/or health condition.

People with an assessed future work capacity of less than 8 hours per week will be able to volunteer. People will not need to be in receipt of income support payments to be eligible as long as they meet the other general eligibility criteria, and this expansion of eligibility responds to the recommendations of the Disability Royal Commission as well as stakeholder feedback through consultation on DES Reforms that more people with disability who need or want employment should have access to the program.

All participants currently eligible for DES will continue to receive services under the new program. This includes eligibility rules for special category participants, such as eligible school leavers, pre-released prisoners and special class clients. This won't change.

Job seekers with a partial capacity to work of 30 hours or more will continue to be referred to Workforce Australia, which also provides employment support for people with disability.

Critically, there will also no longer be a break in support for those who are looking for work. The 2 year service limit is being removed, so participants will be able to stay in the program for as long as they need that support.

So I might just talk a little bit about servicing for people with a work capacity of less than 8 hours. As flagged, previous consultations have indicated there's a great deal of support for expanding eligibility to include those with an assessed capacity of less than 8 hours. The Department acknowledges, however, that in recent consultations undertaken on DES Reforms, stakeholders have provided advice about how the new program would need to be adapted in order to be able to best support those with low assessed work capacity.

A lot of this feedback has been taken on board within the new program design and we're also considering this feedback as we work to operationalise that policy. We recognise that it won't be without challenges. We'll work through the feedback we've received through various the consultation mechanisms, but it will be really critical for new providers to step up and there will be a review point for this change to eligibility in mid 2028.

Participants not on income support who want to work will now have equal opportunity to be supported in their employment journey. Decoupling eligibility from income support will allow entry for people who, for a variety of reasons, may choose not to seek unemployment benefits or be ineligible for income support, such as young people who might be precluded as a result of their parents' income.

One concern expressed in recent consultations was really about how to maintain the engagement of people volunteering into the program and so to manage this risk, it is proposed that this cohort of participants will receive active support and their participation will be monitored and volunteering participants who aren't engaged for a defined period of time will be temporarily suspended from the program until they re-engage or are exited. So I think the key is these are people who are volunteering in and if they're not engaging with the provider, then there's a decision to be made about whether or not their servicing is paused and if they want to re-engage, they can volunteer back in, but we need to kind of put some parameters around that.

As mentioned, expanded eligibility arrangements for those with a work capacity of less than 8 hours or who are not receiving income support payment will initially be in place for 3 years. There will be an evaluation to assess if the Disability Employment Program is working effectively for these cohorts, responding to their needs and achieving employment outcomes.

It will be important that providers, the Department and the new Centre of Excellence, which the Minister has touched on and we'll come back to a bit, all work closely together to identify and share good practice to make these services a success for people with a disability and support the directions of the Disability Royal Commission and, indeed, Australia's Disability Employment Strategy.

Assessment and referral to the new program

ROBYN SHANNON:

A point about assessment and referral — so eligibility for the program will continue to be assessed by an Employment Service Assessment, or ESA, for most job seekers or a Job Capacity Assessment, or JCA, for those applying for a Disability Support Pension.

The ESAt will recommend the most appropriate employment service based on the job seekers' circumstances and be focused on work capacity.

Feedback during consultations often highlighted concerns over the timeliness of ESAt assessments, in addition to transparency on program decisions. Arrangements in the new program will make ESAt simpler and reduce the need for reassessments, with the secondary benefit of reduced wait times for participants to be assessed.

First steps have been taken by the Department working with Services Australia in this regard with the removal of the 78-week ESAt review under the current program arrangements which consultations identified as adding little value. The new program goes further.

The initial ESAt will no longer determine need for Ongoing Support and an ESAt will no longer be required every 2 years with the removal of the 2-year time limit in service.

The Department's analysis shows that upon reaching the current 2-year time limit, around 65% of participants actually return to DES within the next 12 months and we think this indicates that a significant majority of people continue to require help from a Disability Employment Service provider. Reducing reassessments also responds to frustrations that participants have with the current process, with many people feeling like they are asked to prove their disability repeatedly.

When it comes to the referral process, a participant's right to choose their provider from a diverse network of specialist services remains a key objective in the new program. Participants can choose the provider that best suits their needs based on speciality, performance and location.

Participant research and user testing over the last 12 months has informed planned improvements in the system for better information to participants and assessors to inform that choice.

Participants can also change from their current provider to a new provider at any time and for any reason, so that maintains the current program flexibility on that aspect.

As I mentioned earlier, special eligibility for targeted cohorts remains in place, which can allow for direct registration through a provider. In this regard, improving the pathway for NDIS job seekers to the new program will be a key focus area.

