



12 February 2024

Tēnā koe

**Official Information Act request**

On 21 December 2023, Harriet Miller, Policy Manager, emailed you regarding two papers which were offered to assist you:

1. *ACC's Vocational Rehabilitation Services – Report back from discovery phase*
2. *Investment into Customised Employment as a Targeted Active Labour Market Programme for Disabled People*

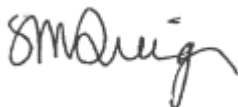
These papers are being released in part to you under the Official Information Act 1982 (the Act).

Some information is withheld under section 9(2)(f)(iv) of the Act to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz). If you are not satisfied with my decision on your request regarding these two papers, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely

pp. 

Magnus O'Neill  
**General Manager**  
**Ministerial and Executive Services**

# Article I. Report



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

**Date:** 14<sup>th</sup> June 2023 **Security Level:** Budget Sensitive  
**To:** Hon Carmel Sepuloni  
Minister for Social Development and Employment (EET Ministerial Group Chair)

## Article II. Investment into Customised Employment as a Targeted Active Labour Market Programme for Disabled People

### Article III. Purpose of the report

- 1 This report seeks your agreement to an investment framework to support s9(2)(f)(iv) decisions for the design and delivery of Customised Employment as an Active Labour Market Programme (ALMP) targeted to disabled people furthest from the labour market.
- 2 The proposed investment forms part of a suite of recommended interventions to meet identified gaps in support across the ALMP system. Further detail on this is outlined in the companion paper on the ALMP Review [REP/23/5/386 Refers].

### Article IV. Executive summary

- 3 Engaging in suitable work supports personal wellbeing and is the primary way most people achieve financial security. The Active Labour Market Programme (ALMP) review found a lack of consistently funded accessible and appropriate employment supports for disabled people who are furthest from the labour market [REP/21/11/1215 refers]. There is a particular lack of support for people with an intellectual disability, neurological, learning or cognitive impairments, or who are neurodiverse and face complex barriers to work [REP/22/5/443 and REP/23/2/116 refers].
- 4 New Zealand has agreed to actions under the United Nations Convention on the Rights of Persons with Disabilities' 2022 concluding observations to offer pathways to open employment for disabled people. At present, the Ministry of Social Development (MSD) does not offer tailored or targeted employment supports to this cohort.
- 5 As part of this work, officials considered whether existing supports such as the Oranga Mahi programme could be utilised to serve this cohort. Analysis showed that where non-tailored healthcare-focused supports have been adapted to reach the target group in the past, there was limited evidence of success. From this, a recommendation was made to explore evidence-based, targeted approaches that could incorporate 'job carving' practises [REP/21/11/1215 refers].
- 6 International literature identifies Customised Employment (CE) as an employment support practice which could help disabled people furthest from the labour market to prepare for, find and retain work, leading to improved social and material wellbeing outcomes which are key determinants of health.
- 7 CE is a strengths-based practice that rests on the principle that everyone can work in open employment. It involves an employment facilitator working with the jobseeker and the employer

to shape a job opportunity that matches the requirements and interests of both<sup>1</sup>. Calls to increase access to CE has been a recurring theme in engagement with the disability community for many years.

- 8 This paper proposes a framework to support s9(2)(f)(iv) investment decisions for the design and delivery of Customised Employment as a targeted Active Labour Market Programme (ALMP). Based on current information, s9(2)(f)(iv), MSD recommends that it develops regional contracts with community providers to deliver CE for a small cohort of disabled people furthest from the labour market.
- 9 Community providers are well placed to take the specialised, multifaceted and wrap-around approach necessary to support this group. A regionally delivered and contracted model will allow MSD to leverage and build upon existing and trusted relationships at a community level.
- 10 We recommend that eligibility is initially limited to people with an intellectual disability, or who self-identify with neurological, learning or cognitive impairments, or as being neurodiverse<sup>2</sup>, which, in interaction with various other employment barriers, hinders their participation in work. International evidence shows that CE outcomes are strongest for this specific cohort. Initially targeting CE for this cohort will prioritise support for those with the highest need.
- 11 s9(2)(f)(iv). This recommended investment ensures a focus on growing sector capacity to deliver and allows monitoring and evaluation to inform future scaling - with a view to embed Customised Employment as an ongoing ALMP for the target group identified.

