Securing savings from open employment

The case of persons with moderate intellectual disability

Prepared for
Jobsupport

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Summary

The potential

- Placing persons with moderate intellectual disability (MID) in open employment is by far the most cost effective post school option.
  - Using a comparison based on National Disability Insurance Scheme (NDIS) packages, open employment results in savings of just under $17,000 per participant per year.
  - Australia-wide, this amounts to potential savings of $54 million a year, or just under $1 billion over 40 years.

- If these savings are not achieved, the consequences will be higher costs in the NDIS than necessary (at a time when the cost sustainability of the NDIS is unclear) and higher costs to government more broadly.

The challenges

- Achieving these savings requires:
  - dealing with low expectations about the employment possibilities of persons with MID;
  - maintaining the viability of high performing providers;
  - having consequences for poor outcomes;
  - delivering training based on approaches that actually work, and have been shown to deliver outcomes in the context of consequences for poor outcomes;
  - encouraging the further expansion of high outcome services; and
  - providing sufficient funding to cover the real costs of the School Leaver Employment Supports (SLES) and Disability Employment Services (DES).

- Each of these challenges is substantive and needs to be addressed both within NDIS and within DES.

- Emerging trends within NDIS, and remaining disincentives within DES (which are currently under review) each make these challenges harder.

Dealing with low expectations

- The evidence is very clear that low expectations on the part of participants and their advocates will limit the extent to which the consumer driven NDIS model will lead to beneficial open employment outcomes.
In some ways, this information failure was anticipated in the original Productivity Commission report on the NDIS.

There are two main approaches to dealing with this:

- Providing actual outcome based information for every service by type of disability — and ideally by severity of disability — to participants to correct these expectations and assist with the choice of provider
- Adopting a ‘presumption of employment’ when developing packages within the NDIS

**Encouraging high performing providers**

- Very few providers can currently achieve the level of performance needed to lead to the savings noted above.
  - At the same time, the solid record of Jobsupport as a benchmark demonstrates that high performance is possible.

This is partly a consequence of incentives within the system, along with a lack of information for consumers about which services actually generate outcomes.

- It is important to have consequences for low outcomes (in a well-informed market, for example, participants would be able to ‘vote with their feet’).

It is also a result of the failure to adopt practices that are known to work.

- Service training needs to be based on the practices of high outcome services and high outcome services should be encouraged to expand.

**SLES needs to achieve employment and should be outcomes based**

- SLES funding within NDIS should be focused on actually achieving employment outcomes as a consequence of the SLES program.
  - While employment will actually take place within DES, SLES providers need to develop a relationship with DES providers to achieve employment outcomes.
  - This also means that the SLES training needs to adopt practices that are known to work for participants with MID. This includes removing barriers to employment and providing practical experience. There is a long history of preparation without actual employment outcomes for participants with MID.
  - SLES providers need to be held accountable for employment outcomes.

- SLES funding will also be cost effective if it allows for a cross-subsidy between low and high cost participants.
  - The current approach of ending SLES funding when the participant enters employment is both a discouragement to employment and a feature that makes high performing services such as Jobsupport unviable.
There remain disincentives within DES

- The DES program, while having made many improvements in recent years, still contains a number of disincentives for high performing providers including:
  - Lack of indexation of costs
  - The timing of payments
  - Biases in the ongoing support indicator.
  - Reduced funding (real and nominal) for ongoing support through ongoing support assessments and ongoing support program assurance activity.

- A number of aspects of DES are currently under review.

NDIS and SLES recommendations

- Table 1 sets out a series of specific recommendations to deals with the NDIS and SLES issues identified in this report.

- A number of these recommendations suggest immediate or very short term responses.

DES recommendations

- The DES program is currently under review. Pending outcomes of that review, this report may be updated to provide further analysis and recommendations.
## NDIS and SLES key issues and recommendations

<table>
<thead>
<tr>
<th>The problem</th>
<th>The consequences</th>
<th>The solution</th>
<th>The benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CRITICAL ISSUE THAT REQUIRES IMMEDIATE RESPONSE:</strong> SLES funding needs to be seen as an outcome payment</td>
<td><em>Currently SLES funding ceases once the participant is placed in open employment.</em> As well as creating a lack of incentive for providers to actually achieve outcomes, this approach means that the most effective agencies receive less funding than less effective agencies and puts top performance at risk.</td>
<td><em>SLES funding should be treated as an outcome payment, so that funding continues to the end of the year in which the participant is placed in open employment.</em></td>
<td>This means that the best performing SLES services will remain viable. Will also allow SLES funding to be more efficiently used. This will lead to more persons in open employment and to savings in the longer term.</td>
</tr>
<tr>
<td><strong>SHORT TERM ISSUE:</strong> The NDIS needs to address low expectations on the part of participants and their advocates</td>
<td><em>There is considerable evidence to demonstrate that many participants and their advocates do not consider open employment as a possibility.</em> This means that open employment is not properly considered as a pathway option, so the economic benefits of open employment are completely missed for many participants.</td>
<td><em>It is within the remit of the NDIA to provide appropriate information (including SLES and DES outcome data) to participants about the genuine possibilities for open employment.</em></td>
<td>Correcting this important information failure will lead to the continued development of informed consumer choice and a better functioning market for this aspect of disability services. It will also increase the number of participants willing to try open employment.</td>
</tr>
<tr>
<td><strong>SHORT TERM ISSUE:</strong> SLES needs an employment outcome focus</td>
<td><em>There is not currently a clearly conveyed expectation that the SLES funding should lead to actual employment outcomes.</em> SLES funding is effectively wasted if it does not specifically focus on barriers to employment and if it does not lead to employment outcomes. Currently used preparation activities have a history of failure.</td>
<td><em>The NDIA should immediately clarify the purpose of SLES (working in conjunction with DES) is to achieve employment outcomes.</em> There should be consequences for poor open employment outcomes.</td>
<td>SLES funding will lead to the potential for considerable ongoing savings</td>
</tr>
<tr>
<td><strong>SHORT TO MEDIUM TERM ISSUE:</strong> The NDIA needs to start collecting and then publish outcome data</td>
<td><em>Currently, participants and their advocates have little outcome data on which to judge the suitability of SLES providers.</em> This means that providers are selected on the basis of other characteristics that may not be related to actual outcome performance.</td>
<td><em>The NDIA should publish outcome data for all SLES services (in the same way that the NSW TTW program currently does) by type and severity of disability.</em> DES outcome data should be used in the short term.</td>
<td>This will lead to the continued development of an informed market within this part of the NDIS</td>
</tr>
<tr>
<td><strong>SHORT TO MEDIUM TERM ISSUE:</strong> The NDIA needs to provide training based on what works for different types of disability</td>
<td><em>SLES providers implement ineffective approaches.</em> Poor employment outcomes are achieved.</td>
<td><em>Provide training based on best practice within a market where there are consequences for poor performance.</em></td>
<td>SLES providers have both a reason to improve and knowledge about how to improve.</td>
</tr>
<tr>
<td><strong>LONGER TERM:</strong> The NDIA should consider revoking SLES registered provider status for providers with poor employment outcomes if an informed market and training prove to be insufficient measures</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1 Introduction

