



SCHEMES AND SYSTEMS

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Background

Australia has **ten major systems of income support** that are complex and fragmented in their approach to supporting people with an illness, injury or disability that completely or partially affects their ability to work.

A large number of working age Australians experience periods of temporary or permanent work incapacity due to ill health, disability or injury. **786,000** people received income support from a Commonwealth, state, territory or private source in the year 2015-16. During the same year an additional **6.5 million** people accessed employer provided leave entitlements for short periods of work incapacity. The cost of providing income support is substantial, during 2015-16 the total spent on income support was **\$37.2 Billion**. For perspective, in the same year the total government expenditure on primary healthcare was **\$34.6 Billion**^{1,2}.

The systems of income support consist of multiple state and Commonwealth schemes administered by public or private sector organisations. The systems include workers' compensation, life insurance, social security, motor vehicle accident compensation, superannuation, defence and veterans' compensation, in addition to leave entitlements provided by employers.

Each system **varies in respect to governance, structure, benefit delivery, coverage and eligibility**.

Individuals enter these systems with a wide range of health conditions ranging from mild illness resulting in a sick leave day to serious acquired disability with life-long consequences for participation in employment.

Research suggests that income support systems do not adequately support participants to develop the skills and social connections that enable a successful transition to health, life and employment following their exit from a system of income support, experiencing what we have labelled a 'hard landing'.

The lack of support as a person exits a system increases the likelihood of extending the time the individual remains off work.

In considering the context of systems, the Australian approach can be broadly divided into.

1. Systems that provide income support during periods of work incapacity; and
2. Systems that provide services aimed at improving health and work outcomes in people with work incapacity.

The Collaborative Partnership to Improve Work Participation

Founded in 2017 and operating until 2023, the Collaborative Partnership to improve work participation was a national system-wide collaboration of organisations working together to improve the health and work participation outcomes of working age Australians. They are: Comcare, the Insurance Council of Australia, the National Disability Insurance Agency, Department of Health and Aged Care, the Australian Council of Trade Unions, the Department of Social Services, Department of Employment and Workplace Relations, EML, the Australasian Faculty of Occupational and Environmental Medicine, the Royal Australian College of Physicians, the National Mental Health Commission and the Transport Accident Commission.

The Collaborative Partnership has explored the main drivers, connections and pathways between Australia's 10 major income and benefit support systems. The research has identified opportunities to improve the experience of people entering into and transitioning between systems to achieve better work and health outcomes for individuals.

To achieve effective national action, **coordination**, and **collaboration** across the systems of income support and service provision is required.

¹ [The Cross Sector Project](#)

² [Health expenditure Australia 2015-16, Summary - Australian Institute of Health and Welfare \(aihw.gov.au\)](#)

Research undertaken on Schemes and Systems

The Collaborative Partnership has undertaken research to understand the complex behaviours and relationships of Australia's ten benefit and income support systems and the movement of people between these systems.

An Income Support Transition Data model was developed to highlight that Australia's 10 systems are interrelated with decisions made in one system having a flow on effect to the other systems of income support. How Australia's systems use and engage with the policies and programs of services that support people with a health condition or disability to participate in good work is understood through a national scan and analysis of employment supports. Research projects include:

Cross-Sector Systems

This project examined Australia's ten major income support systems to provide a better understanding of how and when people transition between systems, their experience and the impact on their health and work outcomes. The project developed the first conceptual map of the ten major compensation and benefit support systems operating in Australia, identifying and estimating the likely flow of people between these systems.

Graphic 1: Australia's largest systems of income and benefit support from left to right.



For the full report refer to [page 16](#).



Measuring the movement of people between systems

Monash University surveyed 790 individuals to understand how and why people transition between Australia's income support systems and interviewed 10 people with a variety of experiences of income support to understand the impact this has on their health and work outcomes.

The research focused on the transition of people between systems, identifying that interactions with systems are highly individualised and non-linear, with the transition between systems difficult and often occurring when people are unlikely to be operating at full physical and mental capacity.