The role of the National Panel of Assessors

ROBYN SHANNON:

I might just now turn to the role of the National Panel of Assessors in the new program.

So the National Panel of Assessors, or the NPA, is a standing panel of independent assessment service providers who support the needs of people with disability in the workplace. NPA providers serve an important function in undertaking independent assessment services for Ongoing Support, Workplace Modification Services, and the Supported Wage System.

The role of the NPA continues under the new model. However, as mentioned, NPA providers will now determine whether Ongoing Support is required for any participant in the new program. They will also continue to deliver Supported Wage System assessments and Workplace Modification Scheme assessments to support the needs of people with disability in the workplace.

A new NPA panel will be established for 1 July 2025.

Key improvements in service quality for participants

ROBYN SHANNON:

I'm just going to hand over now to Kellie and she's going to talk through some of the features of the new program as it relates to the service that participants and employers will receive.

KELLIE SPENCE:

Thank you, Robyn. So just to describe myself quickly, I am also of middle years, and I have today straight salt and pepper hair and a black and white jacket.

So a key objective is to achieve a culture of high-quality service, ensuring participants are treated with respect and dignity and are receiving individualised support. This culture of service applies equally to employers.

The new program has used the participant research on quality service to describe the user experience sought for participants, including support that is tailored to each participant's circumstances; support that best meets a participant's strengths, goals and aspirations; support that builds a participant's skills and capacity; having a meaningful relationship between participants and their provider.

The program design supports these goals.

Through key changes, there will be a simplified program design with less focus on administration and compliance; a simpler approach to engagement and meeting mutual obligations, with the ability to step up to more formalised arrangements; a flexible service, where it meets the needs of an individual's circumstances; an expectation for providers to demonstrate leadership as an employer of people with a disability.

At its core, we are expecting a shift in the overall program and provider culture. That's a culture informed by a diverse network of providers who place participants and employers at the centre of their service design.

New approach to employment assistance

KELLIE SPENCE:

The new program design seeks to ensure that people with the highest need for specialist disability employment services can access the program without barriers.

The current model is high investment for high intensity support and in line with that, eligibility was limited to those who were considered to have the most capacity to benefit from that, which excluded those with lower work capacity and time in the service was limited to 2 years, and many stakeholders told us that this doesn't work for all people. Many people don't need or aren't able to engage in a high intensity service at all times.

One way that the new program increases flexibility and customisation is by having 2 new service offers, an intensive service and a flexible service.

Providers will work with participants to determine whether they would benefit from the intensive or flexible service considering the individual's personal circumstances. Participants may transition between the services as their circumstances change.

The intensive service is the core service, targeting all participants who are able, with the right help, to engage intensively in services and activities that will help them prepare for, find and keep a job. As a general rule, participants will start in the intensive service and be expected to participate in this service unless guidelines indicate that the flexible service is more suitable.

The flexible service is for participants who are unable or don't need to participate more intensively at a point in time. This includes participants who are engaged in activities that substantially meet their requirements and/or have complex and/or multiple barriers to employment that limit their capacity to engage.

Examples of people who would be assisted through the flexible service could include people who are employed part time or currently studying, caring or volunteering or a mixture of these activities. The flexible service will also benefit people who need to undertake non vocational activities that address significant personal issues, so they are better placed to participate in the intensive service in the future.

Participants who have a temporary suspension may also volunteer to participate in the flexible servicing to remain connected while the temporary exemption runs its course.

The provider will consult with the participant before making a decision about whether the flexible service is the right one for them. Some participants who may be eligible for the flexible service will instead choose to remain in the intensive service if that is what they want to do.

Intensive Service

KELLIE SPENCE:

The service arrangements for employment assistance, or the pre-employment supports, will be described as 2 new phases in the new program, Job Search and Work Preparation. These phases will help identify where the job seeker is at on their employment journey.

We've often heard providers describe their services along these lines. This change considers feedback we received in previous consultations on the DES Reforms, including feedback received while developing the DES Quality Framework, that the service needed to consider the job readiness of a participant.

The services offered in these 2 phases are not black and white. Participants in both the Job Search and Work Preparation phases will be offered a broad range of supports and services to meet their needs. Both will focus on the end goal of helping participants to find sustainable employment.

However, the new design gives stronger emphasis on investment and intensity in building skills and capacity for those who need it whilst supporting job seekers to apply for jobs that fit their goals and skills.

The 2 phases also set clearer expectation for participants on the type and level of supports that they will receive.

During the commencement period, the provider will draw upon assessment information from the ESA, job capacity assessment or other provider assessments, as well as their discussions with the participant to understand their strengths, goals and aspirations in order to determine the most appropriate service phase.

