



Mental Health
Coordinating Council

**Submission to
'The future of Disability Employment Services in
Australia'
Discussion Paper**

February 2009

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The Mental Health Coordinating Council (MHCC) provided a submission to the earlier consultative process surrounding the development of a National Mental Health and Disability Employment Strategy in June 2008. We thank the Government for inviting us to participate in responding to 'the future of Disability Employment Services in Australia'. We applaud the Government's commitment to improving disability employment services and developing strategies to minimise the barriers to employment for people with disability. We acknowledge that Government has endeavoured to simplify the model and its structure, so as to ease the administrative requirement on providers - therefore improving capacity to provide direct services.

MHCC have consulted their members and the sector for the purposes of this submission in which we focus specifically on the impact of the proposed alterations to service delivery for people with psychiatric disability. In general those consulted operating in the sector report that they are satisfied with many of the amendments to the Proposed New Model and agreed that it be focused on and reflected by Disability Service Standards.

The new service fee payment system is seen as having benefits as it requires less administration. These payments made quarterly in advance will enable organisations to better manage their budgets. As a consequence this would allow real and measurable KPIs to be established to evaluate performance and measure outcomes.

There is also support for the bonus incentive available for providing targeted skill shortage training to job seekers.

Nevertheless, a number of concerns were raised outlined in this submission.

Summary of sector concerns regarding the Proposed New Model:

- Overwhelmingly the sector is concerned that the service fee amount will negatively impact on their income.
- They also report that whilst they agree in principle with Job Capacity Assessment (JCA) determining admission either into Program A or B they have reservations since it is unclear as to the methodology or other factors to be used in considering the determination.
- Whilst there was in principle agreement that movement between Program A & B be determined by a further JCA assessment, it should be clarified whether this will require a job seeker to attend the assessment in person, or whether the assessment will be based on additional evidence provided by the Disability Employment Network (DEN) without their need to attend in person.

However, concerns remain about the quality of JCA assessments and a reduction to the provider's role in the proposed assessment process. Whilst complicated, the Case Based Funding Model had merit since it includes 'evidence-based' information gathered from work-based assessments.

Problems remain despite the measures taken that arose from a Report of the Commonwealth Ombudsman and the JCA Review process. These concerns relate to assessor training and experience and undertaking appeals to challenge referral decisions. We suggest that difficulties will intensify with the expanded responsibility of JCAs in determining funding levels.

- The development of an appeal process needs to be part of the development of a new assessment tool to be evaluated by the industry reference group.
- That some consideration be paid in the model to maintain sector sustainability during the global economic crisis.

Further concerns are identified under the following Discussion Points.

Discussion point 1: IT based funding level assessment tool

The new model uses a relative fee model with most resources going to the most disadvantaged.

What characteristics most influence a job seeker's DPI and DMI funding levels?

What additional issues or characteristics should the reference group consider when developing advice on the new IT based funding assessment tool?

There will be instances when a change of circumstances could result in moving to a higher funding level in Program B. How should this be managed?

- The DPI focuses on the job seekers limitations or barriers to obtaining employment, including: health; lifestyle; social environment; medication; management strategies; training needs and skill deficiencies as well as interpersonal skills, to list a few. The DMI focuses on the employment history of an employee or job seeker, including: workplace barriers; ongoing identified support needs; behavioural management; supervision required and future training schedules.
- Health and lifestyle management combined with workplace supervision, management and skills development are the main characteristics influencing a job seekers DPI and DMI.
- The assessment tool needs to be user friendly with an effective balance of all issues associated with both the DPI and DMI's. The sector supports the proposal of the development of a new assessment tool steered by an industry reference group. We suggest that in order to gain sector acceptance that there also be open consultation to inform and trial the tool.
- Any move from one funding level to another should be determined through assessment by an independent assessor based on real evidence from various sources including evidence from the service provider.

Discussion point 2: Program support

The disability employment service providers will be given flexibility to determine the frequency of their contacts and other activities in accordance with the needs of the job seeker. However, to ensure a reasonable level of service, providers will be expected to meet regularly with job seekers and this will be reflected in the job seeker's EPP. What contact minimum requirements should be set?

The new model includes the options of extending the 18 month program for an additional six months for job seekers who are close to achieving an employment outcome.

Should an independent assessment be made for access to the additional six months?

If not independently assessed, what evidence should be required to support the decision to extend a program for the additional six months?

- The minimum contact requirements should be set at three (3) weekly face to face client interviews.
- We consider an independent assessment should be conducted before approval of the additional six (6) month support. The evidence to support approval should be based on the assumption that a real job prospect is eminent, i.e. work experience placement, completion of study (training).

Discussion point 3: Flexible Ongoing support

The proposed 'fee for service' flexible ongoing support will enable providers of disability employment services to offer more flexible support in the workplace, particular for those likely to need occasional support.