The factors and characteristics that influence health and work outcomes for individuals transitioning between systems were identified.

For full report refer to [page 16](#).

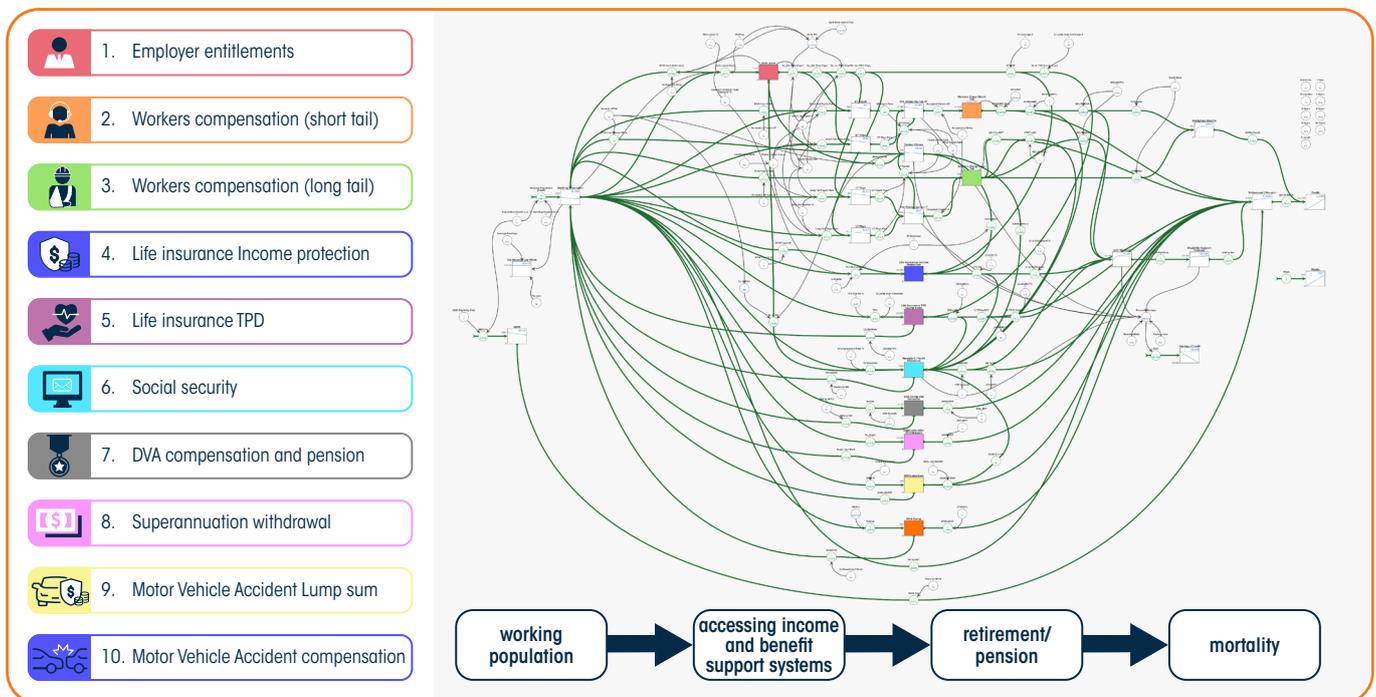
Income Support Transition Data Model

The University of Melbourne and Monash University developed a system dynamics data model for income and benefit support. The model allows us to have the ability to visualise and better understand the complex behaviors, relationships, and transitions between the ten benefit and income support systems.

The model provides a visual of the pathways, interactions, movement and outcomes of people between the systems and provides a better understanding of how a decision made in one system impacts the other systems and the effect this has on the economy, communities, individuals and their families.

For full report refer to [page 16](#).

Graphic 2: Australia's 10 major income and benefit support systems are colour coded on the left and represented in the model on the right hand side.