In the Job Search phase, participants who are closer to gaining employment will be supported to look for work, including activities such as helping them with applications, interviews, and industry and employer connections. This can be in combination with activities that continue to build their skills and work readiness. Where appropriate, providers will ensure that participants are connected with other relevant programs, such as Self Employment Assistance and Supported Employment.

The Work Preparation phase recognises that some participants will need more time and a greater investment in wrap around services to address their barriers to employment, which could include vocational and non-vocational barriers. In this phase, providers will give participants more intensive supports to help build their work readiness through targeted programs of support. This may be referral to community services, health services or other services that address whole of life issues that can affect employment prospects. It also might include volunteering or participating in social enterprises or other activities that build social and economic connections. Participants would also be engaging in relevant job search activities while they receive more intensive support to increase their capability to succeed in finding work.

Flexible Service

KELLIE SPENCE:

The flexible service recognises that the intensive service may not be appropriate for all participants at all points in time. The flexible service, therefore, will focus on maintaining connections to the program.

Some participants that may benefit from the flexible service are those in work, study, volunteering or caring responsibilities, or a mix of those.

For example, looking at the DES caseload currently, we know that there are around 12,000 people who are receiving employment assistance and have some earnings. Some of these participants may be better serviced in the flexible program, recognising that they may be near their capacity, they can keep in touch, get support with continuing activities and/or new job opportunities.

On the other hand, there are participants who are further away from the labour market and experiencing more significant barriers that mean they cannot fully participate in the intensive program. This group may be engaging in non-vocational activities or have a range of personal circumstances that limit their capacity to engage. Over time, and as they're able to participate more fully in the program, they would step up to the intensive service.

Activities in the flexible service could be 2 appointments a quarter if the participant's circumstances meant that for a time they can't do more than that, recognising that they are likely to be participating in other activities, supports and services.

As their capacity increases, providers will help participants to move back into the intensive service and connect with activities tailored to their needs and employment goals. Alternatively, the participant may secure a job and more directly move into post placement support.

So I'll take you through a few scenario examples to give a flavour of that.

Sam is 28 and is assessed as having a partial work capacity of 23 to 29 hours a week, although the episodic nature of his condition means that this varies. In the intensive service, Sam undertakes a variety of activities and training improving his work readiness.

Sam's health deteriorates and he makes an appointment with his specialist, but it's going to be next month. Sam is concerned and is struggling to engage with the program, the intensive service. He's considering getting a review of his capacity or seeking a temporary exemption from his mutual obligation requirements.

Sam discusses possible options with his provider and the provider and Sam agree that while waiting for his specialist appointment, Sam will undertake flexible servicing. Following the appointment, Sam is granted a temporary exemption from his mutual obligation requirements, but Sam decides to volunteer for the flexible service while suspended so he can keep in touch and keep connected.

Sam's health is improving over the next few months and during an appointment, the provider makes Sam aware of a job expo that's being held locally. Sam is interested in attending and is really feeling supported by his employer, so he connects with some employers at the expo, so he's stepping up to return to the intensive service.

In a separate example, Nora is 58 and has a partial work capacity of 15 hours per week. She has had long term employment of 10 hours per week. She does volunteering and undertakes caring duties for her grandchildren. She's been regularly attending her appointments, but is not actively participating in any other activities with her provider as she has very limited additional work capacity.

Nora has moved into the flexible service to maintain connection to her provider, with the goal that if she or her provider identify an opportunity for 15 hours per week of paid work, she'd like assistance to apply for that role. Nora checks in with her provider twice a quarter to discuss her current employment goals, any challenges she has in maintaining her work, jobs she's applied for or any new opportunities to increase her hours.

Meaningful engagement

KELLIE SPENCE:

So, the new program will focus on meaningful engagement of participants to help both providers and participants build positive relationships and take a partnership-based approach to goal setting and participation in activities.

This new approach is expected to contribute to the new service culture, where providers are able to work more flexibly and collaboratively with participants. It is also expected to improve engagement in the program, with participants able to be more involved and in control of their program of supports. We expect that providers will be able to spend less time on monitoring compliance, which will free them up to focus more on the relationship building and supporting participants to find and keep a quality job.

So why have we made these changes?

The Government is taking steps to strengthen the integrity of employment services and better recognise people's individual circumstances. As part of the 2024-25 Budget, there are some changes to the operation of the mutual obligations framework that provide stronger safeguards for clients while it undertakes consultation on broader reforms to the employment services system in response to the Select Committee Inquiry into Workforce Australia.