Open employment is a low cost pathway

Long experience in DES, and the emerging experience in NDIS, demonstrates that there are considerable savings from placing persons with MID in open employment rather than in alternative post-school pathways.

Open employment is win-win. It not only ensures economic participation (a key goal of the NDIS) but also leads to cost savings. At a time of budgetary pressure for all levels of government, and at a time where the sustainability of the NDIS is not clear, these potential savings are significant and important.

But achieving these savings requires services that are able to achieve good outcome rates, high retention, and high hours and wages. This requirement creates the policy challenge.

This report

This report considers a number of issues related to establishing and maintaining open employment as a low cost pathway. In particular, it is concerned with:

- Measuring these savings; and
- Understanding the factors needed to secure these savings, including
  - Dealing with participant information and low expectations;
  - Understanding how to encourage high performing service providers
  - Looking at specific financing issues.

An overarching theme of the report is that in order to deliver the savings available from open employment, it is best to fund the real cost of providing the employment services and to deal with provider performance issues directly through appropriate incentives and consequences.

Measuring the savings

Chapter 2 summarises the potential magnitude of the savings that can be made through an open employment pathway. These savings are substantial, with estimates suggesting savings within NDIS of $54 million per year.
Securing the savings

Securing the savings requires attention to a number of factors on both the demand side (the participants, and the sorts of services they will seek) and on the supply side (the providers and the incentives they face). Chart 1.1 summarises these factors.

Information and low expectations

Chapter 3 examines an important information issue that will drive outcomes within the NDIS: the fact that open employment is not a default option for most participants, indeed that without careful attention (consistent with the demand driven nature of the NDIS), low expectation will results in less open employment than truly possible.

1.1 Achieving savings means working on both demand and supply

Encouraging high performing services

Chapter 4 considers a major supply side issue: how to encourage high performing services (within NDIS and DES) that will be able to deliver the level of employment outcomes that lead to the savings described in chapter 2. This has several elements including recognising the very high variation in transition to work performance that currently exists, approaches to allow the diffusion of good practice, and the need to ensure that incentives within NDIS and DES are consistent with high employment outcomes.
Funding issues

Chapter 5 examines a specific funding issues within SLES which creates disincentives for even high performing service providers, and threaten their viability.

DES issues

Chapter 6 considers some specific issues that arise within DES, in particular issues to do with a lack of indexation, the timing of payments, and ongoing support program assurance activity and the ongoing support KPI.

Jobsupport results

Jobsupport is an example of a high performing service provider. Jobsupport is a specialist transition to work and open employment service for people with a moderate intellectual disability (MID; IQ ≤60). It currently supports 727 people in open employment jobs of their choice throughout Sydney and the northern suburbs of Melbourne. The average participant works 20 hours per week, earns $376 per week, and has been in their current job for 7 years.

Table 1.2 illustrates that Jobsupport achieves much higher outcomes than other providers (both compared with moderate intellectual disability and compared with other intellectual disability). Jobsupport’s results illustrate the level of performance that is possible. Throughout this report, Jobsupport is used as a benchmark to consider the potential for open employment services.

### 1.2 Jobsupport outcomes as at 31 December 2011

<table>
<thead>
<tr>
<th></th>
<th>Job placements achieved by all funded clients</th>
<th>Proportion of jobs ≥15 hours per week</th>
<th>Proportion of jobs that last 26 weeks</th>
<th>26 week outcomes achieved by all funded clients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>per cent</td>
<td>per cent</td>
<td>per cent</td>
<td>per cent</td>
</tr>
<tr>
<td>Jobsupport - MID</td>
<td>92.0</td>
<td>91.3</td>
<td>81.0</td>
<td>76.0</td>
</tr>
<tr>
<td>Other - MID</td>
<td>58.0</td>
<td>50.0</td>
<td>44.8</td>
<td>26.0</td>
</tr>
<tr>
<td>Other intellectual disability</td>
<td>53.4</td>
<td>48.9</td>
<td>53.4</td>
<td>28.7</td>
</tr>
</tbody>
</table>

2 Open employment leads to savings

The path a person with MID takes after school will determine their level of economic and social inclusion, and it will also determine the cost to government to provide services to participants.

Different post-school pathways have significantly different costs, with open employment by far the most cost effective.

Post-school pathways

Persons with MID, on leaving school, have a number of potential pathways (chart 2.1)

2.1 Pathways following school

Each of these pathways are associated with different service costs; either the cost of the DES program associated with open employment, or the costs associated with the ADE or Community Participation.

Within the NDIS, the cost of a package varies depending on whether the participant is in open employment or not.
Cost of different pathways

The annual per client cost of the different pathways are summarised in table 2.2. The highest cost pathway is a NSW Community Participation program, while the lowest is the net cost of open employment.

Within the NDIS, early evidence suggests that there is a substantial difference in package costs between participants that pursue open employment, and those that do not.

2.2 Annual costs for different outcomes

<table>
<thead>
<tr>
<th>Pathway outcome</th>
<th>Annual cost</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Disability Enterprise (ADE)</td>
<td>$13 653</td>
<td>NSW Government</td>
</tr>
<tr>
<td>NSW Community Participation Program</td>
<td>$26 502</td>
<td>NSW Government</td>
</tr>
<tr>
<td>PC estimate of Community Participation</td>
<td>$15 000</td>
<td>PC NDIS report</td>
</tr>
<tr>
<td>Jobsupport open employment (DES cost)</td>
<td>$3 630</td>
<td>DES cost net of pension offset</td>
</tr>
<tr>
<td>NDIS package (no open employment)</td>
<td>$32 285$a</td>
<td>Derived from sample of 46 participants with Down Syndrome (ie MID) c</td>
</tr>
<tr>
<td>NDIS package with open employment</td>
<td>$15 291$b</td>
<td>Jobsupport data</td>
</tr>
</tbody>
</table>

a The component of the package included here covers ADE, transport and assistance with social and community participation. b The components of the package included here cover transport and core supports. c Participants from Karingal, LEAD and Sunnyfield.

