



Improving Employment Services

Submission by National Disability Services

February 2008

National Disability Services (NDS) welcomes the opportunity to provide views on the future direction for employment services, to help inform employment service contract arrangements in 2009.¹

The workforce participation rate of people with disability is substantially below people without a disability. During the past three decades, in which the workforce participation rate of the non-disabled population has risen from 73% to over 80%, the participation rate of people with disability has remained static at around 53%.² The workforce participation rate of people of working age with severe or profound disability is a huge 58 percentage points below the rate for people without a severe or profound disability.³ People with disability participating in the workforce are more likely to be unemployed than people without a disability.

The major rationale for any change to arrangements for employment services should be that it will improve the employment prospects of Australians with disability.

In NDS's view, strengthening the role of the Disability Employment Network must form a key part of any strategy to improve the employment rate of people with disability. For this reason the recommendations in this paper are focussed principally on the Disability Employment Network. They focus on a key question:

What is impeding the achievement of employment outcomes for people with disability and what can be done to improve the situation?

¹ Recommendations in this submission echo and expand on recommendations in NDS's *Federal Budget Submission: Policy and Funding Proposals for the new Government*, (January 2008)

² Chris Stevenson et al, presentation to AIHW 'Disadvantage and Diversity' Conference, December 2007
http://www.aihw.gov.au/eventsdiary/aw07/presentations/chris_stevenson_disability_disability_services.pdf

³ Productivity Commission, *Report on Government Services 2008*, 14.58. The gap in the employment rate is eight percentage points, 14.61

1. Specialist capacity

The Disability Employment Network program (under various names) has a 20 year history, with reasonable data collection through the Disability Services Census since 1998. During these 20 years there has been growth in knowledge, skills and expertise in placing and maintaining people with disability in employment and in developing service models responsive to particular disabilities. This expertise cannot easily be replicated by generic services.

DEN capped services are unique in the current DEEWR suite of services in that they extend post-placement support to maintain people with disability in their jobs and assist them to develop within their chosen careers. They also provide the major pathway for people with disability to participate in New Apprenticeships.

Almost half the current population of consumers of DEN services is made up of people with either an intellectual or psychiatric primary disability. Around 34% of DEN job seekers achieve a 26-week employment outcome. Generic employment services have an important role, but most are not equipped to assist effectively job seekers with disability. A recent report on Job Network which concludes that “many difficult-to-place job seekers [are] being given little or no employment assistance and limited employment outcomes ...”⁴

One in four DEN consumers has a psychiatric disability and outcomes for workers with this form of disability remain lower than for any other disability type.⁵ Specialist DEN providers continue to refine their models of support to better respond to the needs of people with psychiatric disability. Most generic job placement services have not made the investment in specialist staff recruitment and training to adequately respond to the needs of clients with psychiatric disability. Disability-specific DEN providers remain a vital source of knowledge within the sector.

Recommendation

Specialist disability services provide the most effective support for job seekers and workers with disability. Improving employment outcomes for people with disability requires strengthening the capacity of DEN services.

2. Flexibility

Case Based Funding links individual support needs to funding levels and contains a combination of ‘fee for service’ and ‘outcome payments’. Evidence suggests this mix

⁴ Commonwealth Parliamentary Library, Research Paper 15, 2007-08, *A Review of Developments in the Job Network*, page 18.

⁵ Labour Market Assistance Outcomes Year ending December 2006.

is effective in improving overall employment outcomes for people with disability. Fee levels have remained static since 2004-05. During this time administrative costs have risen, driven largely by the Government's own reporting requirements.

There are additional payments available for DEN providers in recognition of the extra costs of providing services to clients in rural and remote regions; however the selection criteria are so restrictive that uptake levels remain extremely low.

While the principle of case based funding is sound, its structure lacks the flexibility to respond well to all types of disability. For example, people who are blind or vision impaired often require a heavy investment in the early phase of adjusting to a job, but much less once the work environment is adjusted and familiar; and workers with episodic mental illness typically require support in irregular but intense bursts.

Introducing a 'job seeker account' to supplement (not substitute for) Case Based Funding could help provide the flexibility sought.

Recommendation

Allow greater flexibility in the Case Based Funding fee structure to enable DEN services to tailor their support to people with all types of disability at all locations

3. Assessment and Referral

Established to streamline assessments and referrals, the Job Capacity Assessment process presents a barrier to some job seekers.