The Select Committee found that the current approach to mutual obligation was ineffective and distracted the effort being made to improve employment prospects. Providers are tied up in red tape and unable to apply discretion in a way that builds trust with their participants.

Similarly, provider feedback in the DES Reform consultation identified that the current approach makes it difficult to achieve the desired engagement and relationship with participants.

The proposed approach for the new program is within the existing legislative framework and seeks to strike a better balance between flexibility and making sure that participants can meet their mandatory obligations under social security law.

It adopts practices from the Transition to Work program for disadvantaged youth, where encouraging and supporting engagement is the primary focus, but there is a step up to detailed requirements if a participant is not engaging with the services offered by their provider.

Job Plans

KELLIE SPENCE:

So what does meaningful engagement look like in practice, how will it actually work?

A participant's Job Plan will continue to be the primary agreement for mutual obligation requirements.

Providers will work with participants to develop a partnership based arrangement.

A collaborative and flexible approach to participant engagement and Job Plan development will help participants to be invested in their employment goals.

On commencement in the program, the mandatory requirement will be participating meaningfully in the program by engaging with the provider to prepare for, seek or maintain employment; working with the participant, providers will make sure that the participants are carefully consulted before adding activities into the Job Plan; having a Job Plan developed that is participant led and will include the provider discussing the supports and services that might be right for them and ensuring their views are heard and respected. These activities will be considered voluntary.

A provider will decide if a participant is meeting the requirement to meaningfully engage by considering their overall participation and willingness to work towards achieving their employment goals.

Providers will work constructively with the participant to encourage and support engagement, rather than monitoring individual engagements and activities and managing the associated compliance processes. These new arrangements will be closely monitored to understand if they're having a positive impact on engagement and on the relationships between providers and participants.

So participants who aren't engaging meaningfully with the program will have their obligations to participate managed more traditionally. Job Plans will then include mandatory items for all the key activities, such as appointments, job search and other activities.

The Targeted Compliance Framework will apply, with demerits for not meeting requirements. So — as per the current arrangements — after 3 demerits, a provider will conduct a capability interview to understand if there are any personal or other issues impacting the participant's engagement with the program and to review the mandatory activities if required.

If a participant continues to be non-compliant, then they would be subject to compliance action.

So I'll take you through another kind of example scenario.

Jordan is a 25 year old living with a mental health condition. Overall, Jordan is keen to participate in the program. They take part in their activities, attend provider appointments, and show a willingness to work with their provider on the agreed voluntary activities in their Job Plan.

Jordan misses a provider appointment and then doesn't attend a training course that was scheduled on the same day. Jordan is really reluctant to explain why this has occurred. Under the current arrangements, the provider would mark these as participation failures in the system and talk to Jordan about the consequences of these and any subsequent failures to comply with mandatory requirements, including action that could be taken under the targeted compliance framework.

In the new program, the provider considers Jordan's overall engagement and decides they are still engaging meaningfully. The failed attendances haven't continued and Jordan is back participating in their activities, so the provider is able to build greater trust with Jordan to encourage disclosure of issues and the provider can help Jordan to keep working towards their goal of getting a job to save for a new car.

Support once in employment

KELLIE SPENCE:

The new program continues to offer support for participants once in employment.

The Government recognises the crucial role that postplacement support and ongoing support plays in supporting people with a disability to achieve sustainable long-term employment.

Under the new program, participants will continue to receive support once they find a job to ensure they settle into employment. Some participants may require this support for a short time, whereas others will require longer-term, ongoing support in their job. Both these options will be available.

However, a key change is that Work Assist, or the former Jobs in Jeopardy program, will become part of Ongoing Support. The postplacement support phase will include up to 52-weeks of support once a participant starts employment. Providers will keep in contact with participants over this period and offer a range of personalised supports that are designed to help them settle into their new job. Providers give this support in return for a 4 week progress fee — more on that later — 12, 26 and 52 week outcome fees where employment is sustained.

If a participant is eligible, Ongoing Support will be available from 26-weeks onwards so that providers can give extra help to employees who need it to keep their job. The program will continue to have 3 levels of Ongoing Support — flexible, moderate and high — to allow support to be tailored to the needs of each participant. The National Panel of Assessors will conduct ongoing support assessments for participants to recommend that level of support.

The National Panel of Assessors will also set the timing of support reviews based on the stability and permanency of participants' disability. This will help to avoid unnecessary reassessment, particularly for participants who require long-term, ongoing support to keep their job.

