



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# Review of Disability Employment Services

DISABILITY EMPLOYMENT NETWORK  
AND VOCATIONAL REHABILITATION SERVICES

A DISCUSSION PAPER

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Note that where quotations have been used from submissions to other government reviews, permission has kindly been granted for their use.

## Minister's foreword

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I am pleased to release this paper as the first step in the review of the Australian Government's disability employment services—the Disability Employment Network and Vocational Rehabilitation Services.

Work enables individuals to participate in the social and economic life of their communities. Many people with disability can work and want to work. Employers need people of capacity. In some circumstances disability can hold people back unnecessarily.

Vocational Rehabilitation Services and the Disability Employment Network provide valuable services to job seekers with disability. Between them they offer job seekers specialist rehabilitation services, support and assistance in finding work and, where needed, ongoing support in the workplace. They also offer important services to employers, including help to retain existing employees.

This review is an opportunity to take a fresh look at these services—to build on their strengths and to identify improvements.

The Government is committed to assisting disadvantaged Australians. Not everyone with disability is the same and a one size fits all approach will not work. For some job seekers the best way forward will be to invest in education and training, for others additional support to employers may be needed. We need to ensure that programs do not tie providers up in red tape that prevents them from providing the services that individuals need.

This review is being undertaken within the broader context of the Government's social inclusion and skills agendas, including the Employment Services Review, the review of Job Capacity Assessments, and the development of the National Mental Health and Disability Employment Strategy, and the National Disability Strategy. Many disability peak bodies, providers of disability employment services, advocates and users of these services have already contributed views on disability employment services through these related reviews.

The purpose of this paper is to propose a set of principles to underpin the review of disability employment services, draw together the main themes arising from the feedback many of you have provided and to identify what changes are required.

The next step in this review will be national consultations on the future shape of disability employment services. I hope that this paper, and in particular the principles outlined on page 6, is a valuable resource in those discussions.

I look forward to hearing your views and to working with you to improve employment services for people with disability.



**The Hon Brendan O'Connor MP**  
Minister for Employment Participation

September 2008

## Glossary

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ARIA+	Accessibility/Remoteness Index of Australia – the Australian Bureau of Statistics endorsed measure of remoteness
CBF	Case Based Funding
DEEWR	Department of Education, Employment and Workplace Relations
DEN	Disability Employment Network
DMI	Disability Maintenance Instrument
DPI	Disability Pre-Employment Instrument
DSS	Disability Services Standards
JCA	Job Capacity Assessment
KPI	Key Performance Indicator
NDRC	National Disability Recruitment Coordinator
OECD	Organisation for Economic Cooperation and Development
SWS	Supported Wage System
VRS	Vocational Rehabilitation Services
WMS	Workplace Modifications Scheme
WSS	Wage Subsidy Scheme

## Introduction

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The number of people receiving Disability Support Pension has grown significantly in recent years, from 525 000 in 1997 to 700 000 in 2007, an increase of 35 per cent. Many of these people need help to be able to find and retain work. In addition, an increasing number of people on other income support payments, such as Newstart Allowance, are being assessed as being in need of specialist disability employment assistance.

People with disability face greater disadvantage in the labour market than people without disability:

*It is clear that Australia's labour environment does not always provide equality of opportunity for the significant number of people with disability living in Australia. People with disability represent 16.6 percent of Australia's working age population, yet in 2003 the participation rate was 53.2 percent and the unemployment rate was 8.6 percent. This compares to a participation rate of 80.6 percent and an unemployment rate of 5 percent for people without disability.<sup>1</sup>*

Australia's record in employing people with disability does not compare favourably with that of other countries. In a recent Organisation for Economic Co-operation and Development (OECD) report, Australia is ranked 13th out of 19 countries in employing people with disability and is at the bottom of a list of 16 OECD countries when it comes to employing people who receive disability benefits.

The OECD report shows that the employment rate of people with disability, compared with people without disability, actually fell in Australia between 1998 and 2003, and that

*... (the) employment rate (of persons with disability) stands at around 40%, which is lower than five years ago and only half the rate of their counterparts without disability.<sup>2</sup>*

These findings clearly indicate that there is scope for Australia to do more to help people with disability into work.

The Government has made a commitment to review the range of employment services in Australia. This review will look specifically at disability employment services for job seekers looking for work in the open labour market—Disability Employment Network (DEN) and Vocational Rehabilitation Services (VRS).

Existing DEN and VRS contracts have been extended for eight months to February 2010 to allow sufficient time for this review to take place.

Disability employment services will remain separate and distinct from universal employment services, which have already undergone a comprehensive review. The review of disability employment services will be informed by the National Mental Health and Disability Employment Strategy (the Strategy).

Submissions made to the broader Employment Services Review and the National Mental Health and Disability Employment Strategy highlight a number of strengths and weaknesses of the current system and offer a range of ideas for improving performance.

Three themes emerged from these submissions and should be considered when looking at any changes to the existing arrangements:

- **reduce complexity and red tape**—for example, by addressing program design elements such as assessment and referral, and by reducing unnecessary administration
- **improve flexibility**—including giving greater scope for providers to tailor services to the needs of individual job seekers and create better linkages between programs
- **better support for vocational education and training**—for example, by providing

greater incentives for placing job seekers into vocational education and training.

These themes focus attention on a number of elements of the existing programs that deserve attention in this review:

- eligibility
- assessment
- flexibility of service delivery
- funding models
- linkages with other programs
- incentives for employers
- performance management, program assurance and contract management
- vocational education and training and
- purchasing systems.