Source: Jobsupport and other sources as noted

Cost savings from open employment

By comparing each of these pathways with the open employment pathway (or by comparing NDIS packages with and without open employment), it is possible to calculate the annual savings that arise through open employment. The magnitude of annual savings per client are set out in chart 2.3.

2.3 Annual savings per client from open employment for each pathway comparison

Data source: Jobsupport, CIE calculations
If Jobsupport outcomes could be reproduced across Australia, there would be substantial savings in terms of avoided cost from other post school pathways.

Jobsupport supported 673 persons in Sydney in December 2016. Using the ratio of this number to the working age population, and applying that ratio other capital cities, and to Australia in total, we can infer the potential number of clients that a service of Jobsupport’s standard would be able to assist and place in open employment. This is shown in table 2.4. These numbers are an illustrative end point; clearly a service such as Jobsupport would need to expand steadily over time to maintain performance levels.

Table 2.4 shows the potential total savings by applying the savings per client in chart 2.3 to the estimated number of clients that could placed in open employment if Jobsupport’s placement rate was reproduced throughout Australia.

Potential savings range from $31.9 million per year (in comparison with ADEs), to $72.9 million per year (in comparison with NSW CP). Looking at the comparison of NDIS packages, assuming that the findings for NSW are transferred to other states, the potential savings from packages that focus on open employment is $54.2 million per year.

### 2.4 Potential annual savings

<table>
<thead>
<tr>
<th>Region</th>
<th>Population (Millions of persons aged 15-64 years)</th>
<th>Placements</th>
<th>Saving compared with ADE</th>
<th>Savings compared with NSW CP</th>
<th>Savings compared with PE estimate of CP</th>
<th>Savings comparing open employment NDIS with non-open employment NDIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Sydney</td>
<td>3.4</td>
<td>673</td>
<td>6.7</td>
<td>15.4</td>
<td>7.7</td>
<td>11.4</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>3.1</td>
<td>627</td>
<td>6.3</td>
<td>14.4</td>
<td>7.1</td>
<td>10.7</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>1.6</td>
<td>314</td>
<td>3.1</td>
<td>7.2</td>
<td>3.6</td>
<td>5.3</td>
</tr>
<tr>
<td>Australia</td>
<td>15.9</td>
<td>3,186</td>
<td>31.9</td>
<td>72.9</td>
<td>36.2</td>
<td>54.2</td>
</tr>
</tbody>
</table>

Source: CIE calculations, Jobsupport

Table 2.5 shows the value of these savings over a period of 40 years (expressed in present value terms. These saving range from $0.5 billion to $1.25 billion. The calculated saving within the NDIS is $929 million.
2.5 Present value of savings over 40 years

<table>
<thead>
<tr>
<th>Region</th>
<th>Saving compared with ADE</th>
<th>Savings compared with NSW CP</th>
<th>Savings compared with PC estimate of CP</th>
<th>Savings comparing open employment NDIS with non-open employment NDIS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
<td>$m</td>
</tr>
<tr>
<td>Greater Sydney</td>
<td>116</td>
<td>264</td>
<td>131</td>
<td>196</td>
</tr>
<tr>
<td>Greater Melbourne</td>
<td>108</td>
<td>246</td>
<td>122</td>
<td>183</td>
</tr>
<tr>
<td>Greater Brisbane</td>
<td>54</td>
<td>123</td>
<td>61</td>
<td>92</td>
</tr>
<tr>
<td>Australia</td>
<td>548</td>
<td>1,251</td>
<td>622</td>
<td>929</td>
</tr>
</tbody>
</table>

Note: Uses a 5 per cent discount rate.
Source: CIE estimates
3 The information problem: dealing with low expectations

Self-fulfilling low expectations are an information failure that is within the remit of the NDIS to correct.

Dealing with these expectations ultimately enhances choice and strengthens the choice and control principles that underpin the NDIS.

Indeed, correct information is a crucial antidote to what may otherwise be a poorly informed choice not ultimately in the interest of the participants, as they would see it.

On the demand side, securing the savings from open employment means encouraging participants to understand that open employment is a realistic option, and it means encouraging them to seek services that are able to deliver open employment outcomes.

Self-fulfilling low expectations

For many persons with MID, open employment is not considered an option, because without experience of how to go about it, and without encouragement by services with a proven track record, participants simply to not have the information on which to even consider, or base a decision, on taking up this option.

Jobsupport’s recent experience shows the reality of inadequate information and low expectations in determining open employment outcomes

Open employment not considered a possibility...

When Jobsupport opened in Melbourne, the special schools did not refer clients with MID and considered that Jobsupport was being irresponsible for suggesting that open employment was possible. Jobsupport responded by flying Melbourne families and teachers to Sydney to convince them that open employment was in fact possible for MID.

Fifty per cent of school leavers with a moderate intellectual disability (MID) entering Jobsupport are unable to travel after 12 years of schooling. Open employment is not considered viable by school leavers, teachers or parents without intervention by a service able to demonstrate results.

No 2014 MID school leavers were referred from Sydney’s North Shore when Jobsupport relied on the School Transition Teacher to identify students. A similar situation is likely
to emerge under the NDIS if NDIS planners are not aware of the outcomes that can be achieved by high performing services.

- In contrast, 12 were referred the following year when Jobsupport contacted schools and families directly.

**...and independence is often not a focus....**

A survey of 28 Community Participation/Recreation Sydney services used by Jobsupport clients found that only 2 targeted increasing independence within their programs.

**...but a track record with transition to work is effective**

The number of MID school leavers entering Jobsupport has increased by 150 per cent since the introduction of the NSW TTW program.

- Between 1/1/10 and 4/8/13 only 11 Job Capacity Assessment referrals were received across Sydney whereas 180 new clients entered Jobsupport via TTW.

**This information problem needs to be corrected**

The importance of information and expectation in driving market outcomes are a widely recognised feature of all markets. For example, the recent Harper review of competition policy noted:

> The Panel believes that markets work best when consumers are informed and engaged, empowering them to make good decisions. Empowering consumers requires that they have access to accurate, easily understood information about products and services on offer.