## Article V. Recommended actions

It is recommended that you:

- 1 s9(2)(f)(iv) Agree / Disagree
- 2 **agree** that, funding dependent, the establishment of Customised Employment as an Active Labour Market Programme should include development of outcomes for

<sup>1</sup> [Customised employment for people with intellectual disability – Everyone Can Work.](#)

<sup>2</sup> Neurodiversity is a term used to describe neurological differences in the human brain that result in differences in communication, learning, and behaviour which vary in expression and severity from person to person. Neurological differences can include, but is not limited to: Autism Spectrum Disorder (ASD), Attention Deficit Hyperactivity Disorder (ADHD), dyslexia, dyspraxia, dyscalculia, dysgraphia and Tourette Syndrome. **A small proportion** of neurodiverse people **face significant barriers** to and or exclusion from participating in the labour market. Tailored and involved employment assistance has been shown to help address labour market barriers for this group. This work also considers that people with significant brain injuries may benefit from CE and includes this cohort under the term.

Neurodiversity at Work, University of Auckland (2023); Day-Duro et al., (2020) Thinking Differently: Neurodiversity in the workplace.

monitoring and reporting which reflect the wider wellbeing benefits of participation in work for this group and are not solely premised on an exit from benefit

*Agree / Disagree*

3 s9(2)(f)(iv)

[Redacted text block]

*Agree / Disagree*

- 4 **note** that the proposed investment into Customised Employment is a building block to developing pathways into open employment for disabled people, but further work and continued future investment is necessary to improve access to effective and appropriate Active Labour Market Programmes for this group.

*Noted*



22<sup>nd</sup> June 2023

Harriet Miller  
Manager, Employment Policy  
Policy

Date



22<sup>nd</sup> June 2023

Leona Kitiseni (PP)  
Director, Employment Portfolio  
Service Delivery

Date

## Article VI.

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Hon Carmel Sepuloni  
Minister for Social Development and  
Employment  
(EET Ministers Group Chair)

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Date

Released under the Official Information Act 1982

## Article VII. Background

- 12 Findings from the ALMP review highlighted a gap in employment focused supports for disabled people [REP/21/11/1215 refers]. This included a cohort furthest from the labour market who do not have targeted employment support to help them into open employment.
- 13 In June 2022, you agreed that MSD would explore Customised Employment (CE) as a new Active Labour Market Programme (ALMP) to meet gaps in the ALMP system for disabled people furthest from the labour market. This would help address findings from the ALMP review [REP/22/5/443 refers].
- 14 We presented discovery phase findings to the Employment, Education and Training Ministerial Group (EETMG) in March 2023 [REP/23/2/116 refers], and you indicated broad agreement that we continue work s9(2)(f)(iv)
- 15 This work responds specifically to questions around the availability of effective or appropriate Active Labour Market Programmes for disabled people. However, there are broader system levers that can contribute to better labour market outcomes for disabled people, including work relating to the Welfare Overhaul and the all-of-government Disability Strategy.
- 16 A companion paper [REP/23/5/386 Refers] has been provided to you with the overall proposed investment approach to address gaps in ALMPs. This paper outlines the rationale for investment across a continuum of labour market attachment, ranging from people in work at risk of displacement to those with no labour market attachment

## Article VIII. There is a lack of consistently funded accessible and appropriate employment supports for disabled people who are furthest from the labour market

- 17 December 2021 findings from the ALMP review highlighted a gap in employment focused supports for disabled people [REP/21/11/1215 refers]. This included a cohort furthest from the labour market who do not have targeted employment support to help them into open employment. This cohort are largely made up of people who identify with neurological, cognitive, learning impairments or as being neurodiverse (which, in interaction with various barriers, hinders their participation in open employment). This cohort tend to be identified as 'High or Very High Needs' within the education system.
- 18 Many people within this group would like the opportunity to work in open employment<sup>3</sup> (mainstream employment in the open labour market which pays no less than the minimum wage) and have skills valued by the labour market/employers. Many employers are also willing to support this group within the workplace<sup>4</sup>.