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1 WORKability II: Solutions People with Disability in the Open Workplace Final Report of the National Inquiry into Employment and Disability Human Rights and Equal Opportunity Commission Human Rights and Equal Opportunity Commission, December 2005 (p.11)

2 OECD 2007, *Sickness, Disability and Work: Breaking the Barriers* (Vol 2: Australia, Luxembourg, Spain and the United Kingdom) (p.19)

## Principles

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The following principles are proposed as a guide to the review of disability employment services. They are designed to focus attention on improving outcomes for job seekers and creating more streamlined service delivery and administration processes that provide transparency and accountability and minimise any unnecessary administrative burden.

1. Build on the strengths of the existing approaches, including early intervention for job seekers
2. Create a less complex system that connects job seekers to the right service and provides flexible assistance
3. Match the intensity of service to the individual needs of job seekers
4. Tailor services to the circumstances of job seekers with disability, including meeting their education, training and capacity building needs
5. Respond effectively to employer requirements, including meeting skills shortages
6. Minimise the amount of time and money spent on administration, including on contract management
7. Provide the greatest rewards when providers find sustainable jobs for job seekers
8. Ensure that performance management systems and purchasing arrangements properly account for quality performance

These principles are based on feedback provided to the broader Employment Services Review, discussions with employment services peak industry associations and submissions to the National Mental Health and Disability Employment Strategy.

### **Principle 1: Build on the strengths of the existing approaches, including early intervention for job seekers**

The existing approaches to helping job seekers with disability find and retain work have a number of strengths. Between them the Disability Employment Network (DEN) and Vocational Rehabilitation Services (VRS) offer a range of services, including assistance with increasing work capacity following injury or ill health, vocational assessments, job matching and reverse marketing, job placement and, where necessary, long term support in the workplace.

Specialist service delivery means organisations can build expertise and strong relationships with employers. Responsiveness to employers is a feature of many of the service delivery models operating in each program. This includes workplace assessments, reasonable adjustments to accommodate workers with disability, help to identify suitable candidates for vacancies, as well as help to retain employees experiencing difficulty due to disability or ill health. In most locations job seekers have a choice of service provider in each program, which means they can select the service that will best meet their individual needs.

Current programs offer a degree of flexibility in providing tailored assistance to individuals. Features such as direct registration, Job in Jeopardy and post-placement or intermittent support offer some flexibility to respond to individual circumstances at entry and exit points.

It is important that the review take account of the existing strengths across all areas of the current programs, and extend or enhance these where possible.

## **Discussion point 1:** **Strengths and weaknesses of existing programs**

**Q1** What features or elements of the existing programs should be retained or further developed?  
Why?

## **Principle 2: Create a less complex system that connects job seekers to the right service and provides flexible assistance**

### **Program areas highlighted:**

- eligibility
- assessment

Eligibility criteria are intended to manage access to services and ensure that programs are targeted to those who need them most. Developed more than 20 years ago, the broad eligibility criteria for DEN and VRS are set out in the *Disability Services Act 1986*. Over time, new elements have been added to each program.

The more complexity there is in program design, the more complex eligibility rules and assessments become. For example, assessing eligibility for one of four existing service streams means that, in addition to broad eligibility, more exact streaming decisions are also required. For DEN and VRS assessments these service stream decisions take account of work capacity, status of disability (in particular whether the condition is permanent) and whether the job seeker may need ongoing post placement support.

Not every individual, however, fits neatly into the pattern of support needs that the various criteria assume. This can mean that some job seekers miss out on the services they need.

*At the present time a number of clients attending for Job Capacity Assessments can not be referred to the services that are most suited to their needs due to: (a) waitlists ... (and) (b) the assessment requires us to refer to a program they are eligible for. This is not necessarily the service that will meet their needs.*<sup>3</sup>

While there are benefits that flow from specialising service provision, fragmentation can lead to complex eligibility and assessment processes for job seekers and providers.

Rigid eligibility rules can make it difficult to ensure that individual job seekers have access to the particular set of services they might require. For example, a job seeker who does not meet the disability criteria for DEN might nevertheless need more on the job support than is currently available through VRS. The OECD report notes this example and recommends streamlining service provision.<sup>4</sup>

A more simplified system would build on the flexibilities currently available in each program. It would mean tailored services that draw from the full range of support available.

Simplifying the program design through fewer program streams would mean the eligibility rules could be simplified.

*Eligibility differences associated with fixed place and demand driven job seeker streams across both VRS and DEN has added significant confusion and unnecessary complication to arrangements to identify the most appropriate employment interventions for a job seeker and to link the job seeker with an available service.*<sup>5</sup>

Research also tells us that early intervention following an accident, injury or mental health episode increases the chances of achieving a sustainable reconnection to the workforce.

3 Submission to Minister O'Connor, Interact Injury Management, February 2008 (p.1)

4 OECD 2007, *Sickness, Disability and Work: Breaking the Barriers* (Vol 2: Australia, Luxembourg, Spain and the United Kingdom) (p.21-22)

5 Submission to Minister O'Connor, CRS Australia, February 2008 (p.17)

Successful models often involve employment service providers working closely with local medical units such as spinal injury units and mental health facilities.<sup>6</sup> Complex eligibility and streaming requirements as well as waiting lists can inhibit a provider's capacity to respond quickly and effectively.