Disability Support Pension (DSP) recipients are not required to look for work, however many would like to work. The problem is that those who seek help from an employment service automatically trigger a review of their DSP entitlement. People on DSP are typically vulnerable and risk-averse. If the uncertain prospect of gaining a job entails risking their income support, many will avoid it. Figures from February 2007 point to a decline in the referrals of DSP recipients to employment programs over the previous 6 months – the period in which the policy requiring automatic review of DSP entitlement was introduced.⁶

This problem of automatic DSP review is embedded in the dual function of the Job Capacity Assessor, which refers job seekers to employment services at the same time as reporting to Centrelink for the purpose of income support.

⁶ Senate Employment, Workplace Relations & Education Legislation Committee. Supplementary Budget Senate Estimates Hearing, 15 February 2007, Question Number W1070-07, 15 February 2007.

There are other barriers as well: for example, people with a work capacity assessment of less than 8 hours per week (regardless of the aspiration of the job seeker) are referred to Job Network services rather than the more appropriate specialist DEN providers. Access to DEN services for school students with disability seeking transition to employment and not yet eligible for DSP is also problematic.

Currently the linkages between service streams are weak and the pathways difficult to negotiate. Better linkages and more permeable interfaces between the suite of DEEWR employment services would enhance outcomes for job seekers and workers. This would mean job seekers were able to access a range of services which responded to their needs during any stage of employment support. Improved linkages would not require dissolving the differences among programs.

DEN providers are concerned about the inappropriateness of some referrals to them, in particular job seekers who have complex non-vocational (and non-disability-related) barriers to employment (such as drug and alcohol problems). The referral system needs an efficient and simpler mechanism to re-refer in such cases.

Recommendations

To reduce a barrier to people seeking employment referral, the Job Capacity Assessment should separate its function to inform income support entitlement from its referral function.

In its review of the JCA the Government should review the streaming and cross-referral rules to ensure that job seekers reach the service that can best secure them employment, in the most efficient manner

4. The 'cap' on DEN Services

Connecting job seekers without delay to the service that can best assist them is essential to the efficiency and effectiveness of the employment services system. At present, only one disability employment program is demand-driven (uncapped). In 2006, the Government implemented a demand-driven DEN program for people with disability assessed as having partial work capacity. The OECD has recently recommended uncapping all disability employment programs as a means of preventing the 'parking' of job seekers on waiting lists and ensuring that job seekers are referred to the service that can best assist them rather than the one which has places available.⁷

In addition to making both DEN programs demand-driven, amalgamating them would seem to have the immediate benefit of reduced administration and compliance requirements. However, before any move in this direction is made the concerns of clients with significant and ongoing support requirements (and those with specialist

⁷ OECD, *Sickness Disability and Work: Breaking the Barriers*, Vol 2, 2007, page 22

needs) should be addressed to ensure that the support available to them is not 'watered down'.

The cap on the Personal Support Program appears to be distorting some JCA decisions. Reports from DEN providers suggest that some job seekers who might benefit most from a PSP referral are being referred to DEN uncapped services because they have places are available.

Recommendation

Remove the cap from the 'capped' DEN program the Personal Support Program and strengthen linkages and pathways between programs and service streams

5. Administrative burden

Program rules and guidelines are necessary, but their complexity and the costs of compliance have increased.

DEN providers have to comply with hundreds of pages of procedures and guidelines in performing their work:

Employment Services Funding Deed Part A	69 pages
Employment Services Funding Deed Part B	71 pages
Program procedures uncapped	54 pages
Program procedures capped	63 pages
Disability maintenance Instrument Guidelines	31 pages
Disability Pre-Employment Instrument Guidelines	26 pages
Auslan for Employment	40 pages
Document Evidence Guidelines	20 pages
Work Experience Placement Program Guidelines	36 pages
Supported Wages System Role and Responsibilities	44 pages
Supported Wages System Handbook	64 pages
DEN Wage subsidy Scheme Guidelines	16 pages
Workplace Modification Scheme and Personal Care Program for Workers.	

Red tape snowballs. The more rules and guidelines, the more explanations, updates and modifications are required. Services now report the creation of staff positions dedicated specifically to tracking program changes.

