

The Australian Federation of Disability Organisations (AFDO) has prepared this brief paper in response to questions from Senator McKenzie for the Senate Inquiry into the Purchasing and Administration of Disability Employment Services.

The Australian Federation of Disability Organisations (AFDO) is the national voice that represents the interests of people with disability across Australia. The mission of AFDO is to champion the rights of people with disability in Australia and help them participate fully in Australian life.

1. What do you see the impact of the changes to the DSP will be?

The Federal Budget introduced three major changes for DSP recipients and claimants.

- DSP Recipients under age 35 with some capacity to work will be required to attend interviews with Centrelink to develop participation plans. Participation in activities will be voluntary.
- DSP recipients will be able to work up to 30 hours without losing eligibility to the DSP.
- Some DSP applicants will be required to provide evidence that they are unable to work independently, even with assistance and support.

The DSP Impairment Tables for DSP qualification have also been reviewed and the subject of a recent inquiry by the Senate.

The Australian Federation of Disability Organisations (AFDO) has previously provided submissions and evidence to Senate committee inquiries into DSP reforms.

AFDO is in agreement with the government that we need to increase the employment participation of Australians with disability. The current employment participation rates are unacceptable and contribute to the poor social inclusion and poverty of many people with disabilities.

AFDO also agrees that we need to change the cultural expectation of a lifetime of welfare dependency and underemployment of people with disabilities as a matter of national importance.

DSP and Weekly Hours of Work

AFDO is pleased that the government has increased the number of hours per week a DSP recipient can work to 30 hours before triggering a review of the pension.

AFDO believes that there should be no ceiling of hours of work per week. The policy should be one which encourages a DSP recipient to work as many hours per week as possible, and decrease reliance on the pension via the income test to the greatest extent possible.

Given that few DSP recipients report any earnings at all (8.7%), a ceiling on hours of work per week appears to be somewhat irrelevant. We would prefer that decisions to accept terms and conditions of work are not restricted by limits. Rather, we should allow the pension income test to do its job. The greater the hours of work, the greater the earnings. The greater the earnings, the greater the withdrawal of the pension, and the greater the total income. The greater the income, the less reliance on welfare.

A policy of maximising employment, work hours, and wages, without threatening pension eligibility is in the best interests of people with disability and the government. **Instead of moving people with disabilities on to NewStart, we should move them on to a job and remove DSP eligibility only when wages eliminate the need for a part pension.**

The current income test allows a part pension until earnings reach \$823.80 per week. Yet only 8.7% of DSP recipients report earnings. 7.9% earn less than \$500 per week. 4.3% earn less than \$125 per week.

We note that the previous DEN program achieved average weekly hours of work below 20 hours per week for jobseekers with disability when last reported.

The Senate Committee should request from DEEWR data on average hours of work per week achieved by the DES program, at a national, labour market region, employment service area, and individual DES individual service level, by jobseeker characteristic, and by income support type.

This data should indicate the capacity of DES to move people with disabilities from income support into jobs with hours of work that will maximise earned income and reduce welfare reliance.

This data, presented for local services, should be made available to jobseekers with disability in receipt of DSP/NewStart to inform their choice of employment assistance provider.

DSP recipients under age 35 and Participation Plans

AFDO agrees in principle with this policy reform. We should as a matter of course provide DSP recipients with the opportunity and expectation to engage in the workforce. Measures to increase participation should not, under any circumstances, include quarantining or refusing payment of DSP.

It should be a matter of early intervention that an expectation of work participation should begin when youth first make a claim for DSP. This is a group of people who are regularly assessed as not being able to work 15 hours of work per week independent of a program of support.

The key phrase in this assessment is “independent of a program of support”. The vocational research is clear that many people with disabilities in receipt of income support do have the capacity to work if the right support is provided.

This is why AFDO has expressed concern with the performance of DES. An employment program achieving 26 week outcome rates between 14 and 16%¹ is underperforming. It is important that DSP recipients under 35 are provided the opportunity to choose and access high performing services.

The Senate committee should request from DEEWR performance outcome rates for DES services for jobseekers in receipt of the DSP, at a national, labour market region, employment service area and individual service provider level, and by primary disability groupings.

This performance information should be made available to DSP recipients when designing participation plans with Centrelink, so that they may see type of disability and outcome variances in performance outcomes achieved by individual DES providers.

DSP applicants to participate in JSA/DES services or other programs of support before obtaining DSP eligibility

AFDO understands the government intention to act early by referring some DSP applicants to employment assistance providers or other programs of support, such as training or rehabilitation. The intention is to prevent increasing DSP registrations of people with some capacity to work with support. This measure will particularly affect people with

¹ DEEWR Presentation to NDS Conference September 2011.

newly acquired or progressive disabilities, including those whose disability related outcomes may still be uncertain.