### Discussion point 2:

#### Eligibility

**Q2** Would less complex streaming and eligibility rules free up resources that could be used to assist job seekers?

**Q3** If availability of a place were not an issue, would your organisation build links to local medical and mental health facilities to offer an integrated early intervention service?

### Principle 3: Match the intensity of service to the individual needs of job seekers

#### Program areas highlighted:

- assessment
- funding models

Both DEN and VRS aim to match the level of service to each job seeker's needs.

The submissions received to date confirm a shared commitment to maintaining this approach. However, complex funding designs intended to ensure that intensity or need is identified have led to additional complex assessments.

Determining the level of support in DEN involves two additional assessments—the Disability Pre–Employment Instrument (DPI) and the Disability Maintenance Instrument (DMI). These assessments also determine the funding level for each job seeker, at one of four levels. They also provide some assurance to government that public monies are spent appropriately – that is, that job seekers with the highest support needs attract the highest level of fees.

*Currently as high as 45 percent of an Employment Consultants time can be utilised in administrative tasks in order to fulfil DEEWR compliance requirements. Much of this time is spent in evidence collection for the Disability Pre-employment Instrument (DPI) and the Disability Maintenance Instrument (DMI).<sup>7</sup>*

*A possible solution would be to set a standard amount for Employment Assistance fees, rather than four levels. Also, Maintenance fees could be set at a percentage of the Employment Assistance fees. Implementing these strategies would further reduce the administrative burden for both the provider and the Department.<sup>8</sup>*

In contrast, VRS operates with a single funding level, relying on the service provider to apply resources flexibly across a caseload to ensure individually tailored assistance, with most resources going to job seekers in most need.

Despite the detailed assessments at both the Job Capacity Assessment and DPI/DMI levels, job seekers do not always get the right level or type of service. Assisting job seekers to undertake reassessments and transfers between programs can create significant costs for both service providers and job seekers. Similarly,

6 King R., Waghorn G., Lloyd C., McLeod, P., McMahon, T and Leong C, (2006) "Enhancing employment services for people with severe mental illness: the challenge of the Australian service environment", in Australia and New Zealand Journal of Psychiatry, Vol. 40 No. 5 (p 471-477)

7 Submission to Minister O'Connor, Disability Services Australia, February 2008 (p.2).

8 Submission to Minister O'Connor, Interact Australia, February 2008 (p.3).

adapting services or funding levels when a job seeker's circumstances change can involve further rounds of complex assessment.

Finally, the design of the funding model can either help or hinder a provider's capacity to spend resources on job seekers as needed. For example, payment of service fees in monthly instalments can mean providers need to wait until sufficient fees have accrued before some interventions or services can be purchased.

### **Discussion point 3: Assessments**

**Q4** Are the differences between the circumstances of the job seekers accessing DEN and VRS clear enough to enable timely, accurate and simple assessment and streaming processes?

**Q5** Would a simpler program and fee structure mean that a single independent assessment could combine both eligibility and fee levels? Would this result in more time spent providing services to job seekers?

### **Principle 4: Tailor services to the circumstances of job seekers with disability, including meeting their education, training and capacity building needs**

#### **Program areas highlighted:**

- funding models
- flexibility of service delivery
- linkages with other programs
- vocational education and training

Employment is an important pathway out of social exclusion and can contribute to

improvements in mental health. However, an 'any job is good enough' approach can result in job seekers not progressing past entry level jobs, and a poor match between job seeker skills and local skills shortages. This in turn can lead to a loss of confidence for job seekers and high turnover for employers.

*Parameters for the service model should enable service providers to deliver flexible and tailored services to meet the individual's needs.<sup>9</sup>*

The focus of employment programs should be on outcomes, rather than on inputs. While currently providers of DEN and VRS have a reasonable level of discretion about services provided to job seekers, some inflexible requirements have also been built into the current program designs. Examples include:

- rigidity in the options available for post job placement support. For example, post placement support is limited to six months in VRS. In DEN, job seekers can access ongoing support indefinitely, but there is limited scope for providers to choose a more flexible 'off and on' pattern where this would better match the job seeker's needs
- the minimum contact requirement of fortnightly contacts in VRS.

Both programs invest in capacity building. Service models in DEN include 'place and train' and 'train and place' approaches, while Vocational Rehabilitation Services offer professional allied health interventions such as occupational therapy or physiotherapy to build work capacity.

A stronger focus on education and training, however, would ensure job seekers develop skills relevant to available jobs and employers in their local area. This in turn would increase the likelihood of achieving longer term employment outcomes for individuals. The *OECD Employment*

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9 Submission to Minister O'Connor, Australian Federation of Disability Organisations, February 2008 (p.12).

*Outlook reports '... a positive link between adult upgrading of skills and competencies and aggregate labour force participation and employment'.<sup>10</sup>*

The program design should also provide the right incentives for providers to access these necessary services for job seekers.

In addition, achieving quality outcomes for job seekers can require close linkages with other programs such as Business Services or school to work transition programs. Job seekers should be able to move as seamlessly as possible to a more appropriate service if their circumstances change.

The Evaluation of the Case Based Funding model (CBF) recommends that a more simplified fee structure should create a smoother transition from Employment Assistance Phase to Employment Maintenance. It also recommends a review of how the model applies to clients with psychiatric disability.<sup>11</sup>

The OECD report and many submissions to the Employment Services Review and the National Mental Health and Disability Employment Strategy contend that attention needs to be given to career development for people with disability. Currently, only employed people with disability whose current employment is at risk are able to access government funded assistance through DEN and VRS. One solution might be to expand the objectives of ongoing support in the workplace to include consideration of the next career step and for this to be recognised in the fee structure.

