



# Disability Employment Reforms

13 June 2024

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Disability Employment Australia Conference – 13 June 2024

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

### Introduction

**KELLIE SPENCE:**

Good morning everyone.

[An introduction and description of her physical appearance was provided]

### Acknowledgement of Country

**KELLIE SPENCE:**

I would like to start by acknowledging the Traditional Custodians of the land on which we meet today, the Wurundjeri people, and their connections to land, water, culture and community.

I pay respects to the Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

### Probity Statement

**KELLIE SPENCE:**

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.

# Overview

## **KELLIE SPENCE:**

I'd like to start by sharing an outline of what we will cover today. Understandably the Disability Employment Reforms is a key focus of this Conference. So, I am pleased to be here today to share the Government's priorities for the future.

First, I will outline some key changes in the program design, the rationale for these changes and the link to the Minister's vision for the reforms.

I will cover some of the changes proposed in our Information paper on the Market Structure and our approach to sharing information and consultation on reform moving forward, whilst maintaining probity.

I will also cover off how we the Department are working to reform and embed an approach of continuous improvement in our approach to policy development and program management.

My presentation today is around 30 minutes, to allow a further 15 minutes for questions.

## Simplified program design

### **KELLIE SPENCE:**

Yesterday 12 June 2024, Julian Hill, on behalf of Minister Rishworth, spoke on the disability employment reforms and the new program to commence from 1 July next year. As Mr Hill discussed, the new specialist disability employment program is aiming to improve the employment and career outcomes for people with disability.

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

What does that practically mean? If the characteristics of participants in ESS and DMS worked well for your delivery of services to participants, you can keep it, without needing to seek reassessment when you think it is the wrong fit. On the other hand, your caseload may have characteristics that suggest an alternative servicing approach. There may be evidence-based practice from the new Centre of Excellence that suggests a different approach may be more effective. Or your participants and employers may have provided input to a new approach that you would like to trial. All of these will be acceptable inputs to a continuously improving service delivery.

In addition, 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 is the flexibility and focus on participant need being offered. The aim is to deliver high quality tailored services. This approach will allow for

greater input from participants and employers in what services will meet their needs in their location, it will allow providers to leverage their service delivery expertise, it will support continuous improvement and innovation, and finally it will simplify program complexity and reduce administration. These changes were responding to a number of issues and objectives shared from stakeholders during consultations. For example: the desire for more tailored services from participants, employers and providers; feedback that there was a lack of transparency in the assessment process and the reason for the outcome was unclear for everyone; it can also be difficult to determine the need for Ongoing Support in the workplace at an initial assessment. It also responded to the recommendation on the Workforce Australia Inquiry by reducing fragmentation and simplifying services for participants and employers.

We then backed this up with quantitative evidence. The program data demonstrated the employment outcomes for participants in the two program streams, DMS and ESS, are very similar across weeks regardless of the payment incentives and structures that exist under each of these programs. There was also consistency across DMS and ESS for each group of the Risk Adjusted Funding Level.

## Participant eligibility for the new program

### **KELLIE SPENCE:**

A key change to the new program is the expansion of eligibility to help more people with disability, injury and/or a health condition to prepare for and find sustainable employment. This expansion will mean: people with an assessed future work capacity of less than 8 hours per week will be able to volunteer; and people will not need to receive an income support payment to be eligible for the new program.

The expansion of eligibility responds to recommendations of the Disability Royal Commission – as well as stakeholder feedback through consultations on DES reforms that more people with disability who need or want employment should have access to the program.

These changes in eligibility are coupled with the 2-year service limit being removed. This means that participants will no longer experience breaks in support when looking for work and will be able to stay in the program for as long as they need support.

Early feedback from stakeholders indicates that the two changes to eligibility and program length are really welcomed.

A key concern expressed by the sector in earlier consultation was how service and support may need to change to assist those with a low assessed work capacity of less than 8 hours a week. Stakeholders have also raised the potential that low levels of engagement from non-income support participants could limit the effectiveness of this investment.

These are good points. The Government has not 'locked-in' the proposed expanded eligibility arrangements, but rather proposed an initial 3-year period with an evaluation to assess if the new

program is working effectively for these cohorts, responding to their needs and achieving employment outcomes.

Through the new proposed market structure, discussed later in this presentation, the department will also be further supporting providers who are specialists in particular cohorts, including people with higher needs and/or low work capacity.

## New approach to employment assistance

### **KELLIE SPENCE:**

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

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.

The flexible service is for participants who are unable 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 flexible servicing to remain connected while their temporary exemption runs its course.

Some may be of the view that this change adds back some of the complexity and administration that was removed from combining the DMS and ESS programs.

A key difference is the provider will consult with the participant before making a decision about whether the flexible service is appropriate, not an external one-off assessment.

So why have it at all, why not just create flexibility for providers to make that judgement. This is where transparency of the provider judgement and ensuring value for money for the Government from the services being purchased is to be achieved.