If a participant's circumstances change over time, they'll be able to move between ongoing support streams. The program currently called Work Assist will be incorporated into ongoing support. Employees with disability, injury or a health condition who are having difficulty meeting the requirements of their job will be able to directly register into the new program to receive ongoing support immediately. The Department has heard from stakeholders about the importance of promoting the new Ongoing Support service to make sure it isn't underutilised in the new program and is giving consideration into how best to make that happen.

Key improvements in service quality for employers

KELLIE SPENCE:

The new program will offer employers access to high quality specialist support, with greater investment and engagement by the providers. I think this came through very clearly and loudly from the Minister.

Providers will be expected to build strong relationships and work closely with business to get support to identify their business needs, find suitable candidates, and improve retention of employees with disability within their workforce.

Providers will also work closely with job seekers to promote employment opportunities and provide training, coaching and support so they are ready to take on those roles. As a result, improved engagement with employers will not only help to address vacancies, but also improve the alignment of skills and training gained by participants to suit business needs.

Providers will also help employers to access available supports. This may include organising workplace modifications, training or on the job coaching and supports or wage subsidies, something that I'll cover in more detail shortly.

Employer engagement and support

KELLIE SPENCE:

Employers will be able to tap into expertise of providers in order to build confidence and capability to employ people with a disability within their business.

The Centre of Excellence, mentioned by the Minister, will share best practice in disability employment and help all employment service providers, including providers in the new program, to deliver disability aware, quality services to both people with disability and employers.

Providers will need to build relationships with employers to get regular feedback on their service design. Providers will also need to work closely with employers to identify job opportunities and assist employers to design jobs that are suitable for individual participants.

Other supports and training will also be offered by providers to help employers provide safe and productive workplaces for employees with disability. Targeted assistance is also available for employers who already employ a person with disability should this employee need support to maintain their job.

The support under the new program will be complemented by existing employer supports.

The Government will continue to offer a range of employer support services and resources through JobAccess and the Employment Assistance Fund.

JobAccess includes access to free, confidential and accessible workplace information to help remove barriers to employing people with a disability. JobAccess also coordinates with the National Panel of Assessors to conduct free workplace assessments, offering advice on workplace modifications and support which may be eligible for reimbursement through the Employment Assistance Fund.

This fund gives financial help to eligible people with disability and mental health conditions and employers to buy work related modifications, equipment, Auslan services and workplace assistance and support services. The fund is available to eligible people with disability who are about to start a job, are self-employed or who are currently working. Providers will be well positioned to help participants and employers access the fund.

Wage subsidies

KELLIE SPENCE:

Employers, if eligible, will be able to access wage subsidies through a new flexible wage subsidy program. It will have a higher value in order to better offset some of the initial costs of hiring a new employee and settling them into their new role. The evidence available on wage subsidies shows that they can be effective at supporting people who may otherwise be overlooked by an employer, negotiating increased hours and increasing the sustainability of job placements.

Three wage subsidies are currently available under DES. This has resulted in complexity in administration and red tape for both providers and employers. From 1 July 2025, there will be one simplified wage subsidy. The new subsidy will have 4 different levels for participants reflective of a person's capacity to work: up to \$3,000 for a job of at least 8 hours a week, up to \$5,000 for a job of at least 15 hours a week, up to \$7,500 for a job of at least 20 hours per week, up to \$10,000 for a job of at least 30 hours per week.

The subsidy will be offered over a 26-week period with higher amounts based on a participant's capacity to work and the hours of work that the employer is offering. Importantly, the highest subsidy amount of \$10,000 is on par with what is available for Workforce Australia participants, giving employers equal incentive to employ a person through the new program.

Simplification and consistency for employers will be an ongoing priority in the implementation. Eligibility will be similar to the current arrangements, including the need for a valid ABN, that the subsidy cannot be for a family member nor commission based, self-employment or a subcontracted position. Participant eligibility will depend on how long they've been participating in employment services, with the subsidy targeted at those who've been in employment services for at least 6 months.

Payment model

KELLIE SPENCE:

So I'll now shift to the payment model.

We're continuing with a blended payment model, which means we pay a mix of service fees to support investment in services and outcome fees to reward ongoing open employment. There is also a new progress fee to recognise steps towards employment goals along an individual's employment journey. The split between service, progress and outcome fees has been modelled to around a 50:6:44 split. In comparison, the current model had a higher proportion targeted towards the outcome fees. Moving some funding forward to service fees means that there is more funding available upfront to invest in services and supports for participants and employers.

Indexation will be applied, with fees adjusted on 1 July each year.

On the next few slides, we start to outline in more detail what each payment looks like for the new program. Now, the amounts that we're showing today are still indicative.

