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## **Position Paper: Opposition to DES Funding Cuts for participants with higher support needs**

Since 2015, DPO Australia and Inclusion Australia have represented the collective voice of people with disability within the Department of Social Services' (DSS) Disability Employment Service (DES) reform process.

### **Background**

Disability Employment Services (DES) is the national labour market assistance program designed to help people with disability find or keep a job. Some people with disability choose to enter DES, however, most DES participants are required to be in the program to access Centrelink income support entitlements.

Evidence shows that the DES program, which costs \$800 million dollars a year, has repeatedly been unable to deliver a level of employment outcomes that people with disability need, and have a right to expect.

A little more than 1 out of 10 people entering the DES program get a job, and stay in that job, for at least twelve months. Forcing people with disability to engage with DES to receive income support entitlements, when they have a high chance of experiencing failure, is unfair.

In 2016 the Commonwealth released its discussion paper announcing reforms to DES to create greater competition in the DES provider market and to provide greater choice and control for participants within the program.

Our support for these reforms was contingent on a substantial investment by the Commonwealth for people with disability to get the information and support they need to make an informed choice within the new DES marketplace.

Disappointingly so, we are unable to support fundamental features of the DES reforms that came into effect on July 1 2018. Key aspects of these reforms fail to respond to the known needs of people with disability and are unlikely to increase their chances of finding or keeping a job.

### **Funding cuts for some participants with higher support needs**

Commonwealth reforms to DES impose substantial funding cuts to participants with higher support needs due to the new DES funding model.



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Our analysis found that DES funding from 1 July 2018 results in an average cut of

- 30.5% for participants with intellectual disability, and,
- 21% for participants with learning disability and autism.

This funding cut is on top of an estimated 23% loss in funding value since 2010 due to the lack of indexation of DES funding.

The funding model has ignored research evidence that people with higher support needs require more support hours to achieve sustainable employment outcomes when compared to other people with disability. Providing less funding for people with higher support needs puts their current participation and outcome rates at risk.

We understand that the Commonwealth wishes to incentivise employment outcomes by increasing funding to groups that have performed relatively poorly. Cutting funds to people with higher support needs is, however, not an acceptable way to find these additional funds.

As of 1 July 2018,

- Employment providers who predominately provide services to people with disability who have higher support needs are at financial risk.
- All job seekers with intellectual disability, learning disability, and autism will have, on average, significantly less funding to achieve sustainable employment outcomes.

### **Federal Budget 2018**

The 2018 Commonwealth budget provided an additional \$10 million of DES grants. These grants aim to assist fourteen providers most affected by the funding cuts, being providers who have high proportions of participants with intellectual disability, learning disability and autism.

The Commonwealth has indicated that it will monitor the impact of the funding cuts on all participants, including those with intellectual disability, learning disability and autism, to determine any need for future adjustments.

We acknowledge the Commonwealth's attempt to protect organisations most affected by the funding restructure. However, the additional funding does not address the fundamental flaw in the new DES funding model.

- It does not address the average cut in funding to all participants with intellectual disability, learning disability and autism.



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- It is unclear if the \$10 million is adequate to cover the support needs of these job seekers.
- The Commonwealth is still claiming that the new DES funding is equitable despite significant negative impacts being placed on participants with higher support needs.
- Providers with large numbers of participants with higher support needs may be forced to adjust their models of service to fit DES reforms. This may result in reduced access to employment support for those job seekers with the greatest need.
- Additionally, many participants with higher support needs may only receive adequate employment support if providers cross subsidise funding support from higher funded participants with lower support needs.

The funding restructure fails to meet the needs of people with higher support needs and are unlikely to increase their chances of finding or keeping a job. The Commonwealth's additional budget measure is not an adequate redress of an inequitable funding system.