National Scan and Analysis of Employment Services

We conducted a national scan and analysis into how Australia's major benefit and income support systems use and engage with the policies and programs of services that support people with a health condition or disability to participate in good work. The project was undertaken by Swinburne University and provided insights into the complex space of employment services and the large number of supports and services available to employers.

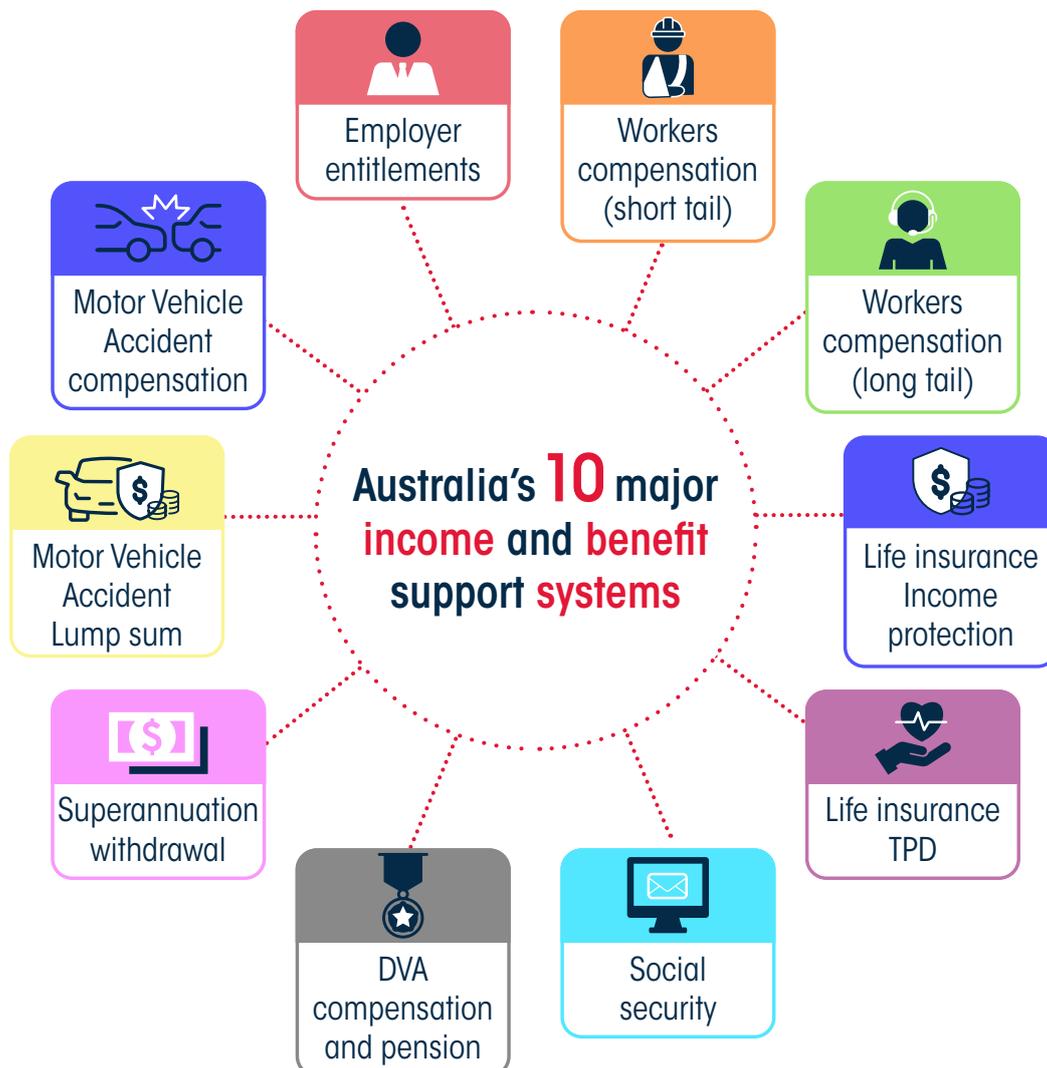
For full report refer to [page 16](#).