AFDO is concerned that people with disabilities will incur a loss of income support dollars due to the different rate of the Newstart Allowance compared to the DSP. This could negatively impact people with disabilities in two ways. Firstly, lowering the amount of income lowers the person's capacity to meet disability specific costs, such as aids and equipment for people with musculoskeletal or sensory disabilities. Secondly, increased stress from lower standards of living may further compound a person's disability. This is especially the case for those with psychosocial disabilities where stress can be a major trigger for anxiety or depression.

AFDO is also concerned that for many people with disabilities the process of employment assistance may be an experience of failure, given the poor average national employment outcome rates of DES.

AFDO's preference would be for the government to introduce work participation obligations distinct from DSP eligibility. Movement from DSP could occur when a person with disability was settled in a job and earning a wage that reduced pension payments via the income test. To do so before the achievement of sustainable work makes the person with disability endure reduced income with a low percentage chance of achieving work and wages.

We recommend that the Senate committee seek from DEEWR, JSA and DES service performance outcome rates for people with disabilities on NewStart, at a national, labour market region, employment service area, and individual service level, by disability type and jobseeker characteristics.

This data should be presented to jobseekers with disabilities obliged to participate in the JSA/DES program.

Consumer choice, based on transparent performance outcome, should contribute to an increase in DES/JSA outcome rates.

Review of the DSP Impairment Tables

AFDO expressed serious concerns about the consultation process to enable people with disabilities and their representatives to engage with the DSP Impairment Tables review.

We also expressed concerns about the extent of testing of the revised DSP Impairment Tables. The sample size was small in total, with many disability groupings tested with only 2 to 6 people. The trial of the revised impairment tables was conducted without regard to adequate representation across States and rural and remote communities.

AFDO is concerned with the review finding that up to 41% of people with disabilities claiming the DSP will no longer be eligible.

DSP reforms

Greater expectations of work participation for people with disabilities is an important shift. This shift is necessary due to the historical low expectations of work participation for this population. Clearly, the dignity of social inclusion will only be achieved when people with disabilities are participating in the open labour market at levels comparable to people without disability.

The weakness of the DSP reforms however is the current poor performance of DES as a vehicle to assist people with disabilities into work at significant outcome rates. In light of best practice and international vocational research, AFDO believes it is reasonable to have higher expectations of better outcomes than 14-16% for 26 week outcomes.

Our expectations of greater work participation must be balanced with greater expectations of the performance and quality of DES to increase work participation.

2. What are your perspectives of the star rating system?

In brief,

- AFDO did not support the star rating system as designed by the Commonwealth.
- Outcomes such as average weekly wages and average weekly hours of work were removed from the framework despite our protests.
- Pathway outcome and bonus outcomes are indicators that are not universal to all clients and all services.
- We warned the Commonwealth about the possibility the framework may encourage perverse practices.

AFDO has made this clear in communications to the Minister and DEEWR.

The following is also clear.

- Service representatives supported, and services signed up to, the performance rating system and star rating framework.
- The system, good and bad, is applied to all services.
- Criticism of the star rating system has only emerged from services when the Minister announced the tender parameters.

AFDO understands that we now have this performance framework for this current contract period and that it can be used to provide performance measures albeit not the range that we would like to see as detailed below.

The Minister has indicated to AFDO that there will be a review of the performance framework for the next contract on the basis of continuous improvement.

In this review we need to consider the need for clarity about employment outcomes. For instance, AFDO will be seeking that DES funds should not be used to place jobseekers in sheltered workshops (ADEs), other congregate based models such as enclaves, or in affiliated businesses owned by the service provider.

AFDO will also seek the performance framework be transparent. People with disabilities and their families should be able to know the performance outcomes of local services by jobseeker characteristics including disability, age, gender, cultural background and income support.

A star rating does not tell a jobseeker with intellectual disability, for example, what the past performance outcome of a service is for jobseekers with intellectual disability.

In an open competitive market, AFDO believes that jobseekers and their families should be able to consider service performance for particular jobseeker characteristics. For example, what is the performance outcome rates for jobseekers with intellectual disability in receipt of the DSP? What is the average weekly wage and hours of work achieved for this population? How many are still in work at 26 weeks, 1 year and beyond.

The disability sector must work to ensure that the performance framework represents a vision of assisting people with disabilities into genuine work that provides the meaning and dignity it provides people without disability.