We will be seeking feedback on the balance of payments and incentives and therefore the amounts may change.

Service Fees

KELLIE SPENCE:

Service fees are paid to providers to work with participants and employers to prepare for, match and support sustained employment.

In terms of service fees, the intensive service fee will have 5 funding levels based on the likelihood that a participant finds a job and the level of investment required to get them into work. The flexible service will have one flat fee in line with the less intensive support needed.

To reduce complexity and recoveries of service fees when they are paid, we will move to paying them monthly, or every 4 weeks, in arrears under the new program.

To help providers adjust to service fees being paid in arrears and meet the establishment costs to operate, an advanced payment will be made available. Finer details of the terms and conditions of that payment will come at a later date.

Progress Payments

KELLIE SPENCE:

A design feature of the new program is the introduction of a payment to recognise participants' progress towards sustainable employment. Progress payments recognise the investment providers make to help participants overcome barriers to employment and to secure employment.

Progress payments will be paid for 4-week job placements, work experience and education and training outcomes.

The introduction of progress payments for job placements acknowledges that participants require support at the early stages of employment. It also recognises that during the early stages, a participant may need to build confidence and familiarity in the work setting.

As such, a broader range of job placements will be recognised under the progress payment. For example, they may be claimed for jobs that aren't ongoing or are seasonal work or through a social enterprise.

Two progress fees of \$1,000 per instance will be claimable over a 12 month period.

Progress payments will be paid in addition to service fees.

Outcomes

KELLIE SPENCE:

Outcome payments will continue to be available to providers for placing participants into suitable ongoing employment.

Outcome payments are payable after 12, 26 and 52 weeks of continuous employment.

Partial outcome payments will be available for outcome placements that do not meet a participant's employment benchmark.

Some of the key changes — well, first of all, 4-week outcome payments will now be paid as a progress fee. 12-week outcomes are being introduced, replacing the 13-week outcomes. This is to better align with Services Australia reporting periods for job seekers and hopefully simplify things.

Outcome fees will continue to be paid on a participant's funding level, recognising that some participants are likely to achieve employment with less support from their providers than others.

Ongoing Support

KELLIE SPENCE:

Ongoing Support payments will continue largely the same as they are now — that is, payments will be paid on a monthly or quarterly arrangement for each of the 3 different levels of Ongoing Support.

Work Assist fees will no longer be a feature of the program and as people who would have been eligible for Work Assist under current arrangements will instead have their support funded immediately in the form of Ongoing Support.

Moderate Intellectual Disability Payment

KELLIE SPENCE:

The moderate intellectual disability payment will continue to be paid. The payment is for reaching outcome milestones for people with an IQ of less than 60 for jobs that are of at least 15 hours per week.

So there's some of the details on the payment model and I'll now hand back to Robyn. Thank you.

Government stewardship and continuous improvement

ROBYN SHANNON:

Okay, thank you. So I might — I'm conscious we've got about 18 minutes left before questions and I'm keen to maintain that time, so I might just skip through a few bits and try to get to the items that I think you'll be most interested in.

So just briefly, the Government's Employment White Paper and the Select Committee Inquiry into Workforce Australia both raised the importance of government stewardship and continuous improvement. So, in practice, this means the Department of Social Services will have a transparent, proactive approach to helping providers improve performance in order to ensure the delivery of a high-quality service to participants and employers.

The Department will continue to build a service culture of collaboration and constant improvement. This will be across participants, employers, providers and the department to achieve a system that produces the best possible outcomes for people with disability.

Measures of quality and performance

ROBYN SHANNON:

We kicked off our reform in 2022 with a focus on quality outcomes for participants. As the Minister mentioned, that resulted in the release of the DES Quality Framework on 1 July 2023.

Engagement with participants and disability representative organisations ensured we were focused on the important aspects of service quality for users. Consultation on the Quality Framework informed the quality indicators, measurement and reporting. This work is progressing well and we will have our first measures available mid-year.

This was, of course, followed by work on the new Provider Performance Framework to replace the STAR ratings. We are currently consulting on a new framework, which aims to take a holistic view of provider performance, with proposed measures that incorporate the DES Quality Framework as well as effectiveness and efficiency.

As we head into the new program, the performance framework will be the base from which future performance management will evolve in line with the new policy settings. So, for example, one area where the performance framework will continue to develop is in how it incorporates participant and employer voice.

Over the next year, we'll continue to consult with the sector and gather your feedback on how the performance can be measured in the new program to achieve the program goals.

Market strategy

ROBYN SHANNON:

I might just turn to market strategy.