What was learnt about Systems

The early research of the Partnership (Cross Sector Systems Project) examined Australia's 10 systems that provide benefit and income support to Australians with work incapacity.

- The 10 systems are connected however Australia has a complex and fragmented approach to supporting people with illness and injury that affects their ability to work.
- The 10 systems include:
 1. Employer provided Entitlements
 2. Workers' Compensation (Short tail)
 3. Workers' Compensation (Long-Tail)
 4. MVA Compensation (Lump Sum)
 5. MVA Compensation (Statutory benefits)
 6. Life Insurance (Total Permanent Disability)
 7. Life Insurance (income protection)
 8. Social Security
 9. DVA Compensation and Pensions
 10. Superannuation withdrawals



System commonalities

- Case management is the one service provided across all systems but approaches to case management vary widely.

Note: Case management refers to the coordination and/or management of the benefit/claim process including assessment, eligibility determination, and benefit and service delivery and termination.

- Parts of the system are out of step with best practice approaches to customer-centric servicing and streamlined operating processes.
- Common objectives:
 - preventing illness and injury affecting work capacity
 - reducing the severity and duration of work incapacity where it occurs
 - improving engagement in good work
 - minimising the costs of work incapacity to society, workers and employers.

System differences

- Certain parts of the systems are operating on fundamentally different paradigms, and it means they have different strengths and weaknesses.
- The data landscape is highly fragmented and siloed. There are no formal linkage of databases between systems and the data available within each system varies substantially in its completeness, accuracy, quality and relevance.
- The duration of benefit provision varies substantially between systems, with people accessing some systems for very short periods of time (days) and others for very long periods of time (years).
- There is a wide variation in both the type of services funded and the models of service delivery.
- The five categories of services include; return to work services, healthcare and treatment, job finding or employment services, functional support services and case management service.

System eligibility

- Each system has a unique set of rules and processes for determining who is eligible to access income support, the level of support provided, and the duration for which support will be provided.
- It is possible for people, under certain circumstances, to access more than one of the income support systems at the same time. Some systems have processes and policy in place to offset benefits received in one system against those in another, however this is not universally the case.

- The nine factors affecting system eligibility
 1. Jurisdiction
 2. Mechanism of injury/illness
 3. Employer
 4. Nature of injury/illness
 5. Partner status
 6. Personal income
 7. Family income
 8. Age
 9. Leave entitlements.



People's interactions with the systems

- Across each of the systems, paid employment was the most common income source in the month prior and being unable to work due to ill health was the most common reason for moving to an income support system.
- There is no defining characteristics to indicate if a person is more likely to travel in a particular direction or engage with a particular pattern of income support.
- People are unaware of what income support system they should apply for and what they may be entitled to.
- People start with the first system they come across and then, once that is financially exhausted, they begin to look for an alternative source of income.
- People interact with different systems concurrently or back and forth.
- People often have to retell their stories due to legislative requirements, eligibility criteria and policies that make system flow fragmented.
- A single transition between systems can take months, is highly stressful and often involves long periods of no income.
- People commonly experience difficulty adjusting to changed life circumstances, lack of supports, difficulty with paperwork and an ongoing lack of communication when transitioning between systems.

The financial impact

- While waiting to receive benefits people often experience periods of no income and financial distress.
- When receiving no income, people rely on personal savings, family members, selling assets or they go without.
- People are very often reliant on their own financial resources such as superannuation and annual leave, this is particularly relevant where waiting periods apply from one system to another.
- Systems need to be aware that people within the systems often desire to be working, not just for financial benefits but for the purpose that employment brings.