<sup>3</sup> Around 74 per cent of disabled people (aged 15 to 64) who are not in paid work would like to work: Stats NZ (2013). Disability Survey: 2013.

<sup>4</sup> Key stakeholders who have indicated this include Business New Zealand, Regional Skills Leadership Groups, and New Zealand Disability Employers' Network (NZDEN). NZDEN members represent an estimated ~100K jobs (99,390), which equates to 3.5 per cent of total jobs in the NZ Labour Market (data drawn from publicly available information and do not include the contractors that these organisations employ.)

- 19 MSD provides a range of employment services that disabled people engage with:
- Employment programmes designed for the general population: MSD provides numerous non-targeted employment services designed for the general population. These services include a mix of employment assistance e.g., information and advice, job matching, work-related education and training, financial support, and direct job creation.
  - Disability-specific employment services: MSD provides targeted employment services that are tailored specifically to the needs of disabled people or people with health conditions. These tend to have a focus on in-work supports (through Job support Funds), Mental health-specific supports (through Oranga Mahi), wage subsidies shown to be helpful for those closer to the labour market (Mainstream) and Business Enterprises (segregated/sheltered employment under the minimum wage exemption).
- 20 Evidence shows that (with the exception of Business Enterprises and pilot services in schools) this cohort is not accessing MSD's existing suite of employment supports. This is despite the availability of an opt-in trial available which allows them to request employment-focused case management and referrals to existing MSD employment services<sup>5</sup>.
- 21 Engagement with relevant stakeholders and analysis of existing research showed that whilst the existing suite of employment supports can be useful tools, an intensive specialised wrap-around approach delivered by dedicated experts is necessary to see outcomes. This echoed findings from the Welfare Expert Advisory Group, Disability Strategy, and engagement on *Working Matters: The Disability Employment Action Plan*.
- 22 Additionally, despite the existing tools available (such as wage subsidies) people in this cohort still face attitudinal bias and are unable to secure roles with employers. Employers have told us they do not feel disability confident and are often uncertain about a candidate's ability to either fulfil or enjoy a role, opting instead for applicants who are not disabled. Both employers and Disabled stakeholders have noted the need for support which helps shape a job or works with an employer beyond placement to ensure a mutually beneficial employment outcome.
- 23 Officials considered expanding the reach of existing services with wrap-around support components such as Oranga Mahi as an alternative to developing a new ALMP but the evidence does not support this option. While beneficial for those with mental health and addiction needs, Oranga Mahi has been shown to be less effective for other groups<sup>6</sup> and has a health focus which is not relevant to the identified target cohort.

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<sup>5</sup> There was a total of 1 SLP-HCD client from the target group with an SLP Opt-In Trial for Work Focussed Case Management Tag in June 2022. Sourced from MSD Administrative data filtered by disability conditions/descriptions associated with clients who identify themselves with an Intellectual Disability, Brain Injury or are Neuro-Diverse.

<sup>6</sup> Bond, G. R., Drake, R. E., & Pogue, J. A. (2019). Expanding Individual Placement and Support to Populations With Conditions and Disorders Other Than Serious Mental Illness. *Psychiatric Services*. <https://doi.org/10.1176/appi.ps.201800464>

Bond, G. R., Drake, R. E., & Becker, D. R. (2020). An update on Individual Placement and Support. *World Psychiatry*, 19(3), 390–391. <https://doi.org/10.1002/wps.20784>.

24 In June 2022 we reported to you on the need for a differential approach to employment supports that could assist different groups along a continuum of labour market participation, noting that evidence shows specialised support for different groups is key to ALMP outcomes for disabled people [REP/22/5/443 refers]. You agreed to a work programme to develop three distinct ALMPs which were tailored to different circumstances to help address gaps in ALMPs. These three workstreams included:

- Vocational Rehabilitation (for people with musculoskeletal pain and conditions returning to work),
- Oranga Mahi for people with mental health and addiction needs, and
- Customised Employment for people furthest from the labour market (the cohort discussed in this paper).