Service fees for participants in the flexible service are much lower than the intensive service reflecting the service intensity expected. There is flexibility in streaming and how the services will be delivered, however there will be monitoring and assurance on those service levels and the suitability of the stream decision. It will also be considered within the performance framework.

# Meaningful engagement

## **KELLIE SPENCE:**

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.

A simple statement, but a crucial one. All stakeholders - participants, employers and providers have called for a shift in how mutual obligations works to enable a focus on meaningful engagement and better outcomes. As Julian Hill covered yesterday, this is an area of ongoing work for Government.

In the meantime, the new program is taking steps within the existing legislative framework to strike a better balance between flexibility and making sure that participants can meet their mandatory obligations under social security law.

What are we aiming for? A service culture where understanding individual participants goals and needs, is what informs services. That creates employment pathways valued by participants and employers. Where the majority of participants are engaging meaningfully towards these goals and meeting their mutual obligations without relying on compliance as the primary tool.

Currently 20 per cent of the caseload are 'volunteers' and this will increase with changes in eligibility. Maintaining engagement will require offering services that they value. This ethos should be the same for all participants in the new program.

It doesn't always work. I know – I have teenagers. The option of shifting the Job Plan to detailed requirements if a participant is not engaging will remain.

These new arrangements will be closely monitored to support providers in embedding practice over time and to understand if the changes are having a positive impact on participant engagement and on relationships between providers and participants.

# Support once in employment

## **KELLIE SPENCE:**

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

Under the new program, participants will continue to receive support once they find a job, to create the best chance of sustaining employment.

The key changes for in employment support are: merging and simplifying ongoing support and the Work Assist program; identifying eligibility for ongoing support after placement in employment, not as part of the program eligibility and Employment Services Assessment.

Allowing the National Panel of Assessors to set the timing of support reviews, based on the stability and permanency of the participant's disability - avoiding unnecessary re-assessment. For example, a

participant with moderate intellectual disability who is likely to need ongoing support for their whole time in employment may not require re-assessment as frequently.

## Market strategy

### **KELLIE SPENCE:**

The Government is seeking to procure a diverse network of providers who offer high quality expert services to participants and employers.

This will include attracting providers with deep expertise in working with a specific cohort of participants.

There will be an expectation of providers to demonstrate leadership in employing people with a disability. They are expected to have staff and leadership that reflects the diversity of the communities they are working with.

As noted earlier, providers will also 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.

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 have had regard to commentary in the Select Committee Inquiry into Workforce Australia report, which suggests that delivering the program within smaller geographic areas supports better connections with the local community and employers.

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

As we know, the market settings introduced in the 2018 DES reforms produced an oversaturation in some locations at the detriment of smaller providers. This supported some large providers to grow bigger.

We also know from previous consultations with stakeholders that smaller community organisations, including specialists, find it difficult to engage and compete in a complex market with a highly competitive process.

To address these market imbalances, the new DES program's market structure will prioritise diversification to further support participant choice and will build a more viable and attractive market to a wider range of small and specialist providers.

A significant change under the new market strategy is that organisations must choose to deliver one type of service and will not be apply for a mix of specialist and generalist business. That is, applicants

will only be able to nominate for specialist services, or for generalist services, at a national and ESA level.

Generalist providers, who I emphasise are specialists in providing disability services themselves, will have market shares allocated, although a participant will be able to exercise choice of provider at the point of referral. Market share for an individual provider may also be limited to 25 per cent in metropolitan regions. Generalist providers will also be required to support full market coverage for an ESA.

Specialist providers will demonstrate a deep and historical expertise in supporting their nominated cohorts, specialist providers can operate across ESA boundaries to build a viable caseload, including through using a 'hub and spokes' model. This would involve nominating a primary ESA with a physical full time site or sites, and demonstrating how services can be delivered to other ESA 'spokes' through outreach sites. It will be important to demonstrate how they will connect to local stakeholders, services and employment opportunities.

Specialist providers would be promoted to new participants who match their specialisation at the point of referral and would be excluded from market share arrangements.

## Measures of quality and performance

### **KELLIE SPENCE:**

Taking a step back, we kicked off our reform in 2022 with a focus on quality outcomes for participants, resulting in the release of the DES Quality Framework on 1 July 2023. Engagement with participants and Disability Representative Organisations ensured we were focussed on the important aspects of quality services for users.

Consultation on the Quality Framework informed the quality indicators, measurement and reporting. Work is progressing well, and we will have our first measures available mid-year. This was followed by work on a new Provider Performance Framework to replace the STAR ratings. We continued to draw on the feedback regarding quality services and the reviews into employment services. This assisted us in drafting a new framework which we have consulted on through a survey and provider workshops. The new framework 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. For example, one area where the performance framework will continue to develop is building stronger participant and employer voice.