The need for support

- People find there is a lack of support and guidance on what pathway to take and how to navigate the application process.
- People who have experienced long term unemployment have the potential to return to work.
- The lack of support a person receives as they exit a system increases the likelihood of extending the time the individual remains off work.
- Systems do not adequately support participants to develop the skills and social connections that enable a successful transition to health, life and employment following their exit, experiencing what we have labelled as a 'hard landing'.
- Receiving transition support as a person prepares to exit a system is critical.
- Having an understanding person offer help at the time of transition is seen as beneficial.
- Individuals report a physical and psychological burden of interacting with the system, a lack of awareness of available options, difficulties with job providers and returning to work and an inability to plan for the future.
- Individuals feel they need to advocate for themselves within the systems and often rely mostly on informal supports.

Unintended harm of the systems

- People often have to retell their stories due to legislative requirements, eligibility criteria and policies that make system flow fragmented.
- There is unintended harm arising from engagement with the systems of income support. As people progress through the systems, the physical and psychological burden they experience increases while their capacity to cope with system and administrative requirements decreases.
- We know that once a person is no longer eligible in one system, a significant percentage will move to another system and often 'fall through the cracks' during the transition process.
- Because each system has been designed in isolation, there are multiple gaps in coverage, where a person with long-term incapacity may not be eligible for income support from most or any of the systems.

People feel they need to be 'twice as sick to get half the help'.



Overview of Australia's 10 systems of income and benefit support

Table 2 system stock and expenditure in 2015-16

System	Est. Number of Recipients (000's)	Est. Total Expenditure on Income Support (\$m's)	Est. Average Expenditure per Recipient (\$)	Est. Recipients per 1000 Working Age Population
Employer Provided Entitlements (Sick Leave)	6,544	18,725	2,681	411.6
Workers' Compensation — Short Tail	126	1,859	24,176	7.9
Workers' Compensation — Long Tail	30	650	32,395	1.9
MVA Compensation — Statutory Benefits	6	96	52,000	0.4
MVA Compensation — Lump Sum	9	267	110,609	0.7
Life insurance — Income Protection	65	1,444	22,217	4.6
Life insurance — TPD	30	2,990	100,634	2.8
Social Security — DSP	282	6,108	21,631	17.7
Social Security — Newstart Allowance	169	2,287	13,536	10.6
Social Security — Youth Allowance	10	102	10,601	0.6
Social Security — Sickness Allowance	8	108	13,974	0.5
DVA Comp and Pensions	24	293	23,982	1.1
Superannuation Withdrawals	27	2,226	82,444	1.7
Total	7,330	37,155	5,069	461
Total (excluding employer entitlements)	786	18,430	23,000	49.4



Timeframes of accessing the systems

- Employer provided entitlements are usually accessed in cases of temporary illness or personal matters, and a national standard of 10 days sick leave is available to most workers.
- Short-tail workers compensation schemes indicate that most claims for time loss last less than one week. Long-tail workers compensation schemes may support recipients until retirement age.
- Disability Support Pension recipients tend to remain in the social security system for the greatest duration, with a mean duration of 11.7 years.
- Newstart Allowance recipients receive benefits for an average of 2.5 years, Sickness allowance for an average of 45 weeks and Youth Allowance for an average of 1.5 years.
- Life insurance income support is typically time limited to 2 years.
- Total Permanent Disability payments are usually provided in a lump sum following a waiting period.
- Motor Vehicle Accident Compensation is mostly temporary incapacity with a small proportion of permanent incapacity.
- Superannuation withdrawals are mainly permanent incapacity.
- Social Security is typically long-term incapacity (multiple years).
- DVA Compensation and Pensions are a mix of temporary and permanent incapacity with an average duration of 2.2 years.

Policy reform

Policy underpinning the national approach to income support is as fragmented as the systems themselves. Systems are established under many different Acts of Parliament at the Commonwealth, State and Territory level, regulated by a wide array of organisations across levels of government, and administered by an even wider array of public and private sector organisations, some operating nationally and some operating within states and territories.

Opportunities

A number of opportunities to improve the experience for individuals accessing income support systems has been identified. The collaborative partnership has substantially contributed to the evidence base for improving work participation.