The examples noted above would suggest that persons with MID and their representatives are not currently ‘informed and engaged’ or ‘empowered’ to make decisions.

This problem was, in general, foreseen by the Productivity Commission in their original analysis of the NDIS who observed:

> …the choices people make to meet a given preference may be based on inadequate or false information… (PC Report Vol I p356)

Inadequate information is certainly a feature of the examples noted above.

The Productivity Commission then went on to make a crucial observation

> …the NDIS — especially in its early years — will need to build some people’s confidence in exercising power, and to provide supports that give people more control. (Vol I p 356)

When it comes to persons with MID, it is clear that the NDIS is currently at this point.
A focus on independence is needed

It is an unfortunate fact that low self-fulfilling expectations and over servicing with no focus on creating independence is the default position for people with MID.

This outcome directly conflicts with the underlying principles in the establishment of the NDIS. As the Productivity Commission argued: ‘Passivity and low expectations should not be the default’. (PC Report Vol I p283).

A recent note from Judy Huett (of Speakout Tasmania, and a member of the NDIS Intellectual Disability Reference Group) raised a number of concerns about the lack of independence being built into NDIS packages, with evidence that some participants are actually going backwards in terms of their abilities to act independently.

The NDIS funding arrangements need to incentivise a working life and independence whilst ensuring that open employment remains cost effective for government.

Adopting a ‘presumption of employment’

One way of dealing with this, without in any way damaging the principle of consumer choice is to encourage open employment as a default option to consider. It is well recognised, for example, that changing the way default information is presented can lead to beneficial outcomes without taking away choice (see, for example, the Harper review and Sunstein, 2016).

A presumption of employment is consistent with the primary research evidence that the capacity of people with intellectual disability to work in open employment is only realised through the actual act of trying to work with authentic training and support.

An employment first orientation is used in NSW to stream school leavers into TTW or CP. Only people with the most significant disabilities go straight to CP. The 2001 Disability NSW Census (prior to TTW) shows 1,525 service users in PSO with only 12 exiting to open employment. The 2015 TTW Outcomes Data shows 206 of the 691 2012 school leavers who exited TTW achieving open employment.

- A full CP package of (for example) 18+ hours per week (Monday to Friday daytime) could be made available to individuals going straight to CP and a partial package of up to (for example) 5 hours per week (Monday to Friday daytime) could be available to SLES or DES clients.
- The emphasis in all CP programs should be on maximising independence.
- DES funding and the partial CP package funding should be a significant saving relative to the full CP package. It is important to ensure that incentivising open employment and achieving government savings are synchronised. In principle, the NDIS Reference Packages, with further development, could assist with this.
- DES services should be encouraged to aim for 15+ hours per week work. The MIDL Evaluation found that 90 per cent of MID clients and 80 per cent of all clients with an intellectual disability had a work benchmark of only 8 hours per week.
4 Encouraging high performing services

The savings illustrated in chapter 2 require high performance both in TTW (SLES) and in DES operations.

On the supply side, securing the savings from open employment means maintaining support for existing best practice providers and encouraging the adoption of best practice by other providers. Part of this is ensuring that appropriate incentives are in place.

Savings requires high performance

As well as a demand side expectation of open employment, securing the savings from open employment also requires high performing services, both in the transition to employment (captured by SLES in the NDIS) and in the delivery of open employment outcomes under DES.

Jobsupport’s high performance illustrates that it is possible, but it also illustrates the challenge in diffusing high performance to other service providers.

Jobsupport’s low net cost to government is based on:
- a high placement rate (93 percent versus 53 per cent for the average),
- a higher retention to 26-weeks (82 per cent versus 53 per cent for the average),
- higher weekly hours of work (88 per cent at 15 hours or more versus 49 per cent at 15 hours for the average); and
- higher wage levels. Jobsupport clients work an average of 20 hours per week over an average of 4.2 days per week.

History shows that high performance requires a particular focus

Both the research base and service results demonstrate that there are practices that work and practices that have repeatedly failed. It is critically important that in line with its insurance approach the NDIS adopts practices known to work and avoids reinventing practices known to be ineffective.

Prior to the 1986 Disability Services Act 59 per cent of Sydney school leavers with a moderate intellectual disability entered ‘sheltered workshops’ (now termed Australian Disability Enterprises, ADEs) and 8 per cent entered activity programs (now termed Community Participation). Only 4 per cent achieved open employment.
Between 1990 and 2004 348 (19.6 per cent) of Sydney school leavers with a moderate intellectual disability achieved open employment. Jobsupport was responsible for 251 of these placements and the largest number of placement by any other Sydney DES service was 15.

Following the introduction of the Disability Services Act, the numbers entering ADEs fell to between 15 per cent and 25 per cent a year, and the number of school leavers simply going home increased dramatically. Post school options services were established in WA, then NSW and then other states. Post school options (PSO) services achieved little movement to open employment. In NSW in the year 2000 there were 1,525 individuals in the PSO program and only 12 exited to open employment (largely through Jobsupport).

Jobsupport initiated the Transition to Work (TTW) pilot in NSW to demonstrate that many PSO participants could work given competent support. Jobsupport’s TTW pilot began in 2002, a handful of other services were invited to participate in 2003 and TTW was established as a NSW wide program in 2004. The latest published outcome data for the NSW TTW program was collected in 2015 for the 2012 school leaver cohort. It reports 206 individuals achieving open employment out of the total 691.

**Transition to work illustrates a wide range of outcomes**

Chart 4.1 illustrates the very wide range of outcomes achieved by providers to the NSW Metropolitan Transition to Work (TTW) scheme. Several points are evident from these charts.

- A very small number of service providers account for the majority of employment outcomes. Jobsupport alone accounted for 41 per cent of employment outcomes. The next best performer accounted for 14 per cent of outcomes, and the top 5 performers accounted for 75 per cent of employment outcomes.
- Jobsupport had the highest employment rate (66 per cent), which is just over three times the average for other services (of around 21 per cent).
- The implied cost per person employed varies substantively across the sample of providers, ranging from a low of around $64 000 for Jobsupport to a higher of just over $1 000 000 per placement. Jobsupport’s cost is around one third of the average cost for the other providers.

These data also raise a number of concerns.

First, the very high variance of outcomes suggests that best practice has not been disseminated throughout the providers.