*Article IX. Investment to deliver targeted ALMPs to this cohort acknowledges that equitable access to employment opportunities is a right under the United Nations Convention on the Rights of Persons with Disability (UNCRPD)*

25 Underrepresented in the labour market, many in this cohort who want to work are choosing between either voluntary work or segregated employment under the minimum wage exemption. The UNCRPD Committee, in their 2022 examination of New Zealand, have asked the New Zealand Government to expedite work to create supported pathways to open employment for all disabled people as an alternative to segregated employment through Business Enterprises.

*Article X. CE could help this group prepare for, find and retain work*

- 26 Customised Employment is an intensive, person-centred process that focuses on abilities and common interests of employees and employers by tailoring a job to fit the skills, interests, strengths and to support the needs of the disabled person whilst meeting the needs of the business.
- 27 This type of support involves working closely with an employer to build confidence and to shape a job that allows the employer to benefit from the skills of a candidate and allows the candidate to secure their open employment in an area of their interest or choice.
- 28 CE is underpinned by a trusted relationship between a jobseeker and employment facilitator and has some core components and steps. These include an in-depth discovery process to identify the person's strengths, needs and interests; finding and negotiating with an employer, including to identify their business needs; customised supports; in-work support; and provision of on-the-job training. While the process can be lengthy, it has been shown to lead to good employment for people previously treated as unemployable in the open labour market.

**Article XI. There is strong evidence supporting the use of Customised Employment as an effective employment support**



- 29 Effective assistance for disabled people furthest from the labour market involves more intensive, multifaceted, and specialised supports<sup>7</sup> that are not currently provided for this group within Aotearoa New Zealand's existing ALMP system<sup>8</sup>.
- 30 Desire to increase access to, and provision of, CE has been a recurring theme in engagement with the disability community for many years, echoing international evidence on the effectiveness of this type of support. This includes consultation on the Welfare Overhaul, Future of Work initiatives, the Disability Action Plan and development of the Enabling Good Lives Principles.
- 31 In addition, *Working Matters: The Disability Employment Action Plan*, which was designed in collaboration with the disability community, includes a specific action to consider support options that promotes innovative job design including CE. This plan also includes complementary actions for the Ministry of Business, Innovation and Employment to support and grow employer capacity and confidence in recruiting and retaining disabled people.
- 32 New Zealand has agreed to actions under the United Nations Convention on the Rights of Persons with Disabilities' 2022 concluding observations to "incorporate concrete measures ... with resources, time frames and monitoring mechanisms that ensure the transition from segregated employment to the open labour market" for this group.<sup>9</sup> The target cohort identified for CE (the majority of whom would like open employment) tend to be in day support services, voluntary work or business enterprises (defined by the UN as "segregated employment").
- 33 We reported to you in March on the discovery phase of this work which involved a literature scan, early options analysis, and engagement with a wide range of stakeholders from the disability community. Findings included:
- 33.1 CE has been effective as an ALMP in comparable OECD countries and is considered best practice as a delivery approach for disabled people facing complex barriers to employment
  - 33.2 there is evidence of its potential in Aotearoa because it is already being successfully delivered by some community providers (often on an ad-hoc basis with resourcing constraints)
  - 33.3 engagement with stakeholders highlighted willingness to remain connected to and to collaborate on the design and delivery of CE were it to progress, and outlined necessary components to ensure CE is accessible and appropriate to people's needs
  - 33.4 while CE has the potential to support a wide range of people, targeting tailored supports to specific cohorts is in line with OECD advice on effective deployment of ALMPs, and we know this is the most effective way to make equitable change to this cohort

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<sup>7</sup> Current state: [Welfare Expert Advisory Group \(2019\)](#)

<sup>8</sup> Support with a similar level of wrap around and intensity do exist for other target cohorts through initiatives such as Māori Trades and training Funds and He Poutama Rangatahi

<sup>9</sup> United Nations Committee on the Rights of Persons with Disabilities (2022) [Concluding observations on the combined second and third periodic reports of New Zealand](#)

- 33.5 with investment, sector capacity to deliver CE can continue to grow thanks to the development of a diploma in disability employment support and a growing community of practice among providers
- 33.6 case studies show CE sees most positive outcomes when combined with income supports that enable people to work part time and have sufficient income, peer mentoring and natural supports, e.g., family, friends, workplace accommodations and supportive employers<sup>10</sup>.

