Catholic Welfare Australia

Response from Catholic Welfare Australia

to the

Department of Employment and Workplace Relations' Paper

Next Steps for Disability Open Employment Services

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Introduction

The following paper outlines Catholic Welfare Australia's response to the Department of Employment and Workplace Relation's (DEWR) Paper, 'Next Steps for Disability Open Employment Services'.

Catholic Welfare Australia welcomes the focus on Open Employment Services and the broader policy debate on employment services for people with a disability. However, we do have a number of particular concerns with some of the proposals outlined in the Paper. Catholic Welfare Australia:

- does not support the introduction of a Job Seeker Account (JSKA) in Open Employment Services. The concept of a JSKA in which funds are allocated to a quarantined pool for purchasing products does not reflect the service delivery model in Open Employment Services, where agencies provide high levels of one-to-one assistance to their clients;
- is concerned the Paper has not identified mechanisms to promote cooperation/interaction with other employment services including Job Network;
- believes that any changes to Disability Employment Services need to be supported by broader Government policy that addresses the barriers that people with a disability have to participating in the labour market, especially low skill levels and employer concerns about increased cost to business.

Background

Catholic Welfare Australia is the peak body representing 54 social service organisations of the Catholic Church at the national level and provides advice on social issues to the Australian Catholic Bishops Conference.

The Catholic Welfare Australia network operates Disability Open Employment Services from 12 sites across Australia in three States and Territories, and services around 1200 clients. (*Centacare Brisbane, Centacare Canberra/Goulburn, Centacare Port Macquarie, Centacare Sydney*.)

We also administer several other employment services that are directly impacted by the proposals in the Paper. Catholic Welfare Australia is one of the national providers in Job Network, delivering services under the brand 'Centacare Employment'. Centacare Employment operates from 16 sites in 5 States and Territories and currently assists over 16,000 Job Seekers.

Catholic Welfare Australia is one of the largest providers of the Personal Support Programme (PSP), under the national brand 'Choices PSP'. Choices PSP is delivered by Catholic Welfare Australia Member Organisations across 60 sites in every State and Territory and is currently contracted to service over 4300 clients.

Disability Employment Policy

Catholic Welfare Australia believes that changes to Open Employment Services need to be supported by a national policy that promotes employment of people with a disability. There is however a couple of very important matters which need to be reflected in the broader policy agenda. Firstly, that there are in fact some people with a disability who will never be employable due to the nature of their condition. Secondly, the ability for some people with a disability to participate in the workforce is susceptible to change over time dependant on the nature of their condition, ie: mental illness.

Further to this, people with a disability are more likely to be unemployed than people without a disability The Productivity Commission recently estimated that having a disability increases the probability that a person will be unemployed by around 22 per cent for females and 28 per cent for males[1].

With the assistance of our Membership currently providing Open Employment Services, Catholic Welfare Australia has identified some of the major barriers to employment of people with a disability at present:

1. Skill levels

People with a disability typically have much lower skill levels compared to the rest of the population.

Thirty per cent of people with a disability have completed Year 12, compared to 50 per cent of people without a disability. Thirteen per cent of people with a disability have tertiary qualifications, compared to 20 per cent of the rest of the population[2], and only around 5 per cent of vocational education and training students identify themselves as having a disability each year[3].

The Government has recently linked the need to increase workforce participation with current skill shortages[4]. If this is the case, changes to disability employment services also need to be supported by a commitment to increase skill levels amongst people with a disability, so that they can access these vacancies.

[1] Productivity Commission *Review of the Disability Discrimination Act 2004*, pA.32
[2] ABS *Survey of Disability, Ageing and Carers* 2003, p22
[3] Productivity Commission *Review of the Disability Discrimination Act 2004*, pB.7
[4] Speech by The Hon Kevin Andrews, Minister for Employment and Workplace Relations, 'Issues in Working Age Reform', 2005

2. *Employer concerns*

The Productivity Commission has found that higher unemployment levels amongst people with a disability is the result of employer concerns about an individual's workplace productivity, and additional costs that the business may be exposed to as a result of hiring a person with a disability[5].

This is reflected in the results from the DSP pilot. Typical employer concerns included the cost of making adjustments either to the workplace or work conditions, negative perceptions about the reliability and productivity of the Job Seekers, concerns about increased costs and the likelihood of workplace accident or injury, and a lack of understanding about employer's rights of dismissal[6].

Catholic Welfare Australia would welcome the opportunity to work with DEWR and other disability and welfare organisations to develop a national policy framework to promote the employment of people with a disability.

Recommendation 1:

Changes to Disability Open Employment Services need to be supported by policies that promote the employment of people with a disability.

Proposed changes to Disability Open Employment Services

Job Seeker Account

Catholic Welfare Australia does not support the introduction of a JSKA in Open Employment Services.

