

Australian Federation of Disability Organisations
The Future of Disability Employment Services (DES)
August 2011



Executive Summary

- The poor employment participation rate of Australians with disability is well documented and unacceptable.
- The Commonwealth policy to provide support to increase the employment participation of people with disability is the right direction. The uncapping of assistance was an historical decision of great importance.
- An effective open employment services sector is critical to achieving greater employment participation by people with disability.
- The performance outcome rates of DES, reported by the Interim Evaluation, are poor and disappointing.
- The transition to the new DES program may be partially responsible for the low placement and outcome rates. 13-week outcome rates below 20% are, however, not acceptable.
- We need to know if the current poor performance is temporary or inherent to the program. We request that the Commonwealth publish quarterly outcomes based on the interim evaluation's commencement cohort methodology for 31 March, 30 June, 30 September, and 31 December 2011 to determine an outcome trend over a longer period of time.
- If DES performance indicates substantial improvement, AFDO recommends that the Minister seek a framework of review that permits ongoing improvements to current policy.
- If DES continues to achieve poor outcome rates, AFDO recommends that the Minister seek an independent inquiry by the Productivity Commission to ensure that the future management, purchasing and performance of DES is coherent with the goal to increase the employment participation of Australians with disability.

Introduction

Work generates wages, less reliance on welfare, dignity, a sense of purpose and productivity. Work is the cornerstone of social inclusion.

The purpose of employment assistance for people with disability is to help this population move into work. The outcome of employment assistance is a *job*.

It is typical for employment assistance to be evaluated in terms of the proportion of individuals who achieve employment, the retention rate, the weekly wages earned, and the number of hours of work per week.

The number of jobs indicates how good a program is in finding jobs. Job retention indicates the length of time people stay in jobs. Weekly wages and hours provide measures of productivity, income generation, and economic offsets via reduction in welfare payments and contributions to taxation.

These measures provide a measure of quality, where high performance in terms of jobs, retention, wages and hours is practice that we should fund, disseminate and replicate.

The DES program of employment assistance, introduced on 1 March 2010, offers people with disability assistance to find and keep work. The uncapping of employment assistance, a major feature of DES, provides the opportunity for people with disability to choose work and seek the employment assistance they need.

As the national peak association for people with disability in Australia, AFDO seeks an employment service sector that is committed, competent and achieves efficient and effective outcomes. For many people with disability, their inclusion in the open labour market is dependent on a service sector with these characteristics.

The purpose of this paper is to review the direction and performance of DES in light of the interim evaluation report and contribute to the ongoing discussion on the future purchasing strategy of employment assistance for people with disabilities.

People with Disability and Employment Participation

When we group people by *disability* we find the following facts about employment participation.

ABS SDAC 2009	Profound core-activity limitation	Severe core-activity limitation	Moderate core-activity limitation	Mild core-activity limitation	Schooling or employment restriction	All with specific limitations or restrictions	All with reported disability	People without disability
Unemployment Rate	13.8%	9.9%	8.3%	8.2%	10.4%	9.0%	7.8%	5.1%
Employment Participation Rate	17.0%	38.1%	49.0%	56.0%	46.5%	49.7%	54.3%	82.8%

The ABS Survey of Disability, Ageing and Carers 2009, found that the employment participation rate for people with disability is 54.3%, compared to 82.8% for people without disability. The unemployment rate for people with disability is 7.8%, compared to 5.1% for people without disability. Employment participation rates decrease and unemployment rates increase as the impact of disability increases.

The Disability Support Pension (DSP) population at 30 June 2010 was 792,581. 91.3% of this population did not report wages. 4.3% earned less than \$125 per week. 96.9% of exits are to the Age Pension or death. Paid open employment is not a destination for a significant proportion of DSP recipients.

Of the 206,419 people aged between 15 and 64, who receive funded service via the Commonwealth State Territory Disability Agreement (CSTDA), 20.7% (42,664) report some form of open employment. Only 2.8% earn wages as their main source of income.

The statistics paint a picture of low rates of employment participation, comparatively high rates of unemployment, dependence on income support, and few earning wages as their main source of income.

The following sections of this report take a closer look at the employment participation of two primary disability groups; intellectual disability, and blindness and vision impairment.