Second, the lack of best practice is costly — both in dollars, and in human terms through the lack of placement and subsequent lack of independence and economic participation.

By way of illustration, if other services could achieve the same outcomes as Jobsupport, then a 60 per cent reduction in budget could give the same employment outcomes. Or, put another way, the same budget could achieve a 130 per cent increase in employment outcomes.
4.1 Outcomes for NSW TTW metropolitan providers for 2002 to 2012 school leavers

Share of total outcomes (all providers in sample)

Employment rate (services with 10 or more clients)

Cost per placement (services with at least one placement)

Data source: NSW Transition to Work
Diffusion of best practices

The high variation in outcomes illustrates the importance of the diffusion of best practice to achieve better outcomes for all participants.

In its early discussion of the NDIS, the Productivity Commission noted:

The NDIS would have other roles. It would aim to better link the community and people with disabilities, including by using not-for-profit organisations. It would also provide information to people, help break down stereotypes, and **ensure quality assurance and diffusion of best practice among providers**. (PC Report Vol I page 2, emphasis added)

Consequence and incentives

The recent review of competition policy noted:

Moreover, if providers face no credible threat of exit when they underperform, the full user benefits of provider choice are unlikely to be realised. (Harper Review, p. 235)

The NDIA has not established minimum open employment outcome entry performance criteria for SLES providers\(^1\) and is at risk of funding a large number of poorly performing services at a high cost per placement. Presumably the rationale is that high quality SLES providers are not currently available in many areas.

- The SLES program has previously relied on the publication of NSW Transition to Work (TTW) and DES provider outcome data and information sessions by Inclusion Australia to encourage clients to make an informed choice and enter SLES services with a track record of achieving outcomes. Attendance at similar information sessions should be very strongly encouraged to help ensure an informed choice. Unfortunately, at the current time these sessions have been discontinued.

- The goal should be that SLES clients exit to a job.
  - An outcome based approach would create an imperative for services that do not operate a DES with a track record of achieving good outcomes for NDIS clients to enter into an effective working relationship with such a service. Currently providers can attract funding for 2 years and then refer to a DES while claiming no responsibility for whether the DES service places the client.

Service outcomes will be maximized in both DES and the SLES if there are both

- Consequences for poor performance (the publication of outcome data for every service to create ‘vote with your feet’ pressure), and

- Training for services based on the practices used by high outcome services.

Without training based on best practice both DES and SLES services will be left to discover for themselves what works. Services will make expensive mistakes in the process and in many cases (the outcome data above refers) may never discover what works.

\(^1\) The NDIA argue that their quality and safeguards policy is their minimum criteria, however this is not linked to SLES or TTW performance.
Services achieving good outcomes for NDIS clients should also be encouraged to expand geographically at a sustainable rate.

**Building capacity**

The MIDL Evaluation found that Jobsupport was the only service achieving a significant number of 26-week outcomes for people with a moderate intellectual disability.

- Jobsupport achieved 59.4 per cent of all MID 26-week outcomes across Australia.
- Jobsupport achieved 72.3 per cent of all MID 15+ hours per week 26-week outcomes across Australia.

The DES ESS program deserves praise for introducing consequences for poor service performance

- Approximately 50 per cent of contracts were reallocated in 2013 based on Star Ratings
- Outcomes by type of disability are now published for every service and clients without mutual obligation can now choose services outside their ESA. This will create a “vote with your feet” effect.

The NDIS SLES service providers will only have consequences for poor open employment outcomes if outcomes are published for every SLES service.

- 9 of the 41 Sydney TTW services were responsible for 87 per cent of the open employment placements achieved. Jobsupport’s average cost per placement was $64,477 based on every client receiving $42,000 and drops to $55,163 if only $21,000 is received for clients who exit to employment in Year 1. The costs for the poorly performing TTW services ranged up to $1,050,000 for a zero open employment outcome

**A strategy for realising savings and genuine consumer choice**

The need for the development of specialist services that can deliver outcomes is clear. It is also clear that Jobsupport is the only current service that is able to effectively provide these services for people with a moderate intellectual disability. It is also clear that the potential savings can only be achieved through a level of service equivalent to that delivered by Jobsupport.

The challenge is how to replicate Jobsupport’s results across Australia to achieve acceptable outcomes and significant savings.

The quickest and most certain way of improving outcomes for the MID population is to expand the only service achieving good outcomes for that population. Expanding Jobsupport to cover the full Sydney, Melbourne and Brisbane LMRs would provide reliable services to approximately 51 per cent of the MID Australian working age population.

Jobsupport’s Sydney services do not currently cover Wollongong and the Melbourne service is limited to Calder and the adjoining ESAs. The Jobsupport expansion into the
Calder ESA in Melbourne is achieving a 5 star rating and outcome rates equivalent to the Sydney contracts.

The Jobsupport model of service delivery could be replicated without change in the largest cities (Sydney, Melbourne, Brisbane, Perth and Adelaide). Outside of large cities the model would have to be run as units or specialised staff within services catering for a wider population.

**The training challenge**

The DEEWR Training and Technical Assistance (TTA) projects implemented by Jobsupport and Virginia Commonwealth University (VCU) with DES services achieved little or no success.

The main lesson Jobsupport learnt from the project was not to underestimate the resistance organisations encountered when attempting to implement change. The leading change authority, Kotter, has estimated that 70 per cent of change efforts fail, (see Kotter 2008).

Kotter identified the main barrier to successful change as complacency. Jobsupport’s experience was that CEOs were unwilling to drive unpopular changes when they were achieving average results. Three of the nine services in the technical assistance project did attempt to change after the tendering of three star services was announced however by that time it was too late to impact on the March 2012 Star Ratings that informed tendering decisions.

The training program delivered by VCU as part of Jobsupport’s Innovation project was very well received. Participants rated it highly and service managers indicated that they would be enrolling other staff in future courses. Follow up surveys indicated however that little or none of the course content translated into changed work practices.

Jobsupport’s TTA project illustrates the importance of providing training within the context of consequences for poor employment outcomes.

**Making SLES work**

**Moving participants into employment**

The purpose of SLES must be to move participants into open employment. Ideally, the participants should move directly from SLES to open employment following a concurrent job search overlap with DES.

MID SLES providers need to:

- build self-confidence through successful placements in customised work experience jobs and systematic onsite training;
- overcome the specific barriers (such as not staying on task or an inability to accept direction) that are preventing each participant from achieving DES placement; and
be responsible for either operating an effective DES service or establishing a relationship with an effective DES provider.