*Significant investment is required to address persistent inequity for disabled people facing more complex barriers to work*

- 34 A companion paper has been provided to you with the overall proposed investment approach to address gaps in ALMPs. The paper outlines rationale for investment across a continuum of labour market attachment, ranging from people in work but at risk of displacement through to those with no labour market attachment.
- 35 While investment in lighter touch early intervention can support larger numbers of people (including those displaced from work or actively job seeking), there is still a need to invest in supports for those smaller groups already distanced from the labour market, or who require more intensive multifaceted support to overcome complex barriers to participation in the labour market. Investment in this group tends to be more costly.
- 36 This group is often excluded from existing pathways into employment support, facing attitudinal barriers which result in a lack of opportunity to have employment-focused conversations, or to engage with support services. This includes transition from schooling, and within the welfare system where there are missing or inaccessible referral pathways.
- 37 Because of this, initial costs to establish CE as an accessible ALMP will need to include developing or strengthening connected networks of referrals to support. We can leverage off lessons learned through existing opt-in trials for employment focused case management when establishing new pathways to support for this cohort within the welfare system. Initial investment will also include building sector capacity to deliver alongside the sustained cost of delivery contracts with community providers.

*Article XII. Investment into ALMPs for this group will lift wellbeing<sup>11</sup> but may not result in exit from benefit...*

<sup>10</sup> Wilson, E. & Campain, R. (2020). Fostering employment for people with intellectual disability: the evidence to date, Hawthorn, Centre for Social Impact, Swinburne University of Technology

<sup>11</sup> Wellbeing captures the ability of people to live the lives to which they aspire, and spans both material conditions and quality of life (Sen, 1993). Wellbeing refers to people's welfare, or quality of life, and encapsulates the degree to which people are able to live the kind of life they have reason to value. Wellbeing is a concept that crosses cultures. Traditional Māori models of wellbeing place family and whānau at the centre. Wellbeing measurement quantifies the outcomes of social policy (Social Investment Agency, 2018).

By measuring the wellbeing of the people before and after accessing an ALMP we can gauge the effectiveness of the intervention in improving wellbeing outcomes. Wellbeing measurement can be used to see if a social service is making an individual, family or whānau healthier, happier, has led to a new job or change in earnings, improved their social connections or their sense of cultural identity for example. (Social Investment Agency, 2018). There are a range of methods for measuring wellbeing outcomes we can draw from, a recommended approach is to use a mix of subjective and objective measures to understand quality of life.

- 38 For most people, work or other productive activity is part of their identities and gives meaning to their lives<sup>12</sup>. The link between participation in work and improved social and material wellbeing is well evidenced<sup>13</sup>. Participation in the labour market is also a key social determinant of health. Investment into CE for this group creates a pathway to open participation in the labour market, as well as subsequent social inclusion and wellbeing benefits.
- 39 Research and recommendations from the Welfare Expert Advisory Group identified that there is a need to improve employment access for those who are likely to continue to require assistance from the welfare system for all or most of their income due to health conditions or disabilities. It specifically notes that "some people are poorly served in terms of supports and services to support social inclusion (e.g. people with severe mental illnesses, people with significant neurodevelopmental disorders including intellectual disabilities and those with few natural supports)".<sup>14</sup>
- 40 However, many disabled people furthest from the labour market will continue to need a degree of financial support, particularly if engaged in part-time or low-wage work. While outside the scope of this report, it should be noted that policies that make work pay for this group are important<sup>15</sup>.
- 41 Employment support is largely funded through the Multi Category Appropriation which is guided by performance measures related to benefit exit. Wider disability supports tend to be funded through the Community Participation Allocation which is guided by performance measures around participation in the community but does not have a focus on open employment. s9(2)(f)(iv) [redacted], officials may need to consider how funding is allocated and whether or which existing appropriations are the most suitable to administer CE given outcomes sought are broader than exiting the benefit system.