The growing administrative burden is reducing service efficiency and diverting resources from direct service provision. Much of the growth in administrative burden is driven by government requirements. While government has a legitimate right and duty to require accountability from the service providers it funds, the cost of these requirements and the loss of efficiency and effectiveness need also to be considered.

There is scope to reduce the burden without government incurring an unacceptable risk.

Over-regulation reduces the benefit that government derives from funding non-government organisation to operate employment services. For these organisations to deliver improved outcomes they need the flexibility to innovate and to draw on their experience and expertise. The more their behaviour is constricted by complex rules, the less innovation is possible. Experienced and qualified staff should be able to exercise their judgement. Loss of 'job control' is a factor leading to high staff turnover rates.

DEEWR has introduced additional compliance requirements often in response to performance and financial problems within specific organisations. Over time these additions generate inconsistencies that require yet further adjustments to contract arrangements. The additional rules remain even when the original reason for the changes has passed.

A strength of the DEN program is the independently-audited Quality Assurance system, which assesses service organisations against the Disability Services Standards as required by the Disability Services Act. However, there is an overlap between the compliance regime imposed by Disability Service Standards Quality Assurance and DEEWR's National Contract Management Framework. Organisations audited against the Disability Service Standards are audited against some similar items as part of the National Contract Management Framework. This double audit creates an unnecessary administrative burden for providers, which reduces organisations' efficiency.

For example, under 'Service Standard One: Service Access' QA auditors examine forms providing evidence that entry procedures are conducted in accordance with the Standard; DEEWR auditors examine the same documentation to ensure that service practices are in line with DEEWR rules and guidelines. Doubling practices are also a common occurrence against Standard 7 Complaints and Disputes.

DEN providers need to undertake complex assessments of job seekers' support needs before employment (the DPI) and post employment outcome (the DMI). A simpler method would be to set the DMI as a proportion of the DPI-determined fee. There is now ample data collected by DEEWR on both the DMI and DPI which could inform an appropriate level while maintaining relative parity with the current program costs for post-placement support: 75% of the DPI-determined fee would seem about right. The option of a re-assessment process could be retained to cover clients with extenuating circumstances.

The trend toward bureaucratic micro-management of processes rather than focus of outcomes is a source of complaint from Job Network providers⁸; DEN providers are

⁸ Commonwealth Parliamentary Library, Research Paper 15, 2007-08, *A Review of Developments in the Job Network*, page 25

also concerned about this trend's effect on their costs and their capacity to respond flexibly to the needs of job seekers and workers.

A means of reducing the administrative burden for DEN providers would be to implement a considered and systematic improvement of the Information Technology platform so as to eliminate the necessity of double data entry and provide management reports that are responsive to service providers' needs. This type of information system report is currently available to Job Network members.

Improvements to information management could also support effective sharing among relevant service providers of non-sensitive information (provided by clients) so as to reduce the impost upon job seekers and workers with disability.

Recommendations

Contracts and guidelines should be reviewed with a view to reducing the administrative burden on service providers, which is detracting from efficiency and diverting resources from direct service provision.

EA 3000 data requirements should be streamlined to reduce administrative burden and the impost upon jobseekers with a disability.

The DMI assessment should be replaced by a fixed fee for Maintenance set as a proportion of the DPI-determined fee level.

The independently-audited Quality Assurance system should be the primary mechanism for monitoring service organisations, and not replicated by DEEWR's own audit

6. Barriers to VET opportunities

People with disability continue to be under-represented in vocational education and training (VET).⁹

The Government's plan for a future skilled workforce aims to close the skills gap through additional training places that link to the needs of industry. One third of these additional places will be allocated to people currently outside or marginally attached to the workforce. This presents a remarkable opportunity to address the inequity that people with disability face in accessing VET opportunities, but only if barriers in the current system are addressed.

Disability Employment Network (DEN) services provide the major pathway for people with a disability to participate in Australian Apprenticeships. They help place people in apprenticeships and support them to complete apprenticeships.

⁹ Productivity Commission, *Report on Government Services 2008*, 5.15; 14.68

The Disabled Australian Apprenticeship Wage Subsidy (DAAWS) scheme – which provides a wage subsidy to employers for the term of an apprenticeship - encourages employers to take on apprentices with a disability.