So I think as was evident from the Minister's speech, the Government is seeking to procure a diverse network of providers who offer high quality, expert services to participants and employers and that will include attracting providers with deep expertise in working with specific cohorts of participants.

There will be an expectation of providers to demonstrate leadership in employing people with a disability. As the Minister said, you know, we want to see providers who have staff and leadership that reflects the diversity of the communities they are working with and as noted earlier, providers will be expected to have clear strategies for engaging participants and employers in the design of their services and for ongoing feedback on improvement to support the delivery of a service culture that is meeting the needs of their users.

In addition to the market strategy, there will be changes to support market viability and increase the diversity of choice for participants, which I'll cover next.

Market structure

ROBYN SHANNON:

So as you know, or many people would know, DES is currently delivered across 111 Employment Service Areas, or ESAs, and these will remain the same under the new program. In retaining the current number of ESAs for the new program, we've had regard to commentary in the Select Committee Inquiry into Workforce Australia, which suggests that delivering the program, or programs, within smaller geographic areas supports better connections with the local community and employers.

For the new program, however, there will be greater market stewardship.

The number of providers delivering in each ESA will be determined by the Department and will be managed based on the reintroduction of market share distribution, noting that participant choice, as the Minister emphasised, will still take precedence over market share limits.

When analysing the changes from 2018, we have, as the Minister said, seen a consolidation of providers from 137 to 88 currently. Much of this reduction has been in smaller providers and there has been an increasing proportion of the caseload with larger providers.

Many providers have identified that there are regions with an oversaturation, while in other regions there is limited choice.

Service providers offering services to specialist cohorts will be able to cover partial, whole or multiple employment service areas in the new program. They will be able to design flexible service approaches to meet participant and employer needs that support greater accessibility to those specialist services.

Planned procurement

ROBYN SHANNON:

Providers under the new program will be engaged via an open, competitive procurement process.

The Department intends to publicly release an Exposure Draft of the Request for Tender in mid-2024, with the approach to market plan to commence for the last quarter of 2024. I rush to say these timeframes may be subject to revision.

Release of the Exposure Draft will provide stakeholders and the wider community with an opportunity to provide further feedback.

The Department will release further information regarding the procurement process in the coming months. But I can say that the process will be finalised sufficiently ahead of 1 July 2025 to allow new and existing DES and National Panel of Assessor providers to transition to the new arrangements and, indeed, for participants to transition to new providers, if that's the outcome, ahead of the implementation of the program.

Digital uplift and modernisation

ROBYN SHANNON:

The new program will be underpinned by an uplift and modernisation of the ICT system to improve administrative processes and support a better participant and employer and indeed provider staff member experience.

A phased approach has been agreed in consultation with the Department of Employment and Workplace Relations (DEWR), which maintains the IT platform for the current and future programs, and this takes into account learnings from the development of the Workforce Australia ICT platform.

With design and development starting from 1 July 2024, the new program will transition into the Workforce Australia Digital Platform, or ESSWeb2.0, on 1 July 2025 and have a number of improved core elements. It is critical that we do this because the DES program is one of the last remaining Australian Government programs that operates on the legacy IT system operated by DEWR and this is scheduled for approximate decommissioning in the 2026–27 financial year.

We're going to take a phased approach which will then allow for the identification of user led adjustments to the design following the initial implementation.

A critical focus for the Department will be ensuring that the user experience is at the forefront as systems enhancements and changes are made. We will be working with our DEWR colleagues to make sure there are opportunities to provide feedback and help us test the system at key points.

Implementation and continuous improvement

ROBYN SHANNON:

So as part of its stewardship role, the Department will work in partnership with providers and at this point I would just say, to be frank, we're also working to lift our own capability, with a focus on lifting program management, improving communication with participants and providers, and increasing access to reporting for stakeholders.

We are also, as the Government is, committed to strengthening the evaluation of programs to build a stronger evidence base and so, as I mentioned earlier, an evaluation will be conducted during the second year of the new program and it will look at how the new program has been implemented and whether the objectives that we have set for the program have been met and evaluation will also inform future ideas for policy changes.

Pilot learnings

ROBYN SHANNON:

So the changes that we've been discussing actually build on a number of initiatives to help empower employers to hire more people with disability. The Minister mentioned the NDIS DES Pathway Pilot and the Tourism Navigator Pilot and the pilot with the Business Council of Australia called the Career Pathways Pilot, so I won't go into further detail today, but we can certainly make sure that there's further information on those pilots available.

Disability Employment Centre of Excellence

ROBYN SHANNON:

I did just want to take a little bit of time — I know the Minister mentioned the Disability Employment Centre of Excellence — but we think that this is actually an essential component in supporting the ambition for high quality and effective services that continuously improve to deliver better outcomes for people with disability and employers.