#### **Discussion point 4:**

##### **Assessments**

**Q6** Would a more flexible program and fee structure enable more tailored services for job seekers?

**Q7** Does the fee structure need to be different, for example, to recognise education and training as a pathway to employment?

**Q8** Would more flexibility in the rules for ongoing support result in better tailoring of services, particularly for people with episodic conditions?

#### **Principle 5: Respond effectively to employer requirements, including meeting skills shortages**

##### **Program areas highlighted:**

- linkages with other programs
- vocational education and training
- funding models
- performance management, program assurance and contract management
- incentives for employers

Many VRS and DEN providers have built strong links with employers and have significant expertise in promoting job seekers with disability. A particular strength of these programs is the capacity for providers to assist employees once they are placed in a job and provide services to local employers who may need help in maintaining an employee in a job.

Increasingly, employment services providers need to focus on developing job seeker skills to meet local demand. However, the current program structures, particularly the funding models, may not adequately recognise these efforts, or provide the right incentives to focus on employer needs.

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10 OECD 2004, OECD Employment Outlook, (p192).

11 DEEWR 2007, Disability Employment Network Case Based Funding Model Evaluation, Final Report 2007 (p.xiv)

A range of initiatives, including the Wage Subsidy Scheme (WSS), the Workplace Modifications Scheme (WMS), National Disability Recruitment Coordinator (NDRC), Auslan interpreting assistance and the Supported Wage System (SWS) exist to help employers take on job seekers with disability.<sup>12</sup>

Between them, these program elements provide a range of services and support. Many employers, however, report that they have not heard of these schemes nor know how to access them. Many providers also argue that the Wage Subsidy Scheme, Auslan interpreting assistance and the Supported Wage System are too rigid and do not offer enough flexibility to suit each individual's specific circumstances and local labour market.

*In order to achieve better employment outcomes for jobseekers with disabilities and mental health issues, providers of employment services for these jobseekers need to be able to create strong linkages with employers. DEN and VRS providers' ability to do this is currently limited by the discrepancy between the amount of wage subsidies DEN/VRS providers can offer and the amount offered by Job Networks. This is particularly significant as jobseekers connected with DEN/VRS services are likely to have greater barriers to employment and may require more support from the employer to succeed in the workplace.*<sup>13</sup>

*The Government currently provides a range of supports for employers to hire people with disabilities ... These programs go part of the way*

*to reassuring employers that support is available when needed, but on the whole they represent a very modest investment in promoting employment among people with disabilities. The key missing elements are an integrated system of advice and support (from advice and assessment through to support for employers and employees to make the necessary adjustments) that is available on the ground across Australia, and a marketing strategy to direct employers and potential employees to this service.*<sup>14</sup>

*PDCA believes there needs to be a complete review and an awareness campaign of subsidies available to assist in employing a person with a disability, such as Workplace Modifications and Wage Subsidies in order to ensure equity to all those that require this support.*<sup>15</sup>

*Employers need help and advice on how to navigate their way through this system. It took two years for our disability adviser to find out about all the programs—the different pathways for apprenticeships, employment, intensive assistance, etc. Employers don't have the time or the knowledge to find out about all of these service'*<sup>16</sup>

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12 The WSS and the NDRC service are available to DEN and VRS registered job seekers only, however, eligibility for WMS and Auslan interpreting assistance is broader.

13 Submission to National Mental Health and Disability Employment Strategy, SA Career Consultants, July 2008 (p.4).

14 Submission to National Mental Health and Disability Employment Strategy, Australian Council of Social Service, July 2008 (p.33) .

15 Submission to Minister O'Connor, Physical Disability Council of Australia Ltd (PDCA), February 2008 (p.11)

16 Employer, quoted in 'Employer initiatives—supporting the recruitment and retention of people with mental illness', DEEWR (yet to be published).

## Discussion point 5:

### Employers

**Q9** Should employers have easier access to employer incentive measures?

**Q10** Could some of these elements be packaged together to create a more flexible pool of funds to provide a broader range of additional services to help people with disability find work?

**Q11** Should the fee models provide stronger incentives to help job seekers develop skills to meet those in demand locally?

**Q12** What needs to be done to improve employer awareness of these services?

ways of assuring best use of public funds and that job seekers are receiving appropriate and quality services.

However, current contract compliance, together with maintaining certification against the Disability Services Standards (DSS), creates significant compliance requirements for providers.

In the context of the broader employment services, a Charter of Contract Management is being developed in consultation with stakeholders. It will be a principles-based approach that sets out the standards and conduct providers can expect from DEEWR in overseeing and administering the delivery of employment services. This Charter of Contract Management would also apply to disability employment services.

There may be scope to reduce red tape if there are ways to minimise any overlap between departmental and external auditing arrangements (including accreditation against the DSS).

Complex program design can contribute to the administrative burden on providers and program managers alike. This risk increases as programs mature and additional features are added.<sup>17</sup> The complexity of contract compliance also increases as providers begin to offer 'joined up services' by taking on multiple program contracts.