Intellectual Disability and Employment Participation

Of 66,315 people with intellectual disability of working age, who receive CSTDA services;

- 10,041 (15.3%) reported work in open employment.¹
- 1,911 (2.5%) earn wages as their main source of income.²
- 42,600 (62.5%) are unemployed, not in the labour force, or employment status unknown.
- 15,142 (22.8%) attend supported employment where the median wage is \$61.50 per week, and the mean wage is \$72.42 per week.³
- From 2003-04 to 2008-09 the number of people with intellectual disability accessing the open employment service program per year declined by 0.4%.⁴

¹ AIHW, DSS 2008–09. *Note: Figures are limited to users of open employment services.*

² AIHW DSS 2008-09. *Figures are for intellectual disability, learning disability, autism, and development disability. Intellectual disability only figures are not reported.*

³ FHCSIA 2008. Australian Government Disability Services Census. 2007.

⁴ AIHW 2011. Disability Support Services 2008-09

- The *DES Interim Evaluation* indicates that the number of people with intellectual disability commencing in ESS between 1 March 2010 and 30 June 2010 decreased by 29.1% in comparison to the same period in 2009 for the DEN program.

The majority of people with intellectual disability of working age are unemployed, not in the labour force, and dependent on the disability support pension for income.

Blindness and Vision Impairment and Employment Participation

In 2007, Vision Australia conducted a survey of people who are blind or vision impaired in order to determine their rate of employment participation. A full copy of the report is located at www.visionaustralia.org.au/employment

The report indicated that 69% of people of working age who are blind or vision impaired are not in paid employment.

Four out of every ten people of working age who are blind or vision impaired indicated that they are unemployed not by their own choice, and are not actively looking for a job. By contrast, the proportion of the population in this “discouraged workers” category at a national level was 8% at the time the survey was conducted.

Once in employment, people who are blind or vision impaired rely heavily on accessing the Employment Assistance Fund to purchase adaptive technology such as screen readers, text enlargement software, or Braille technologies. The Jobs in Jeopardy program plays a critical role in ensuring that people who are blind or vision impaired remain in employment.

DES Outcomes

DES Interim Evaluation

The interim evaluation of DES reported performance outcomes at 31 December 2010 of jobseekers entering DES from 1 March 2010 to 30 June 2010.

There are two sub programs of DES. The Disability Management Service (DMS), which replaced the Vocational Rehabilitation Service (VRS); and the Employment Support Service (ESS), which replaced the Disability Employment Network (DEN). The ESS is distinguished from DMS by jobseekers that need long-term ongoing support to retain employment.

The *DES Interim Evaluation* compared performance results against the previous DEN/VRS programs. This comparison was made with jobseekers entering DEN/VRS from 1 March 2009 to 30 June 2009 and outcomes at 31 December 2009.

DES (DMS+ESS) compared to DEN/VRS

The combined DEN/VRS had a higher overall placement rate than the combined DES; (27.9% for DEN/VRS compared to 24.3% for DES); and similar 13 week outcome rates (14.1% for DEN/VRS compared to 14.0% for DES).

DMS compared to VRS

The DMS program had both higher placement and 13-week outcome rates when compared to VRS; (25.3% and 13.9% for DMS, compared to 20.9% and 11.3% for VRS). The results for each primary disability grouping indicate that DMS placement and 13 week outcomes are higher when compared to VRS placement and 13 week outcomes.

ESS compared to DEN

The ESS program had both lower placement and 13-week outcome rates when compared to DEN (22.8% and 13.6% for ESS compared to 36.9% and 17.7% for DEN). The results for each primary disability grouping indicate

Program	Placement	13-Week
All		
DEN	36.9%	17.7%
ESS	22.8%	13.6%
VRS	20.9%	11.3%
DMS	25.3%	13.9%
DEN/VRS	27.9%	14.0%
ESS/DMS	24.3%	14.1%
Intellectual		
DEN	41.9%	21.6%
ESS	29.9%	18.3%
VRS	15.8%	10.5%
DMS	29.5%	13.6%
Psychiatric		
DEN	36.2%	17.0%
ESS	22.5%	13.0%
VRS	22.4%	11.0%
DMS	26.6%	14.2%
Physical		
DEN	31.5%	15.2%
ESS	19.6%	12.6%
VRS	20.2%	11.5%
DMS	24.6%	13.9%
Sensory		
DEN	44.1%	21.5%
ESS	29.1%	17.6%
VRS	21.1%	11.9%
DMS	25.7%	13.8%

that the ESS placement and 13 week outcomes are lower when compared to DEN placement and 13 week outcome rates.