Despite the performance framework's failings, it is not the *smoking gun* to thwart the federal budget decision to tender the 1, 2 and 3 star rated DES-ESS.

AFDO hopes that the service sector will join AFDO in constructively responding to the Minister's decision to review the performance framework. It is an opportunity to address the quality of the performance framework so that it is something that we can agree has integrity and represents the vision of employment participation for people with disabilities.

3. What is the perspective of your members from regional Australia to these changes?

AFDO's membership consists of National, State and Regional Organisations. In turn AFDO's members have regional membership. AFDO regularly conducts consultations in regional areas. Over the last two years AFDO has visited Darwin, Kununurra, Fitzroy Crossing, Elcho Island, Alice Springs, Cairns, Mackay, Townsville, Hervey Bay, Bunbury, and many areas of rural Tasmania, Victoria, New South Wales and South Australia.

Issues around DSP and employment regularly arise at these consultations. In particular, the lack of employment opportunities in regional areas is of particular importance given how this impacts DSP eligibility.

4. Could you please expand on the issues with data reporting given the individualised complexity of the disability sector?

AFDO believes that;

- **performance outcome data should be transparent and publicly available to people with disabilities, families and employers.**
- **performance outcome data should be presented at the national, labour market region, employment service area and individual service level.**
- **performance outcome data should be provided by primary disability grouping and by other jobseeker characteristics (i.e. gender, age, income support type, CALD, indigenous).**
- **performance outcome data should be provided for primary disability where there is a measure of severity recorded by DES (i.e. moderate intellectual disability).**

DEEWR does provide services with data related to performance against the key performance indicators. This is not accessible by people with disabilities nor does it generate performance information based on jobseeker characteristics.

DEEWR does provide services and representatives of people with disabilities with monthly DES data reports. Yet this data is unable to produce performance outcome rates as defined by the performance framework.

DEEWR should provide the performance outcome rates on a monthly basis for at least the KPIs of,

- **job placement,**
- **13 week outcome,**
- **26 week outcome, and**
- **ongoing support in employment**

We would like to have data also for average weekly wages and average weekly hours of work, but these are currently not included in the performance framework.

These rates should be provided:

- for all jobseekers,
- by disability type and other jobseeker characteristics (i.e. gender, age, CALD, indigenous)
- by income support type (i.e. DSP, NewStart)

The above KPIs should be provided for

- the nation
- each labour market region
- each employment service area
- each individual service provider

Senator McKenzie should be able to seek information that shows the DES-ESS performance for Victoria.

There are 3 labour market regions (LMR), 21 Employment Service Areas (ESA), 58 contracted ESS service providers, 290 contracted ESS service sites in Victoria.

The Senator may like to know for each LMR, ESA, service provider, and service site;

- the 26 week outcome rate for all jobseekers who commence in DES-ESS?
- the 26 week outcome rate for jobseekers by disability grouping (physical, psychosocial, intellectual, etc)?
- the 26 week outcome rate for jobseekers by disability grouping and income support type?

A parent of a youth with autism living in Bendigo should be able to know the past performance of ESS services in Bendigo when assisting youth with autism move from school to work.

Bendigo is an ESA in the labour market region of Western Victoria. There are 4 providers operating 14 sites. All services are generalists and are currently rated either 2 or 3 stars.

What is the actual performance outcomes of ESS services in Bendigo? What are the 26 week outcome rates achieved for those who commenced in DES-ESS? What are the 26 week outcome rates for different disability populations in Bendigo? What are the 26 week outcome rates for different disability populations in receipt of income support payment types in Bendigo?

The presentation of data by outcomes, location, disability characteristics, and income support, provides the capacity to examine the performance of the program for good practice, gaps and unmet need in service purchasing, and to track the program's performance.

Evidence at the hearing from DEEWR states that:

We also have generalist providers in the market who deliver very good services for a particular cohort. We cannot forget that there are generalist providers out there who are not four- and five-star providers but who are doing great services for people with a moderate intellectual disability or who are visually impaired.

How can we forget if we do not first know? People with disabilities and families would like to have access to this information so that they may choose a service based on information which indicates good performance for particular disability cohorts. Can DEEWR show us the evidence? **Which DES-ESS generalist services are achieving great outcomes for people with moderate intellectual disabilities or people who are visually impaired?**

Statements of service outcomes for people with moderate intellectual disability by DEEWR are contrary to the views of our member organisations throughout Australia. It is therefore important that data is made transparent and validated to ensure its accuracy. This would also enable a gap analysis or picture of unmet need so the purchasing framework can respond accordingly.

