



Disability Employment Reforms

Information Paper

A new specialist disability employment program

Information Paper – Payment Model

The Department of Social Services is seeking feedback from interested parties on program settings as part of the implementation and transition process.

This paper outlines the proposed payment model that will underpin the new specialist disability employment program.

About the new program

From 1 July 2025, the Australian Government will introduce a new specialist disability employment program. Under the new program, providers will deliver high-quality, effective employment services to improve employment outcomes for people with disability. Providers will place participants and employers at the centre of their service design and build meaningful relationships with both participants and employers. The new market settings aim to encourage a diversity of quality providers, viability, and emphasise participant choice.

Purpose

The information in the Information Paper has been provided for the purpose of consultation only and should not be relied upon for any other purposes. To support transparency the paper presents a range of information including assumptions and estimates that may change and the Department provides no assurance of its accuracy. The department will not be held responsible for any application of this information. Further, it is not intended to represent the final position of the Department on the Payment Model, which may change and evolve as the Department implements and manages the New Specialist Disability Employment Program.

Key features of the payment model

The Australian Government will adopt a blended payment model to underpin the new program. The new payments model will be streamlined and simplified to:

- strike a balance between up-front participant investment, progress and long-term ongoing employment incentives,
- recognise flexible and customised pathways to employment, and

- maintain longer-term supports for those who require continuing assistance in their workplace.

A Single Fee Structure with Blended Payments

Under the new program, the current Disability Management Service (DMS) and Employment Support Service (ESS) will be combined into a single specialist disability employment program. Currently, 90 per cent of DES participants receive service from a provider that delivers both ESS and DMS. A single fee structure is also supported by employment outcomes data which shows similar outcome levels in ESS and DMS across weeks and Funding Levels despite differences in the payment models.

The fee structure has been simplified to align with this single model. The new program will adopt a blended payment approach that will include service fees, progress fees, outcome fees and ongoing support fees. A higher proportion of service fees in the new program aims to ensure participants are supported with quality services and investment in building skills and work readiness throughout their job seeking.

For participants receiving services through the intensive stream, five levels of service fees are proposed. This is aimed at recognising the likelihood of a participant securing employment and the level of investment required to support them into employment. Higher service fees will assist providers to address barriers for participants who are least likely to achieve employment. This approach responds to feedback that some participants need more pre-employment support than others. The flexible service will have one flat fee in-line with the less intensive support delivered.

A new progress fee will recognise a range of different steps an individual may take towards employment, including gaining qualifications and shorter jobs that may not be ongoing but provide valuable experience. The progress fee will be limited to 2 payments in a 12-month period.

Full and partial outcome payments will be available after 12, 26 and 52 weeks of continuous employment. Employment outcomes will be based on five funding levels, that recognise the likelihood that a participant will achieve longer term employment outcomes. Both the 4-week outcome, and outcomes based on education, will be available as a progress payment. To reduce administrative burden, a 12-week outcome will replace the 13-week outcome to align with other systems. Participants with a 0-7 future work capacity can achieve employment outcomes based on an average 8-hour employment benchmark or a full 8 hours worked each week for a shorter number of weeks. Partial outcomes for an 8-hour employment benchmark will also be available.

Three levels of ongoing support fees (flexible, moderate, high) will continue to be available under the new program to help people with a disability who require additional support to keep their job. Ongoing Support will also incorporate the Work Assist program.

An optional advance payment will be available to all providers at the start of the contract to assist with managing establishment costs.

Details on the payment model

Participant Investment Funding Model

The Participant Investment Funding Model (the model) will retain the five funding levels that a participant can be assigned to, with level one having the lowest funding and level five the highest. This arrangement aims to address the risk of providers' focusing efforts on participants who are easier to place, at the expense of participants who may require more assistance.

Under the model, funding levels will apply to service fees and outcome fees for the intensive service. A participant's funding level will be determined by a number of factors, including labour market data, demographic characteristics, disability type and other relevant statistical data. The Department is separately undertaking a review of the factors underpinning the model to ensure that higher funding levels are accurately attributed to participants who are least likely to achieve an outcome and gain employment, and that these factors are accurately weighted.