Many submissions from providers state that this problem is exacerbated if complex streaming rules result in inappropriate referrals, which create additional and unfunded work for providers who must facilitate getting the job seekers into the right program. In recommending streamlining service provision the OECD notes:

*Providers of either of the two services should get full access to all possible types of interventions to avoid suboptimal referrals.*<sup>18</sup>

## Principle 6: Minimise the amount of time and money spent on administration, including on contract management

### Program areas highlighted:

- eligibility
- assessment
- funding models
- performance management, program assurance and contract management

Submissions from providers in related reviews highlight several areas which contribute to their administrative burden. These include:

- DEEWR contract management and other program assurance requirements
- the requirements of a complex funding model.

### Contract Management and Program Assurance

Contract management and certification against the Disability Services Standards are important

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<sup>17</sup> The existing funding models of VRS and DEN are described in Appendix 1.

## Funding Models

The design of a funding model should ensure that funding levels are matched to the level of needs and barriers of the client group, as well as provide appropriate incentives for providers to achieve outcomes. A funding model should be flexible to enable providers to deliver necessary services without imposing undue administrative burden. Complex funding models, however, lead to complex accountabilities and administration.

The current DEN funding model is overly complex. As well as eight possible funding levels, there are monthly service fees to administer. The evaluation of Case Based Funding (CBF) recommends simplifying the model.<sup>19</sup>

The key finding of the evaluation is that, overall, the CBF model has achieved significantly better employment outcomes compared with its predecessor, the Block Grant Funding model.<sup>20</sup>

The evaluation also recommends 'simplifying the funding model to reduce administrative burden and improve expenditure efficiency'. This is supported by comments from many providers indicating that the current DEN funding model has resulted in increased administrative burden, taking resources away from existing clients.

Both DEN and VRS have a number of additional payments designed to recognise the achievements of particular goals. For example, in VRS, there is an early outcome payment and DEN has an additional outcome payment for job seekers who remain in employment for 39 weeks. While these payments are designed to provide particular incentives, they create complexity and the CBF evaluation noted that many are underutilised.

The costs and benefits of introducing a type of job seeker account are often raised in the context of VRS and DEN.<sup>21</sup> A job seeker account was introduced for Job Network in 2003–04. This model provides a high level of assurance to government that funds are being spent on job seekers who need additional support. Managing these funds necessarily involves a level of accountability and reporting. To date DEN and VRS have relied on providers to use service fees to purchase any additional support required by individual job seekers.

### Discussion point 6: Funding Models and Contract Compliance

Simplifying program structure and funding will reduce existing red tape significantly.

**Q13** What overlaps are there between auditing requirements of DEEWR and certification requirements under the DSS? In what ways can the administrative burden on providers be reduced, while still maintaining accountability for government?

**Q14** Should there be a type of Job Seeker Account? Would job seekers get a better deal through an account?

**Q15** Do the benefits of the complex fee structure outweigh the costs of administration and assurance?

18 OECD 2007, *Sickness, Disability and Work: Breaking the Barriers* (Vol 2: Australia, Luxembourg, Spain and the United Kingdom) (p.22)

19 DEEWR 2007, *Disability Employment Network Case Based Funding Model Evaluation, Final Report 2007* (p.xiv).

20 The evaluation is available at: [www.workplace.gov.au/workplace/Publications](http://www.workplace.gov.au/workplace/Publications)

21 A job seeker account quarantines funds to be used for purchasing specific services or items for individual job seekers.

## **Principle 7: Provide the greatest rewards when providers find sustainable jobs for job seekers**

### **Program areas highlighted:**

- funding models
- performance management, program assurance and contract management
- purchasing systems

As employment programs, the primary goal for VRS and DEN is the achievement of employment outcomes for job seekers. The funding model for disability employment services should reinforce this and provide incentives and rewards for placing job seekers in long term sustainable employment.

The current programs have a complex array of employment outcomes. The outcomes vary according to the work capacity and income support payment type of the job seeker, duration of employment, type of employment, number of hours employed, and when the outcome takes place. The range of outcome fees paid also varies across the current programs.

The universal employment services provides for two main types of outcomes: a full outcome and a pathway outcome. Placement fees are also proposed.

In general terms, a full outcome fee is paid where a job seeker remains in employment or qualifying education for a 13 week or 26-week period, while a pathway outcome recognises progress towards the achievement of sustainable employment or education, such as through substantial part-time work.

The balance between service fees and outcome payments is important in ensuring that the right incentives are in place for providers to place job seekers in appropriate work; however, this balance differs between the programs.

## **Discussion point 7: Funding Model**

**Q16** Should disability employment services have the same funding model as the mainstream employment services? If not, why not?

**Q17** Are there strengths in the existing funding models of DEN and VRS and, if so, which elements should be retained?

## **Principle 8: Ensure the performance management and tendering systems properly account for quality performance**

### **Program areas highlighted:**

- performance management, program assurance and contract management
- vocational education and training
- purchasing systems

Performance management is an integral part of the assurance that job seekers are receiving the best possible services.

Providers have expressed concerns that the current performance management system does not adequately consider the individual needs of job seekers with disability, nor adequately give recognition to the quality of outcomes achieved.

The Minister for Employment Participation has appointed an expert reference group to consider future performance management arrangements. Preliminary advice from this group includes:

- Key Performance Indicators (KPIs) should reflect the Government's priorities, including training, employer engagement and the sustainability of employment outcomes.
- Ratings should be determined by performance, rather than use a 'fixed' distribution to assign a set number or proportion of very high or very low ratings.

- Quality of performance should be recognised consistently and transparently, and should include recognition of employer and job seeker feedback.
- The performance management system should be simpler and the number of elements used to compare providers operating in different locations and with different caseloads should be reduced.