*Article XIII. ...however, investment into employment supports for disabled people in general has a cost benefit for government and business*

- 42 Government-funded employment supports for disabled people can provide significant benefits for both individuals and society<sup>16</sup> and the economic benefits to businesses that a disabled workforce brings are well evidenced and well documented. The body of research exploring return on investment for employers<sup>17</sup> includes consideration of recruitment of

<sup>12</sup> Reid C, Riddick-Grisham S. (2015) [The importance of work or productive activity in life care planning and case management](#). NeuroRehabilitation.36(3):267-74.

<sup>13</sup> UK HM Government Work and Learning Evidence programme (2017) [Briefing: Unemployment, re employment and wellbeing](#).

<sup>14</sup> WEOG (2019), Current state: the welfare system and people with health conditions or disabilities.

<sup>15</sup> MacDonald, D., C. Prinz and H. Immervoll (2020), "[Can disability benefits promote \(re\)employment?: Considerations for effective disability benefit design](#)", OECD Social, Employment and Migration Working Papers, No. 253, OECD Publishing

<sup>16</sup> For individuals these include: Increased take up of suitable employment; Participants receiving wages at or above the minimum wage; Improved health outcomes where people are engaged in suitable work; Increased social participation; Improved quality of life. For society these include: Reduced welfare costs over time; Higher tax revenues; Increased labour market productivity; Change in attitudes to support the employment of disabled people

<sup>17</sup> Aichner, T. (2021) [The economic argument for hiring people with disabilities](#). Nature: Humanities and Social Sciences Communications volume 8, 22.

people with learning disabilities and neurodiversity who would fall within the proposed target cohort identified for CE here in Aotearoa.

#### **Article XIV. Co-designing and delivering CE with disabled people supports the Crown's commitments under Te Tiriti o Waitangi**

- 43 We have previously reported to you on the alignment of work to increase access to appropriate disability employment supports with the Crown's commitments under Te Tiriti o Waitangi (te tiriti) [REP/23/2/116 refers]. Further information on this can be found in Appendix A.
- 44 Previous analysis includes recognition that te tiriti provides a framework through Article One (Kāwanatanga) to consider equitable access to employment for those who face barriers related to multiple identities. Barriers can be particularly entrenched for marginalised groups, including Māori, Pacific People, ethnic communities, women, Rainbow communities, older people, and young people. Such identities can intersect and overlap. This means some disabled people can face multiple disadvantages and disparities.
- 45 Application of te tiriti to a framework for investment includes that funding engagement with and involvement of Māori in the design phase of Customised Employment will be critical. Stakeholder engagement to date has identified that CE is well placed to meet needs of tāngata whaikaha Māori who fall within the target group, however continued or expanded engagement with Māori (including disabled people, their whānau, providers and steering groups) through the design process can help ensure:
- procurement allows for Kaupapa Māori providers to access funding,
  - development of the "by Māori, for Māori" disability support sector can continue and
  - tāngata whaikaha Māori and their whānau can access and benefit from CE provision.

#### **Article XV. A framework for investment into design and delivery**

#### **Article XVI. Officials have undertaken engagement with stakeholders focused on what an effective framework for funding/delivery of CE services could look like**

- 46 A summary of engagement can be found in Appendix B. Additionally we reported to you in March on key themes heard from stakeholders through Phase One of engagement relating to discovery phase findings. We have since continued to work with stakeholders to develop and test a framework for investment. This framework is informed by components stakeholders identified as necessary to ensure CE is accessible, appropriate for people's needs, and effectively delivered.

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LEAD Workforce Innovation and Opportunity Act (WIOA) policy development centre. (2015) *National Center on Leadership for the Employment and Economic Advancement of People with Disabilities Perspective of Employers on Customized Employment*. rep.

Luecking, Richard G; Cuozzo, Lisa; Buchanan, (2006) Demand-side Workforce Needs and the Potential for Job Customization *La Verne Journal of Applied Rehabilitation Counselling* Vol 37 Issue 4, DOI: 10.1891/0047-2220.37.4.5.