At the national level, the distribution of participants at each band in the model is expected to be approximately:

- 5 per cent: Funding Level 1,
- 20 per cent: Funding Level 2,
- 25 per cent: Funding Level 3,
- 25 per cent: Funding Level 4, and
- 25 per cent: Funding Level 5.

This distribution is consistent with previous funding level distributions.

It is important to note that the band proportions are at the national level and may be substantially different across ESAs or specialisations. The model will be recalibrated regularly to account for changes in the relative likelihoods of employment on which payments are based.

Funding Split and Indexation

The new program has been modelled with a service, progress and outcome fee split ratio of 50:6:44 per cent. The higher split ratio for service fees aims encourage up-front investment in services and supports for participants and employers, balanced by strong incentives for progress and long-term employment outcomes.

Indexation will continue to apply to fees, to be adjusted on 1 July each year. The indexation applied will be a measure of inflation, on the same basis as the current DES model.

Key Question:

- Is there a good balance of funding available to support investment in servicing participants and incentivise providers to achieve employment outcomes?

Service Fees

Service fees will be paid in arrears for a participant monthly (28 days) from the date the participant commences in the program, rather than the current arrangement of quarterly in advance. This aims to simplify arrangements for providers and reduce the need to recover payments from providers if circumstances change.

The five funding levels of the Participant Investment Funding Model will be applied to Service Fees for participants receiving services through the intensive stream. A single flat fee will be available for participants in the flexible service in-line with the less intensive support provided. Providers will continue to have the flexibility to pool service fee funding across all participants.

Service Fee (\$* Monthly GST incl.)	Funding Level 1	Funding Level 2	Funding Level 3	Funding Level 4	Funding Level 5
Intensive service	\$268	\$307	\$357	\$458	\$522
Flexible service	\$102	\$102	\$102	\$102	\$102

*Indicative payment amounts

Key Question:

- If the distribution of service fees was more equal (e.g. if there was less of a difference between the intensive and flexible service fees) what effect would this have on the way services are delivered to each stream of participants? Could this result in some participants being prioritised over others?

Modelling - Intensive and Flexible Service

The proportion of participants estimated to be in the flexible or intensive streams or working (post placement and ongoing support) are as follows:

- flexible stream – 25 per cent,
- intensive stream (Employment Assistance) – 45 per cent, and
- working (Post Placement Support & Ongoing Support) – 30 per cent.

The flexible stream will include participants who:

- partially meet their mutual obligations through approved activities and work, and
- have personal and/or family circumstances that limit their capacity to engage in the intensive stream

The flexible stream also includes an estimated 7,000 participants with an exemption who would volunteer to remain connected to their service provider each year (representing an additional flow into the program).

For new eligibility cohorts, the following estimates have been made and included in the Intensive Stream:

- 5,000 new participants with a work capacity of 0-7 hours per week would commence in the program each year, and
- 10,000 new participants not on income support would commence in the program each year.

The estimates are informed by 2023-24 DES program data held by the Department. The overall percentage and number of participants in each stream will vary over time due to the demand driven nature of the DES Program. The distribution of participants across ESAs or providers is expected to vary.

Progress Fees

A new progress fee recognises the investment providers make to help participants overcome barriers to employment and improve work readiness. Progress fees will be available for employment and work experience, gaining qualifications, and other approved vocational activities such as volunteer work. They will replace the existing education outcome fee and 4-week employment outcome fee.

Progress Fees for Employment and Work Experience

A progress fee acknowledges that during the early stages of employment, a participant may need to build confidence and work-related skills. As such, progress fees have been designed to recognise a broader range of initial avenues to employment. A progress fee for employment can include jobs that are not ongoing, seasonal work, work in a social enterprise, self-employment, work experience or work trials.