For people with intellectual disability, the DEN placement rate was 41.9% and the 13-week outcome rate was 21.6%. The ESS placement rate was lower at 29.9% and the 13-week outcome rate was also lower at 18.3%.

DES Report Data

A *DES Report* is published each month, which includes data on national outcome rates. Table 3 shows that the 26-week outcome rate for DES at 31 May 2011 is 17.3% for DMS and 14.7% for ESS.

31/05/2011	DMS	ESS
Job Placement	22.3%	22.5%
13 Week	19.3%	17.9%
26 Week	17.3%	14.7%

Commonwealth Statements of DES Performance

The Commonwealth has highlighted a substantial increase in the number of people with disability commencing in DES as compared to the previous DEN/VRS program. The Commonwealth has also reported an increase in the number of people with disability achieving 13-week outcomes.

There are three points to be made regarding these public statements about DES performance.

1. The number of 13-week outcomes has indeed increased when compared to DEN/VRS. As the DES program has substantially more people commencing in the program, the number of people with disability achieving no employment outcomes has also increased. It is important to consider the efficiency rate of DES as an indicator of performance rather than just the number of outcome claims. As indicated by the *DES Interim Evaluation*, the 13-week outcome rate is 0.1% less than it was for the DEN/VRS program.

2. A significant proportion of job placements, 13 and 26-week outcomes are being achieved by people with disability not on any income support payment.

Table 4 shows that people with disability not on any income support payment make up 15% of the ESS caseload, yet make up 26.9% of job placements, 31.4% of 13 week outcomes, and 36.7% of 26 week outcomes.

Non-Allowee	Caseload	Job Placement	13 Week	26 week
DMS	14.2%	42.0%	50.7%	58.9%
ESS	15.0%	26.9%	31.4%	36.7%
DES	14.6%	34.5%	41.1%	47.8%

As the DES program aims to focus on jobseekers with the most disadvantage, the analysis of program performance must set out the

performance for jobseekers with the greatest need for assistance, particularly people with disability on income support payments.

3. According to the *DES Interim Evaluation*, the increase in commencements in DES is almost entirely from people with disability in receipt of NewStart income support. According to the *DES Report 30 June 2011*, people with disability on NewStart comprised 42.8% of the ESS caseload, and accounted for 20.7% of all 26-week outcome claims. The greater numbers of people with disability commencing in the DES program needs to be interpreted together with the efficiency and effectiveness of outcomes, and the characteristics of the program population.

DES Outcome Discussion

The Commonwealth government announced on 9 December 2009 that the new \$1.2 billion Disability Employment Services,

. . . is a significant improvement in services for people with disability, their families and carers, and employers.

And,

The introduction of the new arrangements is expected to increase the participation of people with disability in employment.

The interim evaluation performance results of DES are poor and not an improvement. The *DES Interim Evaluation* found that the 13-week outcome rate of 14.0% had not improved in comparison to the previous DEN/VRS program result of 14.1%. Less than two out of ten people with disability commencing in DES achieved a job that lasted 13 weeks in duration.

Whereas the DMS program demonstrated improvement compared to VRS, the ESS program demonstrated a significant decrease in the achievement of jobs and retention across all primary disability groups compared to DEN.

The *DES Report* at 31 May 2011 indicates a 26-week outcome rate of 17.3% for DMS and 14.7% for ESS. Whatever interpretation of these results in terms of comparison to DEN and VRS is made, these results are inefficient. Less than 2 out of 10 people with disability commencing in DES achieved employment retained for 26 weeks.

Neither the *DES Interim Evaluation*, nor the *DES Report*, provides information on the average weekly wages or weekly hours of work achieved. We are not able to determine the impact of DES outcomes in reducing reliance on income support payments.

AFDO is particularly concerned about the capacity of DES to achieve employment outcomes for people with disability in receipt of income support payments (i.e. NewStart / DSP). This is an important consideration given

federal budget announcements, which aim to send people with disability to an employment program before they may qualify for the Disability Support Pension.