**Provision of information: outcome data essential**

The NSW TTW program initially published only a description of what each service offered to a participant. However, these broad program features are not an effective means of allowing participants to distinguish between services:

- poorly performing service descriptions are indistinguishable from high performing services. Poorly performing services use the same language despite not delivering the same outcomes;
- this means it is not possible for families to distinguish good performers from poor performers based on a process/feature description.

In contrast, actual outcome data is crucial:

- to demonstrate what is possible and to overcome low expectations;
- for informed client choice in a market that rewards employment outcomes;
- to put pressure on service providers to improve their performance; and
- to identify what works as a basis for training best practice.

**Illustration of the impact of outcome data**

The NSW TTW program collects outcome data for school leavers 2.5 years after they leave school (that is, 6 months after the 2-year TTW program). Many services run the TTW program for 2 years and then subsequently refer to a DES for job placement.

The NSW TTW program was established state wide in 2004 and the first outcome data was published on the ADHC website in November 2007. The outcomes achieved by each service were included in participant information booklets from the 2011 school leaver cohort.

As table 4.2 illustrates, the publication of open employment outcome data is associated with increased open employment outcomes.

### 4.2 Open employment outcomes, before and after provision of outcome data

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All Sydney TTW services</td>
<td>Average 20.70%</td>
<td>Average 33.89%</td>
</tr>
<tr>
<td></td>
<td>Range 16% - 26.84%</td>
<td>Range 32.32% – 37.07%</td>
</tr>
<tr>
<td>Jobsupport</td>
<td>Average 60.30%</td>
<td>Average 69.5%</td>
</tr>
<tr>
<td></td>
<td>Range 43.3%-73%</td>
<td>Range 63.8%-74.1%</td>
</tr>
<tr>
<td>Sydney TTW services (excluding Jobsupport)</td>
<td>Average 11.80%</td>
<td>Average 26.2%</td>
</tr>
<tr>
<td></td>
<td>Range 6.1%-17.3%</td>
<td>Range 23.4%-29.6%</td>
</tr>
</tbody>
</table>

Source: NSW TTW. Note the ‘average’ refers to the average over the whole period, while the range refers to the range of outcomes across each of the years in the period.
Open employment outcome rates increased by 58 per cent following the publication of outcome data (the increase was 118 per cent if Jobsupport's high outcomes are excluded). While this correlation does not prove causality, it is strongly suggestive of a link between outcomes and information provision.

**The link between SLES and DES**

It is important to note that DES outcome rates create a ceiling for SLES service outcomes. For example, if a SLES service refers to a DES service that obtains employment for only 20 per cent of the people with disability referred to it, it is unlikely that more than 20 per cent of the participants referred by the SLES service will achieve open employment.

Poor performance is inevitable if SLES services are allowed to focus on preparation without being held accountable for whether this preparation results in open employment. Currently, SLES services can attract funding for two years and refer to a DES while claiming no responsibility for whether the DES service places the client or whether their preparation is effective.
SLES funding issues

The current approach to SLES funding, in which SLES funds cease immediately after the participant is placed in open employment, create perverse incentives. Modifying this approach would lead to improved long term employment outcomes.

Disincentives to achieve outcomes under SLES

The current SLES arrangements provide more funding to services that do not achieve open employment placements than it does to services that attempt to move participants into open employment as soon as possible.

This is a major disincentive to achieving open employment outcomes as soon as possible.

This disincentive is stark:

- Services that offer a two year course and do not place participants within the funding period — and have few (if any) open employment placements — are able to receive $42,000 per participant.
- In contrast, under current SLES policy, services like Jobsupport that seek to move participants into open employment within the two years of SLES and make a significant number of placements receive an average of $26,389 per participant.

Available evidence from TTW outcomes (see above) indicates that the Jobsupport model is the most effective transition to employment approach, but it is not viable under SLES. In contrast, the two year course approach adopted by most providers is viable in terms of funding, but does not deliver outcomes.

False savings: a Jobsupport illustration

The approach taken to SLES funding (which stops as soon as the participant is placed in employment) actually has the effect of reducing overall outcomes and therefore eliminating the potential for ongoing savings from open employment.

This arises simply because different clients require different levels of funding to achieve an employment outcome. For example, 64 per cent of Jobsupport's participants require less than $42,000 in funding to achieve employment, while 36 per cent of participants require more than $42,000.

If funding ceases for clients placed within the two years, there is no ability to cross subsidise clients that require more than $42,000. Without the ability to cross-subsidise Jobsupport's TTW outcomes would drop from 66 per cent to 43 per cent.
Under current SLES arrangements, Jobsupport would receive an average payment of $26,389 per client. While this appears to a saving of $15,611 over 2 years (compared with allowing the funding to continue), this saving is one-off.

The cost of this apparent saving, however, it at the expense of annual savings of $16,944 that can be achieved through open employment.

**Contrast with the NSW approach**

In NSW, TTW providers can retain funding until the end of the year that the participant is placed into open employment. This provision has been a key feature of the NSW TTW program since its inception and is explicitly designed to minimise the disincentives noted above and that are currently part of SLES.

Continuing funding until the end of the year is effectively an outcome based approach which:

- Maintains incentives for early job placement
- Allows an element of participant cross subsidisation which in turn
  - Avoids the need to relocate and retrain non-placed participants when the staff member supporting them can no longer be employed as a consequence of lost funding
  - Reduces staff turnover and the need to train new staff. The average Jobsupport staff member requires 6 to 12 months training to master the skills required.

This is an approach which delivers open employments savings as it results in actual outcomes. Jobsupport aims to move every participant directly from TTW to open employment. 27 per cent of Jobsupport participants achieve open employment in year 1, 28 per cent in year 2, with the remainder getting jobs subsequently, or do not achieve open employment at all. The average funding in NSW for Jobsupport TTW participants $32,970, along with around a two thirds placement rate. In contrast, the cost of two year courses is $42,000, with very low placement.

**Packages seem to include and implicit ‘SLES’ component…**

A sample of 46 participants with Down Syndrome (not in open employment)² have averages $32,285 for Transport, Assistance with Social and Community Participation (CP) and ADE’s. The range was $500 to $60,891.