The concept of a JSKA is not suited to the service delivery model required to achieve outcomes in Open Employment. Open Employment is a specialist service which uses a case management approach to work with clients. Staff members provide ongoing one-to-one support to address barriers to employment, including the impact of a client's disability on gaining work, and other barriers such as health, transport and financial issues.

[5] Productivity Commission *Review of the Disability Discrimination Act 2004*, p78.
[6] DEWR *Job Network Disability Support Pension Pilot: Interim Evaluation Report,* 2004, p21.

Potential employers often have concerns about working with people with a disability and it is therefore necessary for staff working with Open Employment clients to canvass potential employment opportunities with individual businesses in a direct manner. Hence, applying for vacancies from a bank of jobs, such as Australian JobSearch, is simply impractical. Once a placement is made, staff members work with individual employers to address any factors affecting the ability of the client to maintain employment which can include providing on-site support.

The high level of one-to-one assistance provided in Open Employment is reflected in the relative proportion of fees that are allocated to wages and on-costs, and to purchasing JSKA style expenses for Job Seekers. The Open Employment providers in the Catholic Welfare Australia network currently allocate between 85-95 per cent of their core fees to wages and on-costs and only 5-15 per cent to purchasing JSKA style expenses.

In the model proposed in the Paper, between 45 per cent and 52 per cent of the employment assistance funding available to providers is allocated to a JSKA, depending on the client's level of disability with maintenance funding only available under a JSKA. The proposed funding model is simply inoperable within the current service delivery model used within Disability Open Employment Services.

Catholic Welfare Australia is also opposed to the introduction of a JSKA to the Open Employment Services program because of the likely increase in administration costs, which will divert resources from assisting Job Seekers. Reflecting on its experience of the JSKA under the Employment Services Contract 3 (ESC3) funding model currently used in Job Network, Catholic Welfare Australia estimates that there has been an 83 per cent increase in claims by Centacare Employment compared against the previous contract. This is a significant administrative burden largely because providers must justify every purchase under the JSKA. For Centacare Employment the average value of claims in ESC3 is $187 for each item purchased.

While not supporting the introduction of a JSKA, Catholic Welfare Australia believes that if DEWR was committed to its introduction, then the relative proportion of fees that are allocated to the JSKA would need to be limited to 10 per cent of the core fee model. This would apply to both employment assistance fees and to maintenance fees.

Further to this, if the new funding model for Disability Open Employment Services does include a JSKA, additional funding would need to be made available to providers to cover the higher administrative costs of operating a JSKA. We would recommend this increase is equal to 6 per cent of the fees available at each level of disability in the current core fee structure. This is based on the experience of Centacare Employment, where the equivalent of one out of every fifteen full-time staff is required to administer the JSKA.

Other Employer Incentive Scheme (EIS) programs, including the Workplace Modification Scheme and Wage Subsidy Scheme, should be retained as separate budget allocations, and not be included as measures to be provided under a JSKA. Over $350m was provided to EIS programs in 2003-04[7].

Recommendation 2:

Catholic Welfare Australia does not support the introduction of a JSKA in Open Employment Services.

Relationship between Open Employment Services and Job Network

Catholic Welfare Australia believes that measures are needed to promote co-operation and integration between Open Employment Services and Job Network whilst ensuring that Open Employment remains a distinctive service within the Active Participation Model. The Paper proposes that Open Employment providers and Job Network providers will be able to register Job Seekers on an integrated IT system however there are no proposals contained in the paper on how to promote co-operation between providers at a local level.

Catholic Welfare Australia has identified two advantages to be gained from increased co-operation and integration between service providers. Improved co-operation and integration would:

1. promote best practice on servicing people with a disability.

In the recent pilot run by DEWR to engage Disability Support Pension (DSP) recipients in Job Network, providers indicated that their ability to work with people with a disability would be improved by better networks with the disability service industry, where information on best practice, resources and training could be made available[8].

2. improve the streaming process between Open Employment and Job Network services:

2.1 while the central role of Centrelink in streaming Job Seekers into the most appropriate service should be maintained greater co-operation would assist in moving people with a disability between services if their condition changed and meant that they were better suited to an alternative service. For example, 15 per cent of the volunteers in the DSP pilot exited after being engaged with a provider, mostly because

[7] *Commonwealth Department of Family and Community Services Annual Report 2003-04*, p189
[8] DEWR *Job Network Disability Support Pension Pilot: Interim Evaluation Report,* 2004, p20.

of a deterioration in their health or because Job Network was found to be unsuitable for their needs[9]. Greater co-operation would have assisted in placing these clients into Open Employment services.