To qualify for a progress fee, the position must be paid at the relevant award or Enterprise Agreement rate in open employment. The progress fee is not subject to meeting employment benchmark hours, but the employment or work experience must be at least 24 hours across a continuous 4-week period. The position can not be within the provider's own organisation or in a related entity (either placed directly or via a labour hire company), or with a subcontractor of the provider or related entity.

If the position is in a social enterprise, it must be registered with Social Traders Australia, must not be work in a supported employment service, and must operate on a commercial basis. However, participants on a Supported Wage System (SWS) wage can attract a progress fee, provided all other eligibility requirements are met.

If the employment or work experience becomes a sustainable ongoing opportunity, and meets the 12-week outcome guideline requirements, the four-weeks of work can be counted towards a 12-week outcome as well as qualify for the progress payment.

Progress Fees for Education and Training

Progress fees aim to encourage education as a pathway to employment without over-incentivising training. A progress fee will be available for education and training where:

- a Certificate II is attained where the participant does not already hold a year 12 or equivalent qualification. The Certificate must be attained and not just participated in, or

- a Certificate III or higher qualification is attained, or the participant completes 26 consecutive weeks of the certification.

The qualifications must form part of a participant’s goals and build their work readiness.

Progress Fees for Approved Vocational Activities

A progress fee is also available for a range of approved activities, recognising the contribution such activities can make to the pathway to sustainable employment. These include:

- voluntary work which lasts for at least 4-weeks at benchmark hours,
- completion of an Observational Work Experience placement of at least 8 hours,
- a Statement of Attainment as part of participating in the Adult Migrant English Program, or the participant participates in the program for at least 26 consecutive weeks,
- advancement in at least one level of a Core Skill in the Australian Core Skills Framework (ACSF) as part of participating in the Skills for Education and Employment (SEE) program,
- completion or at least 80 percent attendance in complementary government programs, as specified in the grant agreement i.e. Career Transition Assistance or Employability Skills Training Courses available through DEWR, or
- completion of the Self-Employment Assistance Exploring Self-Employment Workshop or participation in self-Employment Assistance Small Business Training.

Volunteer work provides for the development of employability skills and can help a participant build capacity to engage in paid employment. The position must be in an approved voluntary work organisation as registered with Services Australia. It must be continuous across a 4-week period and equivalent to weekly Employment Benchmark hours over the 4-week period. The position can’t be within the provider’s own organisation in a related entity or with a subcontractor.

Fees

Two progress fees of \$1,000 per instance, are available per participant in a 12-month period. Progress payments will be paid in addition to service fees. Providers will not be able to claim multiple progress fees for the same placement (i.e. for work experience, employment in a social enterprise, and/or for 4 weeks of employment in the same job). Only one of the two progress fees each 12-month period can be claimed for education and training.

Progress Fee (\$ per instance*)	\$1,000
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*Indicative payment amount

Key Questions:

- Progress fees are not available for placements within a provider’s own organisation or related entity due to risks of contrived employment or inappropriate practices. Are there options to mitigate such risks that the department has not considered?
- Should progress fees for employment be available to participants with a Supported Wage?
- How should a social enterprise be defined for the purpose of progress fees?
- At what level of education should a progress fee be available? How can training for training sake be avoided?

- Are there vocational activities that should be counted as progress fees which have not been included?

Outcome Fees

Outcome Fees in the new program remain a key incentive within the payment model in recognition of, and expectation that, providers will work with each participant to assist them to find quality employment that suits their individual skills and interests.

Full outcome fees will be payable for employment sustained until 12, 26 and 52 weeks at the required employment benchmark to incentivise long term employment outcomes. Twelve-week outcome fees will replace 13-week outcome fees to support simpler administration by aligning with Services Australia reporting periods.

Outcome fees will continue to be paid based on a participant's employment benchmark, ensuring participants are found suitable employment at their full capacity, which goes some way to addressing the under-employment of people with disability.