The new general employment services model also proposes six-monthly reviews of performance against KPIs and a single mid-contract performance-based business reallocation.

It is recognised, however, that job seekers with disability face particular disadvantages in the labour market in getting a job, retaining a job or progressing in a career. The challenge is to ensure that the performance framework for disability employment services recognises these particular disadvantages, as well as quality and sustainable employment outcomes.

The KPIs should be relevant and reflect the desired program outcomes and current labour market conditions. For example, the KPIs should not act as a disincentive to placing job seekers in short term employment to gain confidence.

Submissions from providers propose that 'speed to placement' measures do not protect against under-servicing the most complex job seekers. Rather, they reward short term outcomes and discourage capacity building.

In addition, the shortage of skilled workers in the current labour market means that the government must place greater emphasis on vocational education and training and on rewarding the skilling of job seekers.

### **Discussion point 8: Performance Management**

**Q18** How can the particular disadvantages of job seekers with disability in the labour market be recognised in the performance management framework?

**Q19** How can a performance framework guard against 'parking' difficult to help job seekers, while recognising and rewarding getting job seekers into a 'better' job (eg through skilling)?

**Q20** What KPIs would reflect the desired program outcomes?

## Next steps and how to respond

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### Next steps

National consultations will be held on the review of disability employment services during September 2008 in the following locations: Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart, Darwin, Canberra, Bendigo, Dubbo, Coffs Harbour and Townsville.

Information about the timing and location of these consultations and how to book a place in one of these sessions is available at [www.workplace.gov.au/workplace/publications/policyreview](http://www.workplace.gov.au/workplace/publications/policyreview).

### How to make a submission to the review

There are two ways you can make a submission:

- provide a written submission; or
- request that a submission you have previously provided be considered as part of this review.

Emailed submissions can be sent to [desreview@deewr.gov.au](mailto:desreview@deewr.gov.au).

Please note that the Australian Government may publish submissions received, in full or in part, at [www.workplace.gov.au/workplace/publications/policyreview](http://www.workplace.gov.au/workplace/publications/policyreview) or at other places, including print publications. You need to indicate if you do not wish your submission to be published by stating this clearly in any covering letter or email.

**Submissions can be made until close of business on 1 October 2008**

## **APPENDIX 1—Current program design – Disability Employment Network and Vocational Rehabilitation Services**

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This section outlines the current arrangements for delivery of employment services for people with disability through its two key employment programs – Disability Employment Network (DEN) and Vocational Rehabilitation Services (VRS).

The current program structure of DEN and VRS is similar in that each program has separate job seeker ‘streams’ that offer employment assistance to job seekers with disability.

VRS has two streams:

- the demand driven (or uncapped) stream for eligible job seekers with partial capacity to work and participation requirements
- the fixed place (or capped) stream for job seekers without participation requirements, or for job seekers with full time participation requirements.

DEN also has two streams:

- uncapped, which is demand driven, for eligible job seekers with part time participation requirements who can work independently within two years
- capped, which assists eligible clients with no participation requirements who volunteer for DEN and eligible clients who have participation requirements and require ongoing support beyond two years to sustain employment.

The main differences between programs are the level and type of support offered and the fee structure and funding levels. Also the job seeker must have a permanent or likely to be permanent disability to be eligible for DEN, whereas VRS eligibility criteria require the job seeker to have an injury, disability or health condition that impacts on their capacity to work.

### **Funding**

Full case based funding was introduced for DEN on 1 July 2005. Prior to this, funding was provided under a system of block grants.

Case based funding is a fee for service model based on the job seeker’s assessed level of support requirements. The level of employment assistance and ongoing support fees is determined by the Disability Pre-employment Instrument (DPI), and the Disability Maintenance Instrument (DMI). Currently, DEN has four possible levels of funding that a job seeker can attract. These levels apply to both service fees and outcome fees. DEN providers spend the first four weeks of a job seeker’s program assessing the level of funding they will be paid for servicing that job seeker. Once a job seeker is placed in a job, DEN providers also assess what level of ongoing support funding they will be paid for providing support to the job seeker.

The VRS funding model currently only has one funding level which all job seekers attract. This model relies upon VRS providers using the funds flexibly across their caseload so that job seekers with higher needs can access the services they need.

### **Support**

Job seekers who require personal care or assistance are eligible for DEN and funding is available to provide personal assistance for up to 10 hours per week. VRS does not provide support for job seekers who require personal care in the workplace, making these job seekers ineligible for VRS.

Support required to maintain employment is limited in VRS to six months. Job seekers in the DEN capped can access this type of support for between six and 24 months and there are no time limits in DEN capped.

## **Description of program interventions/features**

DEN participants have permanent disability that they need to manage in the workplace. As well as job search and employment assistance, DEN members assist participants in managing their disability in the workplace, help employers to think creatively about the way jobs are structured, provide training and advice to employers and co-workers about employing someone with disability and provide ongoing support in the workplace if required.

VRS provides a comprehensive service that combines vocational rehabilitation with specialist employment assistance. VRS offers job seekers help to understand, compensate for or manage injury or disability, or the limitations or restrictions imposed by injury or disability. This service helps job seekers build work capacity and/or develop new work strategies to avoid re-injury.

## **Key client characteristics**

DEN job seekers have a permanent, or likely to be permanent, disability. The disability may be congenital or acquired. There are 10 primary disability types, including psychiatric, intellectual, physical and specific learning disability. The majority of job seekers have either psychiatric (around 27 per cent) or physical (around 22 per cent) disabilities.