Census data by primary disability groups

The open employment program for people with disabilities has undergone many changes over time. We have seen changes in the composition of the caseload in terms of disability type and income support type. We need to know if how these changes are impacting the employment participation of particular groups that are vulnerable to policy change.

The Senate Committee should request DEEWR make available disability census data showing both the total number of DES-ESS (and DEN) clients, and the number of clients employed, on the annual data snapshot day for every year between 2001 and 2010 by type of disability and income support grouping?

This kind of report should be published on an annual basis to determine long term trends in how Commonwealth employment assistance policy is effecting different disability groups.

DES evaluation performance data

AFDO has also requested that the Commonwealth extend its interim evaluation cohort methodology over a longer period of time. AFDO wants to know if DES-ESS evaluation performance of 14% for 13 week outcomes improves over time or whether the reported outcomes in the interim DES are indicative of the program's performance capacity.

The 2006 - 2009 Capped DEN Health Checks showed a national 26-week outcome rate of 34.13% after 18 months.

The 2010 - 2012 DES-ESS Health Checks showed a national 26-week outcome rate of 18.2% after 18 months.

The interim DES evaluation only covered an 8 month period (March - December 2011) and didn't include 26-week outcomes. It is important to establish whether service performance has dropped under the DES-ESS contract or whether the apparent drop in the 26-week outcome results is due to a change in the way outcomes are measured.

DEEWR should supply data for the cohort populations used in the DES interim evaluation but extend the analysis out to 18 months (i.e. August 2010 & August 2011) and provide 26-week outcome data for both samples.

The DEN and DES populations also differ making direct comparisons difficult. DEEWR should also supply the 26 week outcome data at 18 months for both sample populations broken down by income support type and type of disability?

DES-ESS Tender Criteria and Data

The Disability Employment Services (DES) Information Paper October 2011 states that, "Tenderers wishing to deliver Specialist DES-ESS to a particular category of job seekers, for example a particular disability type, will be required to establish the need for such a specialist service in that ESA to DEEWR's satisfaction."

Given this tender requirement, why isn't DEEWR making service performance data on numbers and outcomes available by disability type? DEEWR should make available number and outcome data by type of disability nationally, at the Labour Market Region (LMR) level, at the Employment Service Area (ESA) level, and at the individual service level?

Many specialists cater for sparse populations and would be more appropriately funded to service LMRs rather than ESAs. A disproportionate number of the insufficient data outlets in the June 2011 Star Ratings seem to be specialists. **DEEWR should make available an analysis of the number and proportion of specialists with insufficient data for an ESA rating compared with generalist services?**

5. What measures do you see as essential to include in an assessment of a service to disabled people?

Job placement

Of the jobseekers who commenced in your service what proportion were placed in a job? This assesses the capacity of the service to find, get, develop, negotiate jobs for their clients. This is currently in the performance framework.

Job retention

Of those jobseekers who were placed in a job, what proportion achieved 3 & 6 months employment? This assesses short term retention which is an examination of the quality of the job match between jobseeker and employer. It also assesses the ability of the service to provide the right training and support to employee and employer. This is currently in the performance framework.

Ongoing Support

Of those jobseekers who you have placed in employment, what proportion are still in employment. This assesses an important aspect of the ESS as the program is for people with disability who will need long term ongoing support to maintain employment. This is perhaps the ultimate meaningfulness as it is the culmination of maintaining a career of employment for person with significant disability and vulnerability. This is currently in the performance framework but requires discussion about addressing those who exit from the need for ongoing support and ensuring we capture long term retention or durability.

Average Weekly Wages and Average Weekly Hours.

The total weekly wages of all employees divided by the number of employees. And the total weekly hours of work of all employees divided by the number of employees. This is currently not in the performance framework.

This represents an important jobseeker outcome but also assesses the competence of the service provider to maximise the hours of work and wages of the jobseeker through thoughtful job match. It also tests the ability of the service provider to train clients to achieve a maximum productivity.

These indicators also provide the Commonwealth with an indication of efficiency and effectiveness of the program to address the poverty of people with disabilities, to reduce welfare dependence, and reduce the cost of income support. This would provide the Commonwealth with economic measures of benefit in terms of superannuation, income tax and the effects of disposable income on the economy.

Good service practice identified by AFDO includes:

- Looking for and accepting jobs not less than 15 hours per week. A discipline of job search used by some high performing services.
- Accepting jobs of less than 15 hours per week only when service staff can argue a strong case of accepting such a position i.e. the stamina or associated medical condition of a jobseeker makes accepting jobs with greater hours very difficult.

- Discussing with jobseekers how jobs with few hours will make it difficult to achieve personal goals due to a smaller wage - thus introducing the effect of choices on lifestyle choices.