Jobsupport’s 50 SLES clients (as at 27 February 2017) averaged $10,530 for Transport and Core Support. (The breakup of Core Support into sub-items, including Assistance with social and community participation was discontinued between the survey of the three other services and Jobsupport’s 50 participants obtaining SLES. This means that Jobsupport’s costs are slightly overestimated.) The range was $0 to $58,625.

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² From Karingal, LEAD and Sunnyfield
Thus, Jobsupport’s NDIS average cost for Core and Transport plus $21,000 for SLES closely approximates the $32,285. It would appear that participants not allocated SLES (for approximately 18 hours per week activity) receive an average of approximately $21,000 in additional ADE and/or assistance with social and community participation.

...however, this is ongoing, while SLES is one off and has the potential to reduce costs longer term

Providing SLES may not be an additional cost. The key is that ADE and Assistance with Social and Community Participation funding is ongoing, whereas SLES funding offers the potential to increase employment participation and decrease both NDIS funding and overall Government funding.
6 DES issues

While DES is currently under review, and while there have been some recent positive changes in DES, this chapter points out a number of ongoing issues that are of concern.

Building on recent positive changes in DES

The DES program has made a serious attempt to improve services.
- An Employment Services System (ESS) data collection has been introduced.
- An outcome based performance framework has been established.
- Consequences have been introduced for poor performance. Over 50 per cent of the DES ESS contracts were re-allocated in 2013 following a tender process.
- Performance data published by disability type.
- Pilot training and technical assistance projects were funded and evaluated.

Ongoing support KPI

The ongoing support KPI (within the DES performance framework) effectively disadvantages services that work with people that require ongoing support.
- The Ongoing Support KPI is essentially a measure of employment retention, measuring the proportion of ongoing participants who remain in employment or who exit ongoing support as independent workers.
- While a measure of retention is appropriate to ensure that clients are placed in sustainable ongoing employment, the measure is potentially problematic in its use of the notion of ‘exit’.
- Currently, independent worker exits are effectively treated as if they remain in perpetual employment. This is not necessarily the case, however, as the independent worker could become unemployed after exit — an outcome that does not affect the KPI for the particular service provider (even if the client subsequently returns).
- In particular, the ongoing support KPI creates an incentive for services to exit workers if there is any expectation that their employment will not be retained. Poor placement performance by services exiting independent workers is not necessarily penalised. Services that provide ongoing support are potentially disadvantaged.
- Table 6.1 provides an illustration of how this non-neutrality could emerge within the existing ongoing support framework. While the example is indicative only, it clearly shows how two otherwise identical services could receive different performance
measures based on different choices regarding exit or ongoing support. In these calculations, 100 per cent indicates performance equal to the national average.

### 6.1 Illustrative examples of non-neutrality of ongoing support measure

| Scenario: Services A and B each have 10 clients starting on the same day. The retention calculation is on day 625 and both services have 5 job losses at day 624 |
|-------------------------------------------------|-------------------------------------------------|
| Service A exits all clients as independent workers immediately after entering ongoing support | Service B maintains all clients in ongoing support |
| Retention (%) = $\frac{10}{10*1}*100 = 100$ | Retention (%) = $\frac{5}{10*0.7}*100 = 71$ |
| Service A exits all clients as independent workers 365 days after entering ongoing support | Service B maintains all clients in ongoing support |
| Retention (%) = $\frac{10}{10*0.78}*100 = 128$ | Retention (%) = $\frac{5}{10*0.7}*100 = 71$ |

*Note: Average retention rate on day 625 is 70 per cent (based on DEEWR estimates). Average retention rate on day 365 estimated at 78 per cent. Assumes employment maintained through 6 week window after exit.*

In this example, the service exiting clients as independent workers achieves average or better outcomes, while the equivalent service maintaining ongoing support achieves below average outcomes. While the service exiting workers is not ‘guaranteed’ a particular outcome (under the 6-week monitoring) this example shows that, nevertheless, neutrality is not maintained. Only ongoing monitoring of independent worker exits would achieve this.

### The lack of indexation funding gap

Jobsupport’s funding was adjusted from July 2010 when the Moderate Intellectual Disability Loading (MIDL) was introduced. It currently works in an environment of real funding declines as funding has not been indexed since July 2010. Costs are currently increasing by around 2.5 per cent a year. Chart 6.2 illustrates the growing funding gap, in real terms, as a result of the lack of indexation.
6.2 The growing real funding gap: expenses versus receipts in real (2010) terms

![Graph showing the growing real funding gap: expenses versus receipts in real (2010) terms.](image)

Note: It adopts the average Wage Price Index for NSW and Consumer Price for Sydney from 2010-2013 for future periods of 3.6 per cent and 2.6 per cent, respectively. The chart is expressed in terms of 2010 dollars.

Data source: The CIE.

Other implications of a lack of indexation

There has been no indexation of the DES program since 2010. While DES monthly data (see table 6.3) demonstrates increasing client numbers, it also shows decreasing participation by people with more significant disabilities, as reflected in Intellectual Disability clients and Disability Support Pensions recipients.

6.3 DES outcomes

<table>
<thead>
<tr>
<th></th>
<th>31/12/11</th>
<th>31/12/12</th>
<th>28/2/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>DSP Recipients (persons)</td>
<td>33,392</td>
<td>27,611</td>
<td>22,642</td>
</tr>
<tr>
<td>ID Clients (persons)</td>
<td>9,071</td>
<td>8,910</td>
<td>7,854</td>
</tr>
<tr>
<td>Total Clients (persons)</td>
<td>148,118</td>
<td>149,920</td>
<td>186,073</td>
</tr>
</tbody>
</table>

Source: DES

While it is true that DSP recipient numbers have declined over the same period (from 818,850 persons in June 2011 to 782,891 persons in September 2016, a 4.4 per cent decline), the decline in DSP recipients in DES is much greater (32 per cent).

Funding timing shortfalls

Table 6.4 summarises the broad timing of costs and funding.
6.4 Jobsupport 2012-13 funding shortfalls per TTW client 26 week employment outcome

<table>
<thead>
<tr>
<th></th>
<th>6.8 week employment</th>
<th>13 and 26 week employment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>27,732(^a)</td>
<td>5,699(^b)</td>
<td>33,431</td>
</tr>
<tr>
<td>Funding</td>
<td>7,630(^c)</td>
<td>19,662(^d)</td>
<td>27,292</td>
</tr>
<tr>
<td><strong>Net outcome</strong></td>
<td>-20,102</td>
<td>13,963</td>
<td>-6,139</td>
</tr>
</tbody>
</table>

\(^a\) 151.91 hours to placement. \(^b\) 153.87 hours for 6.8 weeks of on-the-job training, 62.63 hours support from 6.8 weeks to 26 weeks.
\(^c\) 2.94 service fees plus placement fee with 97 per cent eligible for MIDL. \(^d\) 13 and 26 week outcome fees with 92 per cent eligible for MIDL. 94 per cent of placements achieve 13 weeks and 88 per cent achieve 26 weeks (based on long term average job retention from 1986 to 2017).