VRS job seekers have generally acquired their disability, injury or health condition, although some job seekers may have congenital disabilities.

**TABLE 1: Examples of complexity that has developed in DEN and VRS program design**

	VRS	DEN CAPPED	DEN UNCAPPED
Eligibility	Any injury, disability or health condition  requires <b>less</b> than 6 months support to maintain employment  Must meet all of following criteria: <ul style="list-style-type: none"> <li>Assessed <b>future</b> work capacity of 8 hours or more per week <b>AND</b> Aged 14-65 <b>AND</b> Australian citizen or a permanent resident</li> </ul>	Permanent or likely to be permanent disability  requires <b>more</b> than 6 months support to maintain employment  Must meet one of the following criteria: <ul style="list-style-type: none"> <li>Assessed <b>future</b> work capacity of 8 hours or more per week <b>AND</b> Require long term support after being placed into employment and/or are unable to work at full wages.   <ul style="list-style-type: none"> <li>Assessed <b>future</b> work capacity of 0-7 hours per week and been assessed by a JCA as being able to work 8 or more hours per week with an ongoing program of support (ie more than 24 months of support)</li> </ul> </li> </ul>	Permanent or likely to be permanent disability  requires <b>more</b> than 6 months (but less than 24 months) of support after being placed in employment  Must meet all of the following criteria: <ul style="list-style-type: none"> <li>Assessed <b>future</b> work capacity of 15 or more hours per week <b>AND</b> Are receiving, or likely to receive, Newstart Allowance, Youth Allowance or Parenting Payment <b>AND</b> Can work independently at full wages in the open labour market with up to 24 months of employment assistance</li> </ul>
Frequency of contact	Fortnightly contact	Regular (monthly) contact	Fortnightly contact
Duration of support once in a job	Capped and uncapped job seekers – limited to 6 months	Support can be ongoing	At least 6 months but up to 21 months (depending on how soon the job seeker is placed in a job)
Number of funding levels	Single funding level	Four funding levels	Four funding levels
Number of outcome payment points	Three payment points – at job placement, 13 weeks and 26 weeks.	Three payment points – at 4 weeks, 13 weeks and 26 weeks	Three payment points – at 4 weeks, 13 weeks and 26 weeks
Service fee payment frequency	At 6, 9 and 18 months	Monthly, for 10 months, then monthly for as long as required to maintain employment	Monthly for up to 24 months

**TABLE 2: Service and Outcome Fees Payable in VRS, DEN Capped and DEN Uncapped Streams**

	VRS	DEN Capped				DEN Uncapped			
		Level 1	Level 2	Level 3	Level 4	Level 1	Level 2	Level 3	Level 4
Commencement Fee	\$654.50	\$302.50	\$302.50	\$302.50	\$302.50	\$302.50	\$302.50	\$302.50	\$302.50
Intervention Plan/ Assessment Fee	\$1 925	\$610.50	\$610.50	\$610.50	\$610.50	\$610.50	\$610.50	\$610.50	\$610.50
Employment Assistance/ Milestone Fees	6mth \$1,595 9 mth \$1,265 18mth \$946	\$247.50 monthly max 10	\$418 monthly max 10	\$649 monthly max 10	\$1 006.50 monthly max 10	\$247.50 monthly for 24 months or until 13 wk outcome	\$418 monthly for 24 months or until 13 wk outcome	\$649 monthly for 24 months or until 13 wk outcome	\$1 006.50 monthly for 24 months or until 13 wk outcome
Employment Support/ Employment Maintenance/ Post Placement Fees		\$357.50 monthly-ongoing	\$533.50 monthly-ongoing	\$786.50 monthly-ongoing	\$1 072.50 monthly-ongoing	\$247.50 monthly	\$291.50 monthly	\$456.50 monthly	\$704 monthly
<b>MAIN OUTCOME FEES</b>									
Job Placement Fee	\$654.50	-	-	-	-	-	-	-	-
4 week employment milestone fee	-	\$550	\$858	\$1 226.50	\$1,837	\$880	\$1 375	\$1 958	\$3 025
13 week employment outcome fee	\$1 595	\$550	\$858	\$1 226.50	\$1,837	\$880	\$1 375	\$1 958	\$3 025
26 week employment outcome fee	\$3 190	\$1 100	\$1 716	\$2 453	\$3 674	\$1 760	\$2 827	\$3 916	\$6 050

## TABLE 2: Additional Information

### Other fees:

- Education Outcome fees are available in VRS, but not in DEN.
- An Early Employment Outcome fee is available in VRS, but not in DEN.
- Apprenticeship Outcome fees for DEN are paid at 4, 13 and 26 week payment points.
- Apprenticeship Outcome fees for VRS are add-on payments claimed in conjunction with a 26 week employment outcome.
- Intermediate Employment Outcome Fees are payable at 4, 13 and 26 weeks for DEN Uncapped and 13 and 26 weeks for VRS.
- Supplementary Outcome Fees are paid at 13 weeks for VRS and at 26 weeks for all programs.
- Additional Employment Outcome Fee is payable at 39 weeks for DEN.
- Intermittent Support Fee is available for all eligible DEN job seekers, but is only available to job seekers with mental health issues in VRS.
- Job in Jeopardy (Employment in Jeopardy) is available as a service fee for VRS, DEN Capped and DEN Uncapped funding level 1. An outcome fee for Job in Jeopardy is only available to VRS.
- VRS pays a one-off Locational Loading Fee of \$1320 for remote areas, and \$2200 for very remote areas (as defined by ARIA+). DEN pays a 10-30 per cent loading on all payments (except Work Based Personal Assistance and Existing High Cost Worker Fee) for job seekers in moderately accessible to remote locations.