The increase in the number of people with disability accessing the program, and greater numbers of people achieving job placement and 13 week outcomes must be seen in context of both; (1) an increasing number of people with disability commencing in DES (2) an increasing number of people with disability not benefiting from DES, and (3) a large proportion of DES outcomes being achieved by people with disability not on income support payments.

Future Purchasing Strategy

The Minister for Employment Participation, the Hon. Kate Ellis, consulted with the community from December 2010 through February 2011 on the future purchasing strategy of the DES program. The Minister announced in the Federal May budget that contracts for ESS high performers (i.e. rated 4 or 5 stars) will have contracts renewed for a further 3 years to 30 June 2015. Other ESS services (1, 2, & 3 star rated services) will be subject to tender, competing for contracts beginning 3 March 2013. DMS service contracts will be extended until 30 June 2015.

Issues raised by AFDO

During the consultation, AFDO raised with the Minister the need for people with disability and their families to have access to the performance of individual services in terms of placement and retention rates by primary disability and demographic data. There has been no response to this request.

AFDO raised with the Minister the need for resource units to provide training and technical assistance to support DES service staff build competence in assisting people with disability into paid work. There has been no response to this request.

AFDO raised with the Minister the need to defer purchasing beyond 30 June 2012 and to exempt high performing services from the need to bid for a contract. The Minister announced the extension of current ESS contracts by 8 months to 3 March 2013, and an extension of ESS high performing service contracts until 30 June 2015.

AFDO asked that future tender bids demonstrate performance in terms of outcomes by primary disability to ensure that purchasing decisions provided either generic services with competence across the diversity of disability

groupings; or ensured that purchasing included specialist services for particular disability groupings to ensure each labour market region had the capacity to respond to the employment needs of all. This request has not been responded to as yet.

AFDO is particularly reticent to defer tendering due to the need and opportunity for new specialist services in labour market regions performing poorly.

DEA Campaign

Disability Employment Australia (DEA, formerly ACE) has launched a political campaign to overturn the federal budget decision to put 1, 2 and 3 star rated ESS services to tender.

According to DEA,

. . . requiring over 80% of the ESS to re-tender is a far too heavy-handed way to achieve their stated objectives. The cost of a tender process across 520 contracts will be in excess of \$10 million. This figure is not including the direct cost providers will incur to prepare tenders for contracts that they are already delivering at or above contract requirement levels. The Disability Employment Services program has grown 48% in participant numbers since March 2010, and 31% increase in outcomes. Minister Ellis has commended the DES providers on their performance over this past twelve months, transitioning to a new DES program and achieving improvements in performance. How will forcing providers to re-tender for their business enhance the services for people with disability?

Our key position is that the Government's objectives can be achieved without over 80% of providers going to tender. This includes holding DEEWR accountable for appropriate and timely contract management.

AFDO has been asked by DEA if it will support the campaign.

AFDO has to consider the federal budget decision from the perspective of people with disability. As the DES program is for the benefit of people with disability to achieve employment, i.e. *to get a job*, AFDO's position must be focused on a future ESS program that is effective and efficient in achieving employment outcomes for people with disability who have ongoing support needs.

Under ordinary circumstances AFDO would not agree with the tendering of a broad segment of ESS services, however, the performance of ESS is our primary concern and AFDO cannot support a continuance of contracts on the basis of outcome rates below 20 per cent without accountability, inquiry and change.

AFDO and its members have previously supported postponements of tender plans in order to provide time for the service sector to ready itself. AFDO and its members have provided this support at some cost, knowing that delay prevented organisations to bid for contracts for disability populations that are not benefiting under current purchasing arrangements.

Whereas we will support the Commonwealth's decision, we believe that consideration must be given to the future development of disability employment services to change to a high performing sector. The achievement of this will not be achieved by tendering alone. AFDO has set out below the actions we would like the Minister to consider as a way forward.

Recommendations

Monitor Outcome Performance

The introduction of DES, and the changes this has brought to the employment service sector, requires performance outcomes to be monitored closely to determine whether DES should continue with only minor refinements, or whether substantial changes are warranted.

A discussion about the future purchasing strategy of ESS needs to be better informed. We need to know if the current poor outcome rates are temporary, or whether there is an ongoing trend of poor outcome rates inherent to the program.