An 8-hour per week Employment Benchmark will apply for people with a 0-7 work capacity. However, additional flexibilities will be introduced for these participants to achieve a full outcome, and to differentiate 0-7 hour future work capacity from participants who have an 8-14 hour future work capacity. For 0-7 future work capacity participants, a full employment outcome will be available for working at least 8 hours per week across:

- 9 of 12 weeks for a 12-week outcome, and
- 20 of 26 weeks for the 26-week outcome, and
- 20 of 26 weeks for the remaining 26 weeks of the 52-week outcome, or
- at least 96 hours (12-week), and 208 hours (26 weeks, and 27 to 52 week period).

Partial outcome fees (previously called pathway outcome fees) will be payable at 12, 26 and 52 weeks to recognise the achievement of ongoing employment at fewer hours than the required employment benchmark. A new partial outcome fee will be introduced at an average of 5 hours per week for the 8- hour employment benchmark (0-7 and 8-14 hour future work capacity participants). The additional flexibilities in weeks (above) will not apply to partial outcomes.

Self-employment full and partial outcomes will also be available at an 8-hour benchmark level at 12, 26 and 52 weeks.

A number of stakeholders indicated that a higher weight should be placed on 52-week outcomes to encourage greater sustainability of employment for people with a disability. The risk of increasing the weighting of 52-week outcomes is that there is a 52-week delay from providing the primary investment in capacity building and job seeking support. Increasing the proportion would adversely impact cash flow and increase risks to service quality and provider viability, particularly for smaller and specialist providers in the market.

Outcome Fee (\$* GST incl.)	Funding Level 1	Funding Level 2	Funding Level 3	Funding Level 4	Funding Level 5
12-week Full Outcome	\$1,250	\$2,232	\$3,255	\$4,592	\$8,194
26-week Full Outcome	\$1,797	\$3,205	\$4,669	\$6,596	\$11,742
52-week Full Outcome	\$496	\$882	\$1,286	\$1,817	\$3,244
12-week Partial Outcome	\$401	\$718	\$1,060	\$1,520	\$2,696
26-week Partial Outcome	\$581	\$1,037	\$1,525	\$2,165	\$3,888
52-week Partial Outcome	\$157	\$283	\$420	\$593	\$1,070

*Indicative payment amounts

Key Questions

- Are there any unintended disincentives to take up casual work, seasonal work or employment that would result in a partial outcome?
- Is the balance between 12, 26 and 52 week outcomes reasonable? If not, why?

Moderate Intellectual Disability Payments

A flat payment will continue to be provided to support participants with a Moderate Intellectual Disability (MID) into jobs that are at least 15 hours per week or more, acknowledging the additional support requirements. The Moderate Intellectual Disability Payment will be paid at 12, 26 and 52 weeks in the new program.

MID Payment (\$* GST incl.)	Instance
12-week MID Payment	\$7,892
26-week MID Payment	\$16,020
52-week MID Payment	\$2,913

*Indicative payment amounts

Ongoing Support and Work Assist

Ongoing support fees will continue to be available to assist participants placed in employment to maintain their job beyond the 26-week outcome, if they require it. A participant must remain employed each week at a minimum 8 hours per week on average to access and maintain eligibility for Ongoing Support. For participants with a 0-7 hour work capacity, the 8-hour minimum eligibility requirement will not apply.

Providers will be paid on receipt of a claim for flexible ongoing support or paid 4-weekly or quarterly in arrears for moderate or high ongoing support.

The current Work Assist program will be incorporated into ongoing support and the fee arrangements will be the same as those for ongoing support. This streamlined approach will also see the current Work Assist outcome fee removed, although sustaining employment outcomes for these participants will be recognised under the future performance framework.

Ongoing Support (\$*)	Instance	Quarterly	Monthly
Flexible Ongoing Support	\$477	N/A	N/A
Moderate Ongoing Support	N/A	\$1,430	\$440
High Ongoing Support	N/A	\$3,576	\$1,100

*Indicative payment amounts

Key Questions:

- For each funding level, what kind of support should be provided and how frequently?
- What accountability mechanisms and evidence are appropriate to receive funding for Ongoing Support?