## APPENDIX 2—Elements of the Employer Incentive Scheme

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The Employer Incentives Scheme comprises the following initiatives:

### **Wage Subsidy Scheme (WSS)**

This scheme aims to encourage employers to provide employment, under open employment conditions, to eligible workers with disability. It is an incentive to employers to help them with the initial employment costs of engaging a person with disability. The maximum amount payable is \$1500 per eligible employment placement arranged through a DEN or VRS provider.

### **Supported Wage System (SWS)**

This system was introduced in 1994 to improve employment opportunities for people with disability by providing an industrial system that enables employers to pay a pro-rata wage that matches an independently assessed productivity rate. Most Australians who have disability and participate in the open workforce do so at full rates of pay. However, there are some people who are unable to find or keep a job at full wage rates due to the effect of disability on their workplace productivity.

The Australian Government contracts a panel of independent supported wage assessors to conduct productivity assessments for employers who wish to employ people with disability under the SWS provisions. There is no cost to employers for the assessment.

### **Workplace Modifications Scheme (WMS)**

This scheme aims to increase access to employment and improve work productivity. It pays the costs of modifying the workplace or purchasing special or adaptive equipment for eligible employees with disability. It can also pay for necessary training in the use of the modification or equipment. The scheme is

available direct to employers and to all employment service providers. It is available for people with disability who have a job offer and those already employed in a job that is for at least eight hours a week and is expected to continue for at least 13 weeks. Self-employed people who work for at least 20 hours per week may also apply. The scheme has a national panel of assessors who are available to conduct independent workplace assessments and to recommend modifications and special equipment to remove access barriers to work.

### **National Disability Recruitment Coordinator (NDRC)**

This service aims to increase employment of people with disability by promoting the benefits of hiring job seekers with disability and working with large employers to develop Memoranda of Understanding (MOU), which commit employers to increasing their efforts to recruit people with disability. The MOUs also commit the NDRC to assist the employer in developing recruitment and human resource management practices targeted at people with disability. The NDRC also offers training to employers and their staff to raise awareness of disability.

### **Auslan for Employment (AFE)**

This program commenced in January 2007 and reimburses employers and employment service providers for the costs of deafness awareness training, Auslan (Australian Sign Language) interpreting for job interviews and work related activities. It also assists with the costs of co-workers undertaking a nationally accredited Auslan Certificate II level course.

Further information about the Employer Incentives Scheme can be found at <http://www.workplace.gov.au/workplace/Programmes/EmployerIncentivesScheme/>

## APPENDIX 3—Discussion points

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### Discussion point 1: Strengths and weaknesses of existing programs

**Q1** What features or elements of the existing programs should be retained or further developed? Why?

### Discussion point 2: Eligibility

**Q2** Would less complex streaming and eligibility rules free up resources that could be used to assist job seekers?

**Q3** If availability of a place were not an issue, would your organisation build links to local medical and mental health facilities to offer an integrated early intervention service?

### Discussion point 3: Assessments

**Q4** Are the differences between the circumstances of the job seekers accessing DEN and VRS clear enough to enable timely, accurate and simple assessment and streaming processes?

**Q5** Would a simpler program and fee structure mean that a single independent assessment could combine both eligibility and fee levels? Would this result in more time spent providing services to job seekers?

### Discussion Point 4: Flexibility of servicing

**Q6** Would a more flexible program and fee structure enable more tailored services for job seekers?

**Q7** Does the fee structure need to be different, for example, to recognise education and training as a pathway to employment?

**Q8** Would more flexibility in the rules for ongoing support result in better tailoring of services, particularly for people with episodic conditions?

### Discussion point 5: Employers

**Q9** Should employers have easier access to employer incentive measures?

**Q10** Could some of these elements be packaged together to create a more flexible pool of funds to provide a broader range of additional services to help people with disability find work?

**Q11** Should the fee models provide stronger incentives to help job seekers develop skills to meet those in demand locally?

**Q12** What needs to be done to improve employer awareness of these services?

### Discussion point 6: Funding Models and Contract Compliance

Simplifying program structure and funding will reduce existing red tape significantly.

**Q13** What overlaps are there between auditing requirements of DEEWR and certification requirements under the Disability Service Standards? In what ways can the administrative burden on providers be reduced, while still maintaining accountability for government?

**Q14** Should there be a type of Job Seeker Account? Would job seekers get a better deal through an account?

**Q15** Do the benefits of the complex fee structure outweigh the costs of administration and assurance?

### Discussion point 7: Funding Model

**Q16** Should disability employment services have the same funding model as the mainstream employment services? If not, why not?

**Q17** Are there strengths in the existing funding models of DEN and VRS and, if so, which elements should be retained?

## **Discussion point 8: Performance Management**

**Q18** How can the particular disadvantages of job seekers with disability in the labour market be recognised in the performance management framework?

**Q19** How can a performance framework guard against 'parking' difficult to help job seekers, while recognising and rewarding getting job seekers into a 'better' job (eg through skilling)?

**Q20** What Key Performance Indicators would reflect the desired program outcomes?

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