Source: Jobsupport

The table illustrates a number of key points.

- Most of the costs of job search, job customisation and initial onsite training occur in pre-placement and during the first six weeks of employment, subsequent costs are relatively low.
  - Client assessment, job search and job customisation to achieve a good job/client match require an average of 152 hours.
  - On average each job placement requires 162 employer contacts.
  - Initial one to one onsite training to the performance standards agreed with the employer averages 154 hours.

- In contrast, most funding occurs after 13 and 26 weeks of employment (assuming successful 13 and 26 week outcomes). As a consequence, initial job search and job customisation and onsite training effectively involves a large funding shortfall that must be carried through until successful outcomes.

- Placements that do not convert to 13 and 26 week outcomes do not receive these outcome payments resulting in a large shortfall.

- Under current funding arrangements, the net effect is a funding shortfall over the cycle for each successfully placed client.

- The average DES service is reluctant to place people with MID because only 44.8% of job placements of 15 hours per week or more last 26 weeks and expenditure cannot be recouped (81% of Jobsupport’s placements are retained for 26 weeks).

- This challenge is compounded by the lack of indexation of funding noted above.

*Reduction in funding for ongoing support*

An important disincentive within the current DES arrangements is the combination of the lack of CPI indexing of ongoing support payments along with recouping (by the Department) of efficiency gains (reduced staff hours) in ongoing support services. As the discussion below illustrates, three factors interact to create systematic (and unsustainable) reductions in funding to ongoing support:

- Lack of indexation, which leads to a need to reduce contact hours for ongoing support;
A tension between meeting contract requirements and supporting the actual needs of clients and employers; and

The ‘one way’ nature of Ongoing Support Program Assurance Activity which recoups ‘over-funding’ but makes no allowance for any under-funding.

**Support hours**

Table 6.5 illustrates Jobsupport’s average ongoing support hours per client over a period of steady real funding declines.

| 30-06-2010 | 91.7 |
| 30-06-2011 | 83.5 |
| 30-06-2012 | 89.2 |
| 30-06-2013 | 78.6 |
| 30-06-2014 | 77.1 |
| 30-06-2015 | 73.6 |
| 30-06-2016 | 71.2 |
| 31-03-2017 | 67.5 |

Note: Between June 2010 and March 2017 the CPI increased by 14.8 per cent. Over the same period, the industry award wage (Training and Placement officer Grade 2, Pay Point 5) increased by 21.3 per cent. Assuming costs are 80 per cent wages and 20 per cent CPI related, the total cost increase over the period was 20 per cent.

Source: Jobsupport

It is important to note that over the period covered in table 6.5, Jobsupport’s costs have increased by 20 per cent (see note to table 6.5). As ongoing support payments are not indexed, this means that real funding has fallen by 20 per cent.

Jobsupport has responded to the real funding decline by achieving efficiencies and lowering the number of hours of ongoing support per client. Table 6.5 shows clearly the steadily declining ongoing support hours.

Ongoing Support Assessments (OSAs) for each worker determine funding for the following twelve months based on the number of hours of support in the previous six months, or the number of contacts in the previous three months.

Because the ongoing support staff hours for each worker are decreasing without indexation, Jobsupport can only maintain nominal funding (the amount received for each client) by managing support hours and contacts against contract requirements.

**Meeting the needs of clients and employers**

In 2010-11 Jobsupport focussed ongoing support entirely on meeting the needs of workers and employers rather than on meeting contract requirements.
Ongoing support focused on worker and employer needs shows a pattern of periods of low monitoring support between support spikes where a high level of intervention is provided to meet retraining and other support needs.

Some support spikes such as retraining a worker whose entire job has changed greatly exceed the maximum ongoing support funding available.

OSAs reduce the funding for workers during periods of stability, leaving insufficient funding to cover support spikes.

Jobsupport’s average ongoing support funding in 2010-11 fell by $511 per worker when support was focused on worker and employer needs. This level of reduction was unsustainable.

Between 2011-12 and 2014-15, Jobsupport’s OSA funding was based on support hours and Jobsupport made an effort to manage ongoing support to meet contract requirements. During this period the amount received per worker reduced slightly (from $8,365 in July 2011 to $8,218 in June 2015) on top of the reduction in the real value of funding that resulted from the lack of indexation.

Since 2015-16, Jobsupport’s OSA funding has been based on contacts. This has resulted in a funding increase per worker from $8,218 in July 2015 to $8,439 in June 2016, partly offsetting the lack of indexation.

But while nominal funding has been maintained to a degree with OSAs based on contacts, real funding reductions have caused reductions in support contact hours. The way the system is currently structured, reducing contact hours in ongoing support is effectively the only way to manage real funding declines in the short term. Reductions in hours devoted to job search, for example, would have immediate consequences, whereas reduction in ongoing support hours has consequences in the medium term, but not immediately.

Maintenance of real funding (indexation) and funding based on the long run average cost of ongoing support are the only sustainable solutions to this dilemma.

‘One way’ corrections of ‘over funding’

It is not possible to accurately predict each worker’s ongoing support needs in advance. Each worker’s support needs vary with task and supervision changes at the worksite, with changes in the worker’s home and with other factors such as public transport changes. OSAs estimate the next year’s funding for each worker based on the previous three or six months and as a result some workers are always under-funded and some are always over-funded. The current Ongoing Support Program Assurance Activity recoups ‘over-funding’ but makes no allowance for any under-funding. Clearly this arrangement is not sustainable.

Job retention now at risk

The challenge now is that further reduction in contact hours due to the short term focus of OSA’s, Ongoing Support Program Assurance Activity recoups and the lack of
indexation will put job retention at risk. This in turn will reduce the savings from open employment.

- The June 2016 average annual cost of a Jobsupport client in ongoing support (after pension offsets) was $873.
- The DES funding to replace an ongoing support client with MID who loses their job and obtains another job immediately was $26,919.
References