**Article XVII. We recommend building on evidence of what works, through investment into social sector commissioning of effective providers**

- 47 Investment in ALMPs that support entry into open employment for disabled people furthest from the labour market also supports other goals. Being employed also supports individuals' community participation and the related impacts for improved health, social and material wellbeing outcomes. The support needed to achieve these outcomes will vary.
- 48 Community-based providers are well placed to offer the individualised, multifaceted and wrap-around approach necessary to support this group. Relationships built on trust have already been established and community providers also hold specialist skills and knowledge relevant to the delivery of CE. In some cases we already hold ad-hoc contracts with providers who offer CE services. Due to this, we recommend MSD develop regional contracts with community providers to deliver CE.

*Engagement findings highlighted the importance of a regionally-led, nationally-supported approach to procurement of CE delivery*

- 49 Engagement with employers and community providers emphasised that regionally-led contracting approaches can mitigate risk of low access and uptake. This is because it can leverage and build upon existing and trusted relationships at a community level, between disabled people, whānau, providers, employers and regional MSD services.
- 50 Regionally-led delivery models are usually adopted for disability, community participation or inclusion supports, or regionally-responsive initiatives. It will require a design of a procurement and contracting approach with targeting guidelines and reporting outcomes appropriate to the desired impact of CE as an ALMP. It will need to allow for multiple referral pathways (including self-referral) that connect disabled people in the target group with community providers.
- 51 Some targeted population-specific programmes within MSD's employment portfolio adopt a regionally led contracting model, such as He Poutanga Rangatahi, Māori Trades and Training Funds and Employment Services in Schools. These could provide some useful insights for costing and design. However as a new ALMP, CE can not replicate existing services due to the different response required to support the target cohort. This means investment into a design phase to develop a new contracting and procurement approach will be necessary.
- 52 Stakeholders from the disability community noted that a regionally-led approach would allow for more effective access to, and dissemination of, information around what services are available (citing alignment with the many disability supports already delivered and accessed through regional approaches). This is especially important for people who face compounding disadvantage in service access and labour market participation (notably, Māori, Pacific and ethnic communities).
- 53 Disabled stakeholders and providers discussed the importance of enabling providers to own self-referral processes and be responsible for the marketing to and uptake of participants through their networks and partnerships alongside work within the welfare system to support referrals.

- 54 Some stakeholders highlighted the risk that regional procurement could lead to uneven availability and varying capacity among providers across different regions, e.g., greater density of providers in some regions or limited capacity in rural areas. This could compound inequity, particularly in rural regions where the population of those with greater need is higher, e.g., tāngata whaikaha Māori. To mitigate this, growth of sector capacity will need to be built into the investment approach.

*Efforts to support and grow sector capacity to deliver will need to be built into the investment approach*

- 55 In engagement sessions, providers shared ideas as to how contracting and funding approaches could facilitate growing sector capacity. These ideas can be worked through in the delivery design phase. Growing sector capacity to deliver CE to a high standard may include a funding allowance for providers to upskill and collaborate.
- 56 Formal training and credentials are already available through the Employment Support practice module developed as part of the New Zealand Diploma in Health and Wellbeing (Level 5). The development of this diploma was an action under the Working Matters Employment Action Plan and provides opportunity for the workforce to upskill across the social, health and welfare sector.<sup>18</sup>

**Article XVIII. The below framework outlines key features to ensure design and delivery of CE is effective in meeting need**

- 57 The four key features to ensure the effective design and delivery of CE are:
- Contracting and procurement: ensures delivery of an evidence based intervention (CE) that improves life outcomes for disabled people and supports the growth of sector capacity
  - Targeting: The reach and scale of the intervention starts small but can expand based on capacity and evidence
  - Continuous improvement focus: Design and future changes to CE are informed by evaluation and the input of disabled people and providers
  - Connected to a broader system
- 58 These key features are outlined in the framework diagram below. These features can be used to guide investment and to ensure the design of CE aligns with the policy intent to effectively support this group through accessible, available and relevant assistance. This includes reflecting a stakeholder-informed approach, which:
- facilitates delivery which is locally responsive
  - utilises and grows existing sector capacity and expertise
  - seeks procurement of culturally appropriate provision for Māori, Pacific and ethnic communities
  - allows individuals to self-refer to and/or interact with services that they feel comfortable with and understood by