Improve the experience

Opportunities to improve the efficiency and effectiveness of support and service delivery for individuals prior to and as they transition between systems includes the development of a directory of income supports and streamlining the application process.

Develop a directory of supports

There is an opportunity to raise public awareness on the different income supports available and better education on how to access them as soon as health impacts a person's ability to work.

We know that individuals often have a lack of understanding of what supports are available to them and find it difficult to navigate the systems. Indicating that there is an opportunity for systems to provide better education and upfront planning to assist individuals to identify where their best outcome is likely to be.

Developing a directory or map of income supports and outlining the eligibility requirements to access these systems is considered a valuable opportunity to provide support for people as they prepare to enter and/or transition between the systems of income support. Including a large set of case studies of best practice is considered a beneficial addition to further define and describe the available income supports for individuals. Use of common language across all systems will better support individuals to understand their entitlements and complete the required documentation.

In addition, there is an opportunity for sectors to work collaboratively to develop meaningful and useful information about the employment supports for people with work restrictions and providers of them. The current information about employment supports across sectors is opaque, general in nature and often confusing.

Ease system entry

Systems need to streamline application processes to reduce physical and psychological burden. There is an opportunity to identify approaches to system entry that ease transition and then adapt these across systems.

We know that systems need more frequent touch points with individuals to communicate the progress of the application. A valuable opportunity exists for systems to develop a checklist to support individuals to enter the systems of income and benefit support. The checklist is a tool for individuals to ensure that all required parts of their application have been completed.

Increase transparency across systems

Efforts are needed for a more unified system across Australia. Knowing that Australian income and benefit support systems are connected, some working age Australians will transition in and out of multiple systems throughout their lives. By understanding the relationships between each system and improving transition between the systems we can improve outcomes for individuals, the community and the economy and by taking a national prevention focus we can better support people experiencing ill health, injury or disability to remain in work throughout their working age life. By working collaboratively we can achieve a nationally consistent and improved approach to services and supports.

Adoption of a common language and logic to addressing work restriction

Systems require an understanding of the way work restrictions are constructed through the presence of personal, workplace and social barriers and the ways work participation can be enhanced through the provision of inclusive environments along with adaptations and supports that mediate barriers. A consistent adoption of biopsychosocial and human rights models of work restriction is important within the systems.

Adopting the [typology of employment supports](#) as a common language and logic in future scheme communications to address work restriction across the systems is seen as a valuable opportunity.

Improve information and data sharing

There is potential for greater information and data sharing between systems, both to assist quantification of the movement of people between systems by linking data sources and developing a shared understanding of system rules, practices and processes that have flow-on effects to other systems.

Improved information and data sharing leads to system collaboration and the co-ordination of systems of income support and service provision. With coordination and collaboration across systems we can achieve effective national action.

Improve system design

Opportunities to make the greatest impact are in the upstream systems that are temporally closer to the onset of health conditions and exit from work. Interventions at this point can also have a positive impact on downstream systems. Upstream systems commonly include employer entitlements and workers compensation whilst downstream systems include social security.

Major gaps in system design include:

- A lack of centralisation (in some systems).
- A lack of consistent data standard between the systems and within some systems.
- Limited analysis and reporting on data at a system wide level (for some systems) and failure to capture information.
- The major gaps are related to lack of centralisation (in some systems), lack of consistent data standard between systems and within some systems, limited analysis and reporting on data at a system wide level (for some systems) and failure to capture information that can support systems improvements.

Earlier intervention

There is an opportunity to provide earlier intervention both within individual systems and further 'upstream' including primary, secondary and tertiary prevention interventions. By intervening closer to the onset of the health condition, a positive impact can be seen in downstream systems. An intervention improving the health and well-being of workers while they are in work will reduce the number of workers who become ill and have long periods of work incapacity, reducing the flow into downstream systems and reducing the overall burden of work incapacity in society.