The current Jobseeker Classification Assessment which predicts future work capacity in terms of hours needs to be reconsidered. The research on this topic questions the validity of predicting a number of work hours an individual is capable of working before intervention of training and support. AFDO's concern is that it lowers the expectations of jobseekers and employment service staff.

Report by all clients, by disability type, and by income support payment

The above measures should be applied to the entire service client group to give overall KPI scores on placement, retention, ongoing support, wages and hours.

The above measures should be applied to the major primary disability groupings to give a measure of performance for different populations.

The above measures should be applied to income support cohorts so that we may see performance for jobseekers in receipt of the DSP and NewStart.

6. Given the broad spread of your members, could you outline the number operating outside capital cities?

AFDO's members are variously constituted. Many members have regional membership or state membership which in turn has regional membership. Others are based on individual membership rather than versions of a federated model. Specifically, one AFDO full member operates in rural Queensland.

AFDO is not restricted to consulting with member organisations and their members. As noted earlier, AFDO has conducted a number of consultations across rural and regional Australia in recent years.

7. We have heard today that it is "cheaper to operate DES in regional areas than cities" could you please comment?

Whereas the Commonwealth budget for DES is substantial and generous, we do believe there is merit in taking a closer look at the cost of providing support to jobseekers with disability and ensuring that funding remains commensurate with such costs.

An analysis of costs should take into account the difference in costs due to location, disability type and other cost factors.

AFDO believes that the starting point is measuring the cost of support in the achievement of high performing employment outcomes. What does it cost to achieve 26 week outcome rates above 50%, in jobs of more than 15 hours per week at award level wages?

AFDO believes that such an examination could also take a look at such high performance across different labour market regions to take into account regional and city differences.

AFDOs concern is that DES does not have a framework to respond to cost increases through the collection of support hours, addressing indexation and adjusted wage costs.

8. Can you comment on what you see as the driver of these changes and an alternative way to address them?

There is clearly a strong belief within DEEWR that competitive tendering is going to produce better outcomes for all people with disabilities over time. AFDO is not convinced that competitive tendering alone will address the poor employment participation rates of all people with disability.

For example, many thousands of youth with disability move from school to non-work adult programs every year. Many in this group have low expectations of looking for work. This population will rarely be referred by Centrelink to DES and thus not part of the market share of contracted services.

This population, however, responds to direct engagement by specialist employment services with a commitment and competency to deliver employment outcomes.

AFDO would like to see a purchasing framework where we begin to seed and develop specialist services that work on a direct registration model to work in close cooperation with schools, families and youth with developmental disabilities. A purchasing model that sets targets of performance in working with school leavers to achieve employment outcomes as a matter of early intervention.

The intellectual disability population is an example of this need. The Commonwealth State Territory Disability Agreement data for 2009-10 indicates that only 13.3% of 68,843 people with intellectual disability aged 15-64 are employed in the open labour market. An employment rate trend that has decreased from 14.3% in 2003-04.

High performance outcomes for people with intellectual disability is characterised by voluntary participation as this group is predominantly in receipt of the DSP. Best practice indicates that direct engagement and registration with this population, followed by customised job search, on the job training, and ongoing support is the most effective service strategy.

What we need in each labour market region are services - generalist or specialist - which have a vision to directly engage with this population at the school and family level.

Whereas AFDO supports the competitive tendering approach, which will address the needs of some of the disability population, this approach needs to be complemented with targeted, selective purchasing. The service competency that AFDO members with intellectual disability require is not in great abundance, yet we do believe that some confident small steps to build this capacity within the sector could be made.

Such complementary purchasing arrangements do not need to be tied to the competitive tendering timeline and framework. Targeted tendering of service for populations that will not feature greatly in the DES-ESS business share will increase the capacity of DES-ESS to address the employment participation of disability populations that have the capacity to work when provided the right support.

The same analysis and targeted purchasing could be explored for other disability populations to determine the need for selective tendering of service to complement contracted business share based services.

Although contracted DES-ESS services are able to engage directly with all disability populations, there is no obligation to do so. This leaves some disability populations and their employment participation to a matter of serendipity, luck and advocacy. AFDO believe it is time we intervene directly and begin to set targets which increase employment participation rates, and decrease reliance on day programs and income support payments.

Protection of employees currently in receipt of ongoing support

AFDO also emphasise the need to protect current ongoing employer-employee relationships. The competitive tendering process will need to provide assurances that

changes in service contracting will not result in the loss of jobs of people with disability who are currently satisfied with their ongoing support from their current provider.