Wage Subsidies

Wage subsidies can be an appropriate tool to offset initial hiring costs for employers and build participant confidence.

A new single wage subsidy program will be available that will provide greater equity for participants in the new specialist disability employment services by offering higher levels of support to participants based on their capacity and with upper limits similar to those available for participants in Workforce Australia.

Wage subsidies may be negotiated for job placements that are likely to result in ongoing employment of at least 8 hours per week. Providers can offer a wage subsidy for the first 26 weeks of a job placement that will track towards an employment outcome. As a result, eligibility for a wage subsidy is linked to a participant's employment benchmark and will need to meet the hours for a partial employment outcome at a minimum. For example, participants with an employment benchmark of 23 hours would be eligible for a wage subsidy averaging 15 hours or more. They would not be eligible for an 8 hour wage subsidy.

Participants will be required to have been in employment services for at least 6 months to be eligible. Where a wage subsidy is offered, all parties must enter into a wage subsidy agreement that outlines the terms and conditions of the wage subsidy.

The maximum value will depend on the number of hours of employment that the employer agrees to offer, with up to:

- \$3,000 for wage subsidy placements that average 8 hours per week,
- \$5,000 for wage subsidy placements that average 15 hours per week,
- \$7,500 for wage subsidy placements that average 20 hours per week,
- \$10,000 for wage subsidy placements that average 30 hours per week, or that average 20 hours per week if the Job Seeker is aged under 25.

The value of the wage subsidy is the lesser amount of the wages actually paid to the Participant, and the maximum wage subsidy value agreed with the Employer. The maximum value must not exceed the wages actually paid to the Participant.

The job can be full-time, part-time, or casual, an apprenticeship or traineeship, and/or found by the provider or by the participant. Placements that do not last the full 26-weeks will attract a pro-rata subsidy if they last for a minimum of 6 weeks.

Wage subsidies are available for participants with a 0-7 future work capacity at the 8-hour value (maximum \$3,000), if employment is offered at an intended level of 8 hours per week on average. Should the intended 8 hour per week average not be met, but a minimum 5 hours per week average employment is realised, the full wage subsidy can still be paid for participants with a 0-7 future work capacity only. Like other wage subsidies, placements that do not last the full 26-weeks will attract a pro-rata subsidy if they last for a minimum of 6 weeks.

Key Question:

- Do the wage subsidy settings provide sufficient flexibility to support participants with a 0-7 future work capacity?

Advance Payments

To support providers with up-front capital to commence operations, a one-off advancement of service fees will be available at the commencement of the new program.

The amount offered will be 12 weeks of service fees of a providers employment assistance caseload on 1 July 2025, based on the indicative caseload allocated through the transition process. Organisations will be able to accept an amount up to 100% of the fees offered.

The upfront advance will be offset against 100% of monthly service fees generated by an organisation commencing 1 September 2025, to be fully offset by 30 June 2026. Offsetting will expand to all monthly payments, i.e. including outcomes fees and other payment types, after March 2026 if repayments have not been fully made by this time.

Key Questions

- Is an upfront payment based on 12 weeks of service fees sufficient to assist with initial set-up and operating costs for providers?
- Does the proposed period allow sufficient time for providers to offset the upfront payment?

Submitting feedback

This information paper has been released to provide additional information about the proposed payment model.

A formal consultation process is currently being undertaken through the Exposure Draft version of the Request for Tender. Feedback on the proposed payments model is welcomed through the Exposure Draft process, or directly via DESconsultations@dss.gov.au, or through industry peak organisations and Disability Representative Organisations.

Any information collected will be handled in accordance with the [Privacy Notice](#).

Further information

For more information about the new specialist disability employment program and related consultation, visit the [Department of Social Services](#) or [DSS Engage](#) websites.

You can also contact the Department via DESConsultations@dss.gov.au.

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