



Disability Employment Services

Program changes from 2018 - Information for providers

Improvements to the Australian Government's Disability Employment Services Program will help more people with disability, injury or a health condition to find and keep long-term jobs.

Disability Employment Services (DES) program changes

Improving choice and control for participants

Under the new arrangements, DES participants will have greater choice about the services they receive and how they receive them. Changes include:

- more flexible servicing arrangements, so participant and provider appointments are not limited to face-to-face contacts;
- removal of the current market share arrangements that restrict participant choice of provider;
- relaxing Employment Service Area restrictions for participants so they can choose to use a provider outside of their local area;
- making it easier for participants to change providers if they are unhappy with the services they are receiving; and
- improved information for participants about DES providers and what they offer via websites and a mobile application.

Improving competition and contestability

Market share arrangements will be removed. This means that DES providers will need to attract participants to their organisation, rather than relying on a percentage of DES participants being referred through Centrelink.

A panel of DES providers will be established for an initial five-year period. Following this initial intake, subsequent application processes will be undertaken for DES on a regular basis, up to once a year, to allow new providers to enter the market or existing providers to move into additional regions. There will be options to extend contracts multiple times beyond 2023, up to a maximum additional 10 years.

The distinction between Disability Management Service (DMS) and Employment Support Service (ESS) will be retained so providers have more flexibility to deliver specialised services. A single application process will be introduced for DMS and ESS, which reduces the administrative burden of providers seeking to deliver both services.

The Department of Social Services will continue to monitor provider performance and compliance with the contract through its assurance and performance framework. Providers found to be non-compliant or performing poorly over a period of time may have their poor-performing contract cancelled.

Changes to the DES funding model

The payment model will be adjusted to rebalance expenditure from the current split of 60 per cent service fees and 40 per cent outcome fees to a new 50:50 split of service fees to outcome fees (at current levels of performance) to provide stronger incentives for providers to support participants towards employment outcomes.

Outcomes fees will be risk-adjusted. Payments will be lower for easier-to-place participants, and higher for those who are more difficult to place in employment. Participants will be assigned a funding level based on their likelihood of achieving an employment outcome. The model will be recalibrated from time to time using the most recent available data to reflect changes in outcome rates by participant characteristics and local labour market.

Pro-rating of service fees will be introduced, so funding follows the participant where they change providers.

Outcome fees will be paid after four, 13, 26 and 52 weeks to improve job matching and the quality of initial job placements, as well as rewarding sustained employment.

The 4 week outcome payment will be paid when participants work at least their average benchmark hours for at least 3 weeks over a four week period.

More robust education outcome requirements will help ensure that education for participants is more likely to lead to a job. For example, introducing a Certificate 3 minimum requirement for the highest education payment outcomes; tightening requirements to qualify for full and pathway outcomes; and introducing a new PaTH internship outcome payment from 1 July 2018.

Annual indexation of provider payments on 1 July each year will adjust payment rates in line with a measure of general inflation, at an estimated cost of more than \$300 million over the next ten years. The first indexation point is 1 July 2019.

Supporting people with disability in the workplace

The weekly minimum work hours for a DES participant to maintain eligibility for Ongoing Support will be eight hours a week. This change ensures that the eligibility criteria for DES are applied consistently across the whole program.

'Work Assist' will provide assistance for people with disability already in work who need support to remain in their job. Work Assist replaces the current Job-In-Jeopardy program.

School Leaver trial

A two-year trial starting from 1 July 2018 will see DES extended to up to 1,000 students with disability who are not currently eligible for DES. The trial will look at whether and how DES may be able to support students with disability to successfully transition from school to work, without adversely affecting their education. The trial will help to determine whether DES should be extended to this cohort in the future.

Elements of the DES program to continue

The current Employment Service Areas (ESAs) structure of 110 ESAs will continue under the new model.

The DES Star Ratings will continue to be used as a measure of a provider's relative performance with a review to be conducted in 2017 to ensure that it aligns with the direction of the new DES model.

Three levels of Ongoing Support will continue to be available to participants (flexible, moderate and high). Payments for flexible Ongoing Support will continue to be paid per instance, with moderate and high to be paid on a monthly or quarterly basis.

Employment Services Assessment (ESAt)

Changes to ESAts are not part of the reforms commencing on 1 July 2018; however, a review of assessments will be undertaken which may result in changes being introduced from 2019 as the new DES program becomes established. The review will be undertaken in consultation with representatives of people with disability and of DES providers.

National Panel of Assessors (NPA)

The National Panel of Assessors provides a range of assessment services to assist with the needs of people with disability in the workplace. The NPA contracts will be extended from 30 June 2017 to 30 June 2018, and a new NPA will be established next year through an application process. This will occur in conjunction with the application process for DES providers.

What's next?

Current DES provider contracts will be extended from March 2018 to 30 June 2018, to help participants and providers adjust to the new arrangements. A new DES Provider Panel will be established during the second half of 2017.

Information for current and potential DES providers will be provided through an Industry Information Paper to be released in early June 2017. Provider application process timeframes will be released with the Industry Information Paper. This will be published on the Provider Portal and the [Department of Social Services](#) website.

To ensure stability in the DES market as we transition to the new model, DES providers will be invited to continue to deliver services in those Employment Service Areas where they operate business that is performing above average under the June 2017 DES Star Ratings.

More information

More information on the application processes will be made available on the DES Provider Portal, JobAccess and Department of Social Services' websites in the coming weeks.