The evaluation performance data should include outcomes based on the interim evaluation's commencement cohort study over ***a longer period of time*** to determine placement, 13 and 26-week outcome rate trends.

We recommend that the Minister request the DES evaluation team to prepare quarterly updates of the *DES Interim Evaluation* cohort to include outcomes at 30 March, 30 June, 30 September and 31 December of 2011. These would be a follow up to the rates reported at 31 December 2010 in the DES interim evaluation report. These updates should include outcome rates by primary disability groupings, age groups, gender, income support, and other groupings (i.e. CALD, Indigenous).

The comparison against DEN/VRS should be extended back to 2007 and 2008 to enable a more comprehensive trend of employment outcomes over a longer period of time.

If outcome monitoring indicates substantial improvement of DES outcome rates over time, then the Minister need only look at reviewing and refining current policies of purchasing and performance frameworks in readiness for the next contract.

However, if there is a pattern of continued poor outcome rates, the Minister should give consideration to an independent inquiry into the management and performance of DES to advise on what changes should be considered for the program to achieve high performing national average outcome rates.

In light of the outcome rates reported by the *DES Interim Evaluation* and *DES Reports*, we need to be assured that the current policy, purchasing and performance framework is the right 'vehicle' to increase the employment participation of people with disability with ongoing support needs into the future.

Review the Performance Framework

AFDO recommends that the Minister provide an opportunity for the sector to review the current performance framework and advise on changes for the next contracting period.

The core of our request is the need for a performance framework that is meaningful and empowering for people with disability and their families when choosing employment services.

The performance framework does not permit answers to questions about the outcome rate of placement and retention by individual employment services, either as an overall rate, or by primary disability, age, gender or other client characteristics.

The Star Ratings are not sufficient as this masks the actual performance outcome rates of individual services for placement and retention in employment in terms of primary disability and client characteristics.

AFDO representatives prepared a brief paper on the need for the performance framework to provide meaningful information to people with disability. This was shared with DEEWR in December 2010. In addition, AFDO representatives have also outlined the need to review specific key performance indicators (KPIs) to address issues of relevance to all services and all people with disability.

AFDO has also indicated that the performance framework is missing KPIs in relation to average weekly wages and average weekly hours of work. This is a considerable gap in the performance framework that should be reintroduced to ensure that the performance framework measures the ability of DES to increase workforce participation AND provide hours of work and wages that decrease reliance on income support payments.

Purchase Specialist Employment Services where needed

The future purchasing strategy needs to ensure that contracts for generic disability employment services are based on evidence of past performance in assisting ALL disability groupings.

The current dominance of generic employment services in the ESS has, according to the DES interim evaluation, not provided an improvement for all primary disability groupings. The reliance on this purchasing strategy should be reconsidered in light of the poor results.

As star ratings are based on a regression model, and distance from average performance, star ratings do not provide an indication as to whether a service has achieved outcomes for particular disability groups, and at what outcome rate.

As generic employment service contracts are assumed to be capable of working with the diversity of jobseekers with disability, AFDO believe that such capacity should be demonstrated in a tender bid for a generic service contract.

Similarly, AFDO believe that specialist tender bids should also be required to demonstrate past performance in assisting a particular disability grouping.

DEEWR purchasing decisions should ensure that there are competent employment services for the diversity of jobseekers with disability in every labour market region. In order for such decisions to be made, and for services to compete for contracts based on performance, outcome rates of individual services and labour market regions (placement, 13 and 26 week retention, and ongoing support) should be made publicly available.

AFDO members have expressed concern that current purchasing arrangements disadvantage particular disability groupings. Members particularly express concern for people with disability with high ongoing support or who require specialist competence in areas of employment assistance.

We recommend that the Minister make individual service and labour market region outcome rates publicly available so that there is transparency of purchasing decisions on behalf of all people with disability.

Safeguard Employees Receiving Ongoing Support

The future purchasing strategy must ensure that people with disability who are currently working and receiving ongoing support are not disadvantaged by future purchasing decisions.

This group of workers will have established long term relationships with their service provider and employer. Any changes as a result of purchasing decisions must ensure that workers that currently receive ongoing support will continue to receive this support at the same level of quality.

This guarantee must be provided by the Commonwealth to ensure that individuals and their families will not be adversely affected by changes in the purchase of ESS contracts beginning March 2013.