2.2 Job Network providers would be able to determine if clients had an active referral to Open Employment Services.
The pilot found that Job Network providers experienced difficulties in determining whether or not DSP recipients who approached a service had an active referral. Providers indicated that 'good local networks … including direct contact with other services, were helpful in sorting out such instances, as well as enabling mutual dialogue about the most suitable available service for the job seeker'[10].

There are several options available to promote co-operation and integration between providers. These could include:

- regular local area meetings between Open Employment, Job Network and CRS Australia providers and Centrelink. There are a number of examples of regular local area meetings between disability employment providers, such as the Network of Employment and Training Agencies (NETA), which is a forum of disability employment agencies in the ACT. However, there are no regular meetings between disability employment and Job Network providers co-ordinated on a national basis;

- consolidating and making available information on which Open Employment, Job Network and CRS Australia providers operate in each Employment Service Area (ESA). This information is not currently available; and,

- enabling the integrated IT system to identify whether a client has an active referral to another service, and to refer clients to a more appropriate service when their circumstances change, eg a change in their medical condition.

Recommendation 3:

Catholic Welfare Australia supports the position that there is a need for greater co-operation and integration between Open Employment and Job Network providers.

[9] DEWR *Job Network Disability Support Pension Pilot: Interim Evaluation Report,* 2004, p5.
[10] ibid, p14

Direct registration

Catholic Welfare Australia believes Centrelink's responsibility for streaming clients into the most appropriate service must be maintained.

Centrelink is currently responsible for streaming individuals into the most appropriate employment service using the Job Seeker Classification Instrument (JSCI). The application of the JSCI is resource intensive. A job seeker is initially required to complete a 30 question interview. Based on their responses, a Job Seeker may be identified as requiring a JSCI Supplementary Assessment (JSA). There are three types of JSA. In order to be referred to a specialist disability employment service, a job seeker must complete a JSA - Disability. Here, two forms are completed, one by the job seeker and one by a professional who has had contact with the job seeker. A Centrelink Disability Officer reviews these forms in an interview with the job seeker and determines the most appropriate form of employment assistance[11].

The Department's Paper is unclear as to whether or not Centrelink will retain responsibility for completing the JSCI or whether in fact this role will fall to employment service providers in the future. The introduction of direct registration should not be used as an opportunity to pass this responsibility onto providers. The streaming of clients using the JSCI and the JSA is a highly resource intensive process that agencies are not funded nor currently skilled to complete**.** Catholic Welfare Australia believes a number of issues would be raised should the role of completing JSCI's move to employment service providers which would most certainly require the development and implementation of a comprehensive quality management and standardisation process.

It is our view that there is an increased risk that individuals will not be streamed into the appropriate service if responsibility for this role is given to service providers, mainly because providers are not adequately resourced and skilled to undertake this task. For example, in the DSP pilot, providers experienced delays in assessing the eligibility for Intensive Support Customised Assistance (ISca) classification of Job Seekers who registered directly with Job Network. Providers had to liaise with DEWR, Centrelink and alternative employment services to collect information about the individual's disability and work history[12]. The Paper does not allocate any additional resources to Open Employment providers to allow them to stream individuals who may approach their service directly.

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[11] *The Job Seeker Classification Instrument: What Has Changed?* available at http://www.workplace.gov.au

[12] DEWR *Job Network Disability Support Pension Pilot: Interim Evaluation Report,* 2004, p14.

There is also an increased risk of Job seekers being inappropriately classified and parked in Job Network if the role of streaming is given to employment providers. Job Network providers may choose to classify people with a disability as Job Network eligible in an attempt to gain the higher fees that are available for these clients. However, if Job Network providers find that they have low outcome rates for people with a disability, they may then choose not to dedicate sufficient resources to these clients in order to maintain their star ratings and business share.

Retaining Centrelink's role for streaming clients into the most appropriate services will ensure that the integrity of the current system is maintained.

Recommendation 4:

The primary responsibility for streaming clients into the most appropriate service should remain with Centrelink

Arrangements post 1 July 2006

Catholic Welfare Australia notes the comment in the Paper that arrangements to apply from 1 July 2006 are under consideration by Government. Catholic Welfare Australia believes that Open Employment and Job Network providers and other affected organisations must be engaged in meaningful consultation on any proposed changes. There are three issues that Catholic Welfare Australia wishes to highlight at present.

Recommendation 5:

Open Employment and Job Network providers must be consulted on arrangements to apply from 1 July 2006.

Open Employment Services retained as a distinctive service

As previously mentioned in this Paper, Catholic Welfare Australia believes that any future arrangements need to ensure that Open Employment remains a distinctive service within the Active Participation Model (APM). Open Employment Services operate under a different service delivery model to Job Network. Providers use a case management approach to work with clients. This involves providing ongoing one-to-one support to address barriers to employment, canvassing employment

opportunities with individual businesses, and once in employment, working with businesses to maintain employment, including providing individual on-site support and training for as long as necessary. The timeframes vary from client to client but would generally be well in excess of the hours available to Job Network members. Open Employment providers have up to 18 months to work with a client.