Over the next year we will continue to consult participants and the sector to achieve the program goals and drive continuous improvement in the quality of disability employment services.

Pene Fatcher, Branch Manager of the Disability Employment Programs Branch, will be talking more about the performance framework at 1.15pm today.



# National Panel of Assessors

## **KELLIE SPENCE:**

The National Panel of Assessors (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 Modifications 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 panel will be established for 1 July 2025.

# Disability Employment Centre of Excellence

## **KELLIE SPENCE:**

The Centre of Excellence will be an evidence-informed, best-practice hub that provides resources, tools and training to help providers deliver quality employment services and supports to participants with disability and employers to improve disability employment 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. This includes providers of the new specialist disability employment program, Workforce Australia, remote employment services, the National Disability Insurance Scheme and supported employment, including Australian Disability Enterprises.

Disability employment outcomes will be improved by ensuring that providers have higher levels of disability awareness to support participants more effectively. 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 the open consultation process between October and November last year, and with discussions with stakeholders. Input highlighted that a Centre was needed to increase employment outcomes for people with disability, provide training and resources to disability employment service providers and employers to increase their overall capability, include disability expertise and lived experience, and foster collaboration.



We expect the Centre to commence in March 2025, to support the introduction of the new specialist disability employment program from 1 July 2025. A dedicated online hub will be available from September 2025.

## Continuous program management improvement

### **KELLIE SPENCE:**

A key theme for the new program is around embedding a service culture that is focussed on continuous improvement. Taking in feedback from participants and employers, leveraging the new Centre of Excellence in Disability Employment to drive evidence based practice and drive quality service delivery and employment outcomes. This does not only apply to the service provider. The Department is also committed to continuous improvement in our program management, policy development and implementation. Over the last few months the department has been working on the current program in this regard.

Firstly, on communication and engagement. Consultation to inform the new quality framework, data and customer experience. As well as work underway on the new performance framework and the new program. A regular newsletter has also been introduced to support communication with all providers on the current program. I understand the desire for more information, faster and with longer timeframes for feedback. However, we are balancing our consultation and engagement with action. Sometimes, it is difficult to meet the request for more details. Often this is because we are engaging early so that feedback can inform our thinking rather than everything being locked in.

In terms of being action oriented, we have sought to improve our responsiveness by addressing long-standing feedback that the 78 week review was not effective and disruptive to servicing. Working with providers to pilot the quality framework reporting, and then identifying ways to streamline through Shibumi, such a cool name I just like to say it, and also finalising some historic issues with payment issues.

There is also work behind the scenes, strengthening our risk management, governance and program assurance. For example, we have been reviewing all of the requirements in the current agreement, their importance and processes for assuring they are met or whether they are needed at all. This work will inform our forward work plan for the next 12 months until the end of the current program, so that we have a clear line of sight to assurance mechanisms.

A key shift we will be working towards is to broaden our approach to assurance, considering not only payment accuracy and integrity but also aspects of service delivery and quality. For example, recently providers were reminded of the need to notify the department where offices needed to be closed due to unforeseen circumstances. It is understood that things happen, but having sites open is a core service delivery requirement within the Grant Agreement.

DES providers are reminded that 4-week outcomes are classed as non-payable outcomes where a participant is placed with a provider's Own Organisation. For more information, please see the DES Outcome Guidelines.

This leads me on to another key area of our work - reviewing our Breach Management Framework. The Department has developed a framework it will use to assess and respond to breaches of the DES Grant Agreement. It will detail how DES Program breaches will be managed, including determining appropriate actions, and applying these actions consistently. The implementation of each aspect of breach management including responsibilities, discrete actions, considerations, risks and objectives.

Like other elements of our work we will consult with stakeholders. But I wanted to share with you today the absolute focus we are putting on quality, on service delivery and our program management.

The underlying intent is the same, to ensure collectively we are delivering the best quality employment services to people with a disability, with continuous improvement embedded in all that we do.

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

The Department will also continue to collaborate with other departments to develop a coordinated, coherent approach to policies and programs that support people with disability.

The department is also working across government to improve the systems of disability services and employment services.

We are working with the NDIA on the delivery of the NDIS/DES Pathways Pilot that looks at improving the pathways of NDIS participants into the DES program. Mary Hawkins' (from the NDIA) presentation later today will provide an update on this important piece of work. We continue to work closely with colleagues in DEWR and NIAA on how employment services work across mainstream and remote.

There is still more to do. We continue to work on options for Ongoing Support to ensure support can be tailored to the needs of individuals, whilst assuring value for money. Streamlining the Guidelines to simplify, avoid duplication and make easier to navigate. I look forward to continuing this important work together.

## Questions?

Questions were taken at the end of the presentation.

## Feedback and more information

### **KELLIE SPENCE:**

That's all we have time for today.

If you have any ideas or concerns, you can also email [DESConsultations@dss.gov.au](mailto: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.