The Centre of Excellence will be an evidence informed, best practice hub that provides resources, tools and training to help provider and deliver quality employment services and supports to participants with a disability and employers to improve outcomes.

Specifically, the Centre will collect, translate and disseminate disability employment related research and evidence of what works into best practice resources, bringing together and using existing resources available both nationally and internationally.

The Centre will support all providers who help deliver employment outcomes for people with a disability, so this includes the new providers of the new specialist disability employment program as well as Workforce Australia, remote employment services, people helping build participant capacity for employment in the National Disability Insurance Scheme and Supported Employment Services, including Australian Disability Enterprises.

Disability employment outcomes will be improved by ensuring that providers have high levels of disability awareness to support participants more effectively, a knowledge of evidence based models and approaches, including customised employment, job coaching and career planning, and an improved understanding of employer needs and the skills and knowledge to help employers to hire and support employees with disability.

The design of the Centre was informed by input received through open consultations that the Department held between October and November last year and with discussions with stakeholders.

So we expect that the centre will commence in March of 2025 to support the introduction of the new specialist disability employment program from 1 July. A dedicated online hub will be available from September 2025.

Complaints Resolution and Referral Service and Hotline

ROBYN SHANNON:

I might — the next slide talks about the extension of funding for the National Disability Abuse and Neglect Hotline and Complaints Resolution and Referral Service.

In short, this funding extension will ensure continued coverage and support for people with disability with concerns or complaints while the Government considers future arrangements in the context of broader reforms.

The key is that we want to make sure that there's clear and regular communication about how to provide feedback, the use of feedback and complaints to continuously drive service improvements, more effective complaints management and resolution with a transparent dispute management.

Broader reform processes

ROBYN SHANNON:

So I'll leave that part of the presentation there and just, I guess, to close, as Minister Rishworth outlined, there's a great deal of reform work happening across the employment services sector, including Workforce Australia and in remote employment services.

Consistent with the Government's commitment to strengthen employment services as articulated through the Employment White Paper, initial improvements to the employment services system and policy settings were announced in the 2024–25 Budget. As Kellie said, these improvements will strengthen the integrity of employment services, better recognise people's individual circumstances, and invest in critical improvements to IT systems.

The Government is taking incremental steps in the 2024–25 Budget towards larger scale reform.

These initiatives are an initial response to the immediate issues identified through the Select Committee Inquiry into Workforce Australia. For example, changes to mutual obligations will mean newly registered DES participants will not face compliance action if they don't meet a requirement except where they don't agree to a Job Plan or attend an initial interview [initial appointment].

In addition, the new specialist disability employment program goes some way to addressing the findings of the Disability Royal Commission and the Government has committed to a formal response to the DRC around the middle of this year. Indeed, that commitment is with all governments.

The Government recognises that further reform will be necessary to achieve its vision for a stronger more inclusive economy and is committed to working closely with stakeholders and the broader community to improve employment services in the longer term. This means that while the core settings of the new specialist disability employment program have been established, there may be some areas that continue to evolve over time to ensure that the key employment services work cohesively as a system.

Next steps

ROBYN SHANNON:

That's it largely in terms of the presentation content, but as you would appreciate, there is a level of detail that still needs to be worked through during the implementation and transition process.

Our next steps focus on ensuring that there are opportunities for consultation, so the Government has agreed a clear vision for a diverse market of providers offering high quality services to participants and employers.

We'll be seeking feedback on the balance of incentives and settings as well as the best way to implement and operationalise the policy. This is critical because we want to achieve the best outcomes for people with disability.

Future consultations

ROBYN SHANNON:

Today's presentation is the first in a number of planned ways that the Department will consult with you and about how the new specialist disability employment program will work. These consultations will involve people with disability, disability peak organisations, disability service providers, and employers.

Details of how to contribute to ongoing consultation processes as the new program is implemented will be made available on DSS Engage. The web address for that is engage.dss.gov.au and a link can be found on the following slide. I certainly encourage you to continually check the website for regular updates and additional information.

And you can get started by posting your questions and feedback on the new program through the app provided today, through the link.

Feedback and more information

ROBYN SHANNON:

If you have any ideas or concerns, you can also email DESConsultations@dss.gov.au. We welcome your feedback and will be keeping track of all of the comments and questions we receive to inform our further communication and the final design.

I'll just point out at this point too, when we respond, we will respond to the market and the community at large so that everybody has the same information. So as you'd appreciate, we're now in a probity environment and we need to make sure that everybody has equal access to the same information.