What level of support should trigger an assessment for more regular intensive ongoing support?

- The trigger that would require further ongoing support would be the likelihood of the employee losing their job due to disability or health needs - Employment in Jeopardy (EIJ).

Discussion point 4: assessments

One weakness of any assessment is the propensity of people to demonstrate their strengths rather than their support needs. How could this new independent assessment prevent individuals losing access to the support they need because they were assessed 'on a good day'?

What weightings should apply to the discussion with providers and evidence of support provided?

What skills, experience and qualifications should be required of the new workplace assessors?

- The weightings applied to any assessment should be predetermined by the weighting key stakeholders (service provider and the employer) being of paramount importance. Weightings of other stakeholders should be based on their input, knowledge and understanding of employees' employment needs, including: health; social environment; skill mix and deficiencies.
- The minimum skills/experience and qualifications of any workplace assessor in the disability industry should be, Cert IV Workplace Assessor and Training, and Cert III Disability with a minimum of three years work experience.

Discussion point 5: Employer Incentives

What rules should apply to individual job seekers claiming funds for workplace modifications or assistive technology?

- We support the maintenance of the current employer incentive system which focuses on the needs of the employee to maintain employment and work within a modified work environment.
- However, incentives are preferably transferable in case the person loses their job. When incentives are not transferable, e.g. building modification, then there needs to be a cap on the pay out.
- We recommend a more timely approval process.

Discussion point 6: Service fees

The proposed fee model streamlines service fees and will reduce administration for providers by replacing monthly service fees and the requirement to claim and acquit payments for each job seeker with quarterly service fees paid in advance.

Are there any further improvements that can be suggested to derive and pay service fees?

How should we balance the need to ensure a job seeker receives assistance appropriate to their needs with the provider's responsibility to manage costs across their case load?

How should fees be shaped to discourage parking or under-servicing harder to help job seekers?

- We support the proposed service fee model but oppose the proposed fee quantum. (The proposed fee quantum is substantially less than the current arrangements allow and will have a major impact on the level of service provided to the job seekers with regards to their various and complex special needs).
- The need of balancing service provision whilst ensuring a job seeker is receiving an appropriate service commensurate to their needs should be managed by the establishment of relevant attainable KPIs and provider audits.
- To discourage 'parking' or under servicing of harder to help jobseekers, a service provider should be awarded suitable allowance (by way of one off payments) when achievable outcomes have been attained within set KPI schedules.
- All fee levels should be annually adjusted to include cost inflation, take into account salary increases and CPI.

Discussion point 7: Outcome fees

What limits, if any, should be placed on allowable breaks when calculating an employment outcome?

Currently in DEN, the equivalent of a job placement fee is paid once a job seeker has been in employment for four weeks. In VRS, a job placement fee is paid as soon as a job seeker has been placed in employment. At what point should a job placement fee be payable?

As many job seekers try more than one job before settling into employment, how many job placement fees should an individual job seeker attract?

- Due to the complexity of disability and the characteristics associated with each disability there should be no limits placed on allowable breaks. However, due consideration should be made to the evidence provided to support the allowable break combined with the support plan to ensure the most timely return to employment.

- Due to the current nature of employment conditions (probationary periods of 3-6 months dependant of employer) a maximum of 3 job placement fees should be awarded per jobseeker. Consideration should given to obtainable evidence collection; that it was likely the employment would last for the probationary period and beyond (as per Wage Subsidy Guidelines)
- All fee levels should be annually adjusted to include cost inflation, take into account salary increases and CPI.

Discussion point 8: Transition issues

Based on your experience of providing assistance to people with disability, what are the key issues that you believe will need to be addressed during the transition process?

How do you believe those issues could be best addressed?

- Key issues that would need to be considered during transition include effective, easy to understand, transitional information and documentation (advertisements, brochures, etc.) to minimise potential concerns/ anxieties associated with change.
- Issues could be addressed by giving providers a simple summary to begin the education process as well as community consultation/ information sessions.
- A significant issue is keeping the outgoing service provider viable. The provider will have lease termination costs; redundancy costs; reducing income, etc. and DEEWR must work with the provider to manage such financial impost. Service provision may evaporate as staff exit to procure new employment.

Discussion point 9: Communication

How do you believe the transition arrangement should best be communicated to providers, job seekers and employers?

Is there anything DEEWR should do to assist providers in delivering a quality service for the remainder of this contract period?

- DEEWR will need to provide ongoing help-desk assistance and direct contact with the contract manager during the transition stage.
- Communication should be available in “Plain English” format, disability friendly.
- Communication to both existing and new providers must be as early as possible to allow planning for change.
- Communication to employers is not as important if service provision continues without a gap.

Discussion point 10: Transition to the new model

Are there any specific indicators that you believe should be considered when determining an existing job seeker's program and funding level?
Can these indicators be identified in the system?