An example is providing individuals with support to engage in good work to minimise the movement from upstream to downstream systems.

Improve alignment

Greater alignment of service models is considered an opportunity to improve the efficiency and effectiveness of service delivery. Consideration to the purchasing of healthcare, return to work and employment services and in the development of case management best practice are examples of this.

Engagement with employers

There is an opportunity for systems to have a greater focus on engaging and influencing employers and supporting re-engagement of people with long-term incapacity in the workforce.

Product and benefit design

There is potential for individual systems to consider the design of their benefits and products in the context of the surrounding systems. Considering product and benefit design reduces gaps in support and better encourages return to work.

The Income Support Transition Data Model can be used to encourage individual systems to consider the design of their benefits and products in the context of the surrounding systems. There is an opportunity to use the data model to investigate the impact of future policy settings and initiatives.

Efficient transitions for people between systems

There is an opportunity for the systems to focus on more efficient and effective transitions of people between systems. If case managers are to have a more holistic view of the various systems of income support and how they operate this would ensure individuals are accessing the most appropriate service of income support available to them.

There is a potential opportunity for individuals to be provided their personal file or relevant information upon exiting the system to aid in administrative handover between systems.

Improve work and health outcomes

Opportunities to improve work and health include information and data sharing, earlier intervention, aligning service models, engaging and influencing employers, product and benefit design, better system transitions and macro level policy reform.

Person centric design

Australia's focus on mental health, general wellbeing, chronic health and the effective management of complex claims is driving demand for individually based, person centric case management support outside of claims management services.

Policy opportunities

There is potential for significant policy reform as a long term objective, requiring further development of the evidence base, a significant public discussion and policy debate.

There is an opportunity to have greater consideration and acknowledgment that each system of income and benefit support operating within Australia is connected when developing policy.

Greater consideration to the health benefits of good work and the impact the 'system' can have on long term health and work goals.

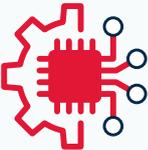
Consideration to the pathway individuals take prior to arriving at each system.

Transition Support Programs

Opportunities exist to improve the transition from one system to another and the overall experience of people accessing income and benefit support.

Receiving support before a person prepares to exit a system is critical. Transition support programs provide a short-term tailored service to support individuals to achieve health and employment outcomes.

Recommendations in the development of future transition support programs

	Be flexible with timing	Participants indicated the best timing for the service was in the final stages of workers' compensation wage replacement. As part of service delivery. It should be identified if the proposed timing of the service suits the individual's circumstances.
	Listen to the participant's story	Transition Specialists should have the opportunity to listen to the participants' story. All participants reported that they appreciated having someone to talk to, who would listen and follow them up to check in on progress.
	Provide practical support	Participants described a desire for practical help, such as assistance with Centrelink applications and help to find a suitable employment.
	Support for the Transition Specialist	Transition Specialists should receive support and opportunities to debrief to ensure they can conduct the role without elevated risk to their own health. Transition Specific communication training should be provided.
	Financial counselling	Participants indicated financial counselling as a service that would be helpful in the lead up to transition.
	Local knowledge	Transition Specialists should be equipped with local knowledge where possible.
	Tailor the service	Participants described a wide variety of challenges they were dealing with the lead up to transition. Providing services tailored to participants' needs rather than offering all participants the same services maximise benefits for participants.
	Data	Future programs should involve routine data collection to effectively monitor participant outcomes. For evaluation purposes an appropriate comparison group should be recruited to maximize the confidence in the demonstrated effects of the service.

Research Reports

Cross Sector Systems Project

[Full report](#)

[Snapshot](#)

Measuring the movement of people between systems

[Full report](#)

[Snapshot](#)

Income Support Transition Data Model

[Find out more](#)

Transition Support Pilot

[Full report](#)

[Snapshot](#)

National Scan and Analysis of employment supports

[Summary report](#)



Collaborative
Partnership
to improve work participation