DEN services receive a fee for the placement and support of clients in Australian Apprenticeships, but the fee is the same regardless of the support needs of the individual or the complexity of the job placement. The Australian Government allocated \$3.5 million over three years for these fees (commencing January 2005).

The establishment of DEEWR provides an opportunity to overcome the existing limitation around DAAWS eligibility. The entry processes are time-consuming and complex. Eligibility is determined through a medical approach, requiring a new assessment each year even if the person's disability is manifest and life-long. Time delays with applications are common.

The Government's return on investment in the Job Capacity Assessment as the referral point for employment services could be enhanced by utilising the service as an additional pathway for determining DAAWS's eligibility

Group Training Organisations (GTOs) provide the main pathway for the placement of non-disabled apprentices. A 2002 study demonstrated how effective they could be for disabled apprenticeships when in partnership with a DEN provider.¹⁰ But partnerships between DENs and GTOs are few in number and structural factors impede their development. Assistance for GTOs to form partnerships and purchase services from DEN providers would help overcome these obstacles.

GTOs experience financial disadvantage taking on apprentices with disability because they pass on the whole DAAWS wage incentive to the host employer as an incentive to employ the candidate with the disability.

Government payments to DEN providers reward job placement and retention but not employment preparation and career development. DEN services are in effect penalised if job seekers return to school to upgrade their skills, and there are no secondary outcome payments for assisting job seekers or workers to upgrade their skills or improve their formal qualifications.

Recommendations

Set targets for people with disability within the additional training places and apprenticeships promised under the 'Skilling Australia' initiative.

Set VET fees at 15% loading on existing Case Based Funding fees so they increase in direct relation to an individual's support needs.

¹⁰ Gregory Lewis Ph D, 'Key Success Factors in Placing and Supporting New Apprentices through Group Training: Findings of a National Study,' Australian National Training Authority, 2002.

Simplify the process for determining eligibility for the Disabled Australian Apprenticeship Wage Subsidy (DAAWS) scheme and create an additional pathway through the Job Capacity Assessment

Resource the forming of partnerships between Group Training Organisations (GTOs) and Disability Employment Network (DEN) providers and extend incentive payments to GTOs for the placement of people with disability into Australian Apprenticeships.

Provide a 'Training Account' to GTOs from which they could purchase specialist skills from DEN providers.

Reward the placement and support of job seekers and workers in accredited training courses as a secondary outcome.

7. Performance management & procurement

Government's current three-year contract with employment service providers expires in mid 2009. A Star Rating system has been developed to measure the comparative performance of DEN providers. The DEN sector has yet to be informed as to how Star Ratings will affect future procurement arrangements; however the previous Government's approach was to drive performance improvement through competition.

Established in the mid 1980s the DEN program is already mature; the average employment outcome rate is reasonable; the average cost is comparatively low; and the variation in performance across providers is relatively small (small changes in performance can produce large changes in an organisation's Star Rating).

Unpublished Star Ratings have been released recently along with 'Health Check' reports. Neither is providing services with the information they need to improve their performance. There are concerns about the timeliness and quality of the data used and the lack of transparency in exactly how the data converts into a Star Rating.

In Job Network, where reliance on competition alone to drive performance has had the largest impact, the number of service providers has fallen and average funding per employment outcome reportedly halved in a decade (indicating an increase in efficiency). However, the gains from relying on competition alone have diminished as the program has matured and Job Network is now struggling to assist harder-to-place job seekers.¹¹

As argued above, the scope for driving efficiency and effectiveness gains through competition is less in the Disability Employment Network. There is, however, scope to

¹¹ Commonwealth Parliamentary Library. Op Cit, page 18

foster innovation and improved performance through a greater reliance on other means.

Benchmarking – supported by access to technical assistance - is an alternative method for driving performance improvement among service providers.

An extensive tender process in the lead up to the new employment contract in 2009 would absorb substantial time and resources from both government and service providers, with only small gains.

Recommendations

Exempt DEN providers that demonstrate adequate performance from having to tender to retain their services for the 2009-12 employment services contract.

Fund research, training, benchmarking and other technical assistance to foster good service provision, rather than relying solely on competition to drive performance

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National Disability Services is the peak industry body for non-government disability services. Its purpose is to promote and advance services for people with disability. Its membership includes more than 600 not-for-profit organisations, which collectively support people with all forms of disability.