Given the complexity of the current system, some job seekers may not be in the right program and will need to be reassessed for the new programs? What indicators should trigger a reassessment?

- When determining transition to the new model the individual need of a job seeker should be the main consideration, with every effort made, where practicable, to keep the job seeker with the pre new model provider.
- Identified support needs should be the trigger to assess a job seekers movement

Discussion point 11: Transition supported employees

What do you think is the best way to help supported employees who need to move from their existing provider to a new provider?

Apart from the requirements set out in the current contract or funding deed, are there any steps that you recommend providers should take?

into a new and different program.

- Transition arrangements for supported employees should be no different to the transition arrangements for all other job seekers, i.e. the needs of the job seeker should be the main consideration. It is important that DEEWR works with the existing provider to ensure that provider remains viable and capable of delivering the service.

Concern regarding Service Fee Structure

The Service Fee Structure will restrict the level of service provided to job seekers as it will have a major reduction in the level of income received by the organisation.

Example

If a current provider has 100 job seekers on the ratio of 10% level 1 @ \$247 per month, 50% level 2 @ \$418 per month, 37% level 3 @ \$647 per month, and 13% level 4 @ \$1006 per month which is the industry standard the income received over an 18 month period if all job seekers remained in the program for the 18 months would be \$ 912,000.00 (average \$580.00 per client).

After one month intake and DPI assessment	\$100,000
After three months	\$116,000
After six months	\$174,000
After twelve months	\$348,000
After fifteen months	\$174,000
TOTAL	\$ 912,000

Under the new service fee structure which has a fee structure tailored over an 18 month period, the organisation would receive the following payment for the same 100 job seekers.

An upfront payment on referral to the program of	\$159,500
A further payment at three months of	\$159,500
A further payment at six months of	\$ 71,500
A further payment at nine months of	\$ 71,500
A further payment at twelve months of	\$ 71,500
A further payment at fifteen months of	\$ 71,500
TOTAL	\$ 605,000

This proposal will result in an income reduction of \$307,000 for the 100 employees over 18 months. This figure can be marginally offset by reduced administration costs associated with preparing claims and increased productivity. (Raw figures for wages alone of \$13,600 over the 18 month period without taking into consideration increases in case loads and more effective servicing of clients).

We support requirements that JCAs will be assessed without evidence from work experience. Nevertheless, we have the following concerns.

Concerns regarding the Proposed New Model

- The proposed 13 and 26 week employment outcomes will only recognise cumulative weeks of employment with one employer, which will also apply for multiple part- time jobs. This is a move away from the current arrangement which will reduce service providers' ability to claim outcome payments.
- The Job Capacity Assessments will use information collected by Centrelink and the JCA to include factors such as disability type, age, gender, location and time out of the workforce. DEEWR argues there is a correlation between these characteristics and level of support. We disagree with this information being used to assess a job seekers program.

Services ineligible for 'Invitation To Treat' (ITT)

- As a consequence of high volatility of low market share (smaller services) in determining Star Ratings, the variances against performance criteria will become more pronounced for providers servicing a smaller target group of job seekers. This will particularly impact job seekers with mental health issues.
- Likewise, tendering selection criteria that include consideration of performance factors additional to Star Ratings, such as quality of outcomes (long term placements, type of job, will impact negatively on job seekers with mental health issues.
- The proposed tendering arrangements may have a negative effect on clients and their families if their service provider fails to secure a new contract. Continuity of service delivery is crucial to the health and wellbeing of job seekers, particularly those with psychiatric disability.

Recommendations

1. To ensure smoother transitions between open and supported employment (and vice versa), enhanced collaboration and linkages must be initiated. Service providers must be able to easily refer job seekers Australian Disability Services if they are not ready for open employment.
2. Under the Proposed New Model, a service provider pathway similar to the one that exists in supported employment is necessary.
3. Under the Proposed New model, 'Request for Tender' (RFT) will be based on Star Ratings for the period ending 31 Dec 08. The ITT process must be concluded between the release of the Exposure Draft of the RFT (April 09 and the final RFT in Aug 09) with new contracts commencing on 1 March 2010.
4. The selection criteria for awarding future contracts to disability employment services must acknowledge the particular expertise, experience and local knowledge that may be the strength of small providers.
5. Where an existing service provider tenders unsuccessfully, a smooth transition strategy must be implemented to ensure clients are supported through the change.
6. An independent assessment of funding levels must be accompanied by accessible, robust and responsive appeals mechanisms developed in consultation with the sector. This will help ensure fairness, transparency and natural justice.
7. All fee levels should be annually adjusted to include cost inflation, take into account salary increases and CPI.
8. A more timely approval process for job seekers claiming funds for workplace modifications or assistive technology.

MHCC look forward to the outcome of the Government's deliberations. For further comment on this submission please contact Corinne Henderson at corinne@mhcc.org.au or Tel: 02 9555 8388 ext 101

Thankyou for the opportunity to comment



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