If a client who was eligible for Open Employment services entered Job Network, they would be identified as highly disadvantaged and immediately eligible for ISca. However, they would only be eligible for one six month period of one-to-one support. During this time, the Job Network provider is only required to meet with the client on a fortnightly basis for a total of 10.5 hours, or less than 1 hour per fortnight. More than half of the pre-employment assistance funding is quarantined to the JSKA[13].

After completing their first period of ISca, the client would then be required to undertake a mutual obligation activity, such as Work for the Dole. The current framework of *mutual obligation* activities is not designed to support large numbers of people with disabilities using these services. There are presently around 50,000 people with a disability receiving Newstart allowance[14], compared to almost 700,000 people on the Disability Support Pension[15].

Recommendation 6:

Open Employment Services must continue to be a specialist service within the Active Participation Model, and not absorbed into Job Network.

Uncapped places

Catholic Welfare Australia believes that places in Open Employment Services should be uncapped, so that Job Seekers with a disability have access to an employment service that best suits their needs as soon as they require it.

The Australian Government has made the promotion of workforce participation a key part of its fourth term agenda[16]. Increasing the level of workforce participation

[13] DEWR *Employment Services Contract 2003-2006*, pp36-37, 67
[14] ACOSS 'The 2002 Disability Reform Bill', presentation to AFDO Participation and Payments Forum, 2005
[15] FaCS *Characteristics of Disability Support Pension Recipients June 2004*
[16] Speech by The Hon Kevin Andrews, Minister for Employment and Workplace Relations, 'Issues in Working Age Reform', 2005

of people with a disability will require additional places in specialist disability employment services, because not all people with a disability are suited to Job Network. In the DSP pilot, forty five per cent of volunteers exited: thirty per cent met with a pilot provider but were not engaged, while 15 per cent exited after being engaged with a pilot provider. The pilot also identified a clear set of criteria for DSP recipients who are able to participate in Job Network:

> *The pilot was aimed at DSP Job Seekers who volunteered and were able to be assisted … Job seekers with high level, significant and on-going workplace support needs – that is, beyond one-off workplace modification or the normal Job Network post-placement support period of around six weeks – were not included*.[17]

Currently, the Australian Government spends only two-thirds of the OECD average expenditure on specialist disability employment services relative to the size of Australia's economy[18]. Only around 6 per cent of the DSP recipient population (or around 42,000 recipients) were placed in Open Employment Services in 2003-04[19].

Recommendation 7:

Places in Open Employment need to be uncapped.

Development of benchmarks for performance monitoring

Catholic Welfare Australia believes the contract with Open Employment providers should be rolled over for a further three years from 1 July 2006 to allow for the development of an appropriate set of benchmarks for measuring performance. This will also ensure the contract for Open Employment services is still in-line with the ESC4.

No current benchmarks exist to measure the performance of Open Employment providers. Given this, an appropriate length of time will be needed to consult with the industry to identify a set of indicators that have broad agreement. Providers will also need time to assess any potential impact of the implications of performance indicators on their service models and business share. The star ratings system in Job Network, for example, is used to re-allocate business between providers.

[17] DEWR *Job Network Disability Support Pension Pilot: Interim Evaluation Report,* 2004, pp4,5
[18] ACOSS *Ten Myths and Facts About the Disability Support Pension*, 2005, p8. Specialist disability employment programs include Open Employment services as well as sheltered workshops.
[1919] *Commonwealth Department of Family and Community Services Annual Report 2003-04*, p88

Performance benchmarks should appropriately recognise the ability of providers to work with clients that might be harder to place. This includes mature aged people with a disability, or people returning to the workforce after receiving DSP for a considerable length of time.

Recommendation 8:

An appropriate length of time is needed to develop benchmarks for performance monitoring within the Open Employment Services program.

Summary of Recommendations

1. **Changes to Disability Open Employment Services need to be supported by policies that promote the employment of people with a disability.**
2. **Catholic Welfare Australia does not support the introduction of a JSKA in Open Employment Services.**
3. **Catholic Welfare Australia supports the position that there is a need for greater co-operation and integration between Open Employment and Job Network providers**.
4. **The primary responsibility for streaming clients into the most appropriate service should remain with Centrelink.**
5. **Open Employment and Job Network providers must be consulted on arrangements to apply from 1 July 2006.**
6. **Open Employment Services must continue to be a specialist service within the Active Participation Model and not absorbed into Job Network.**
7. **Places in Open Employment need to be uncapped.**
8. **An appropriate length of time is needed to develop benchmarks for performance monitoring within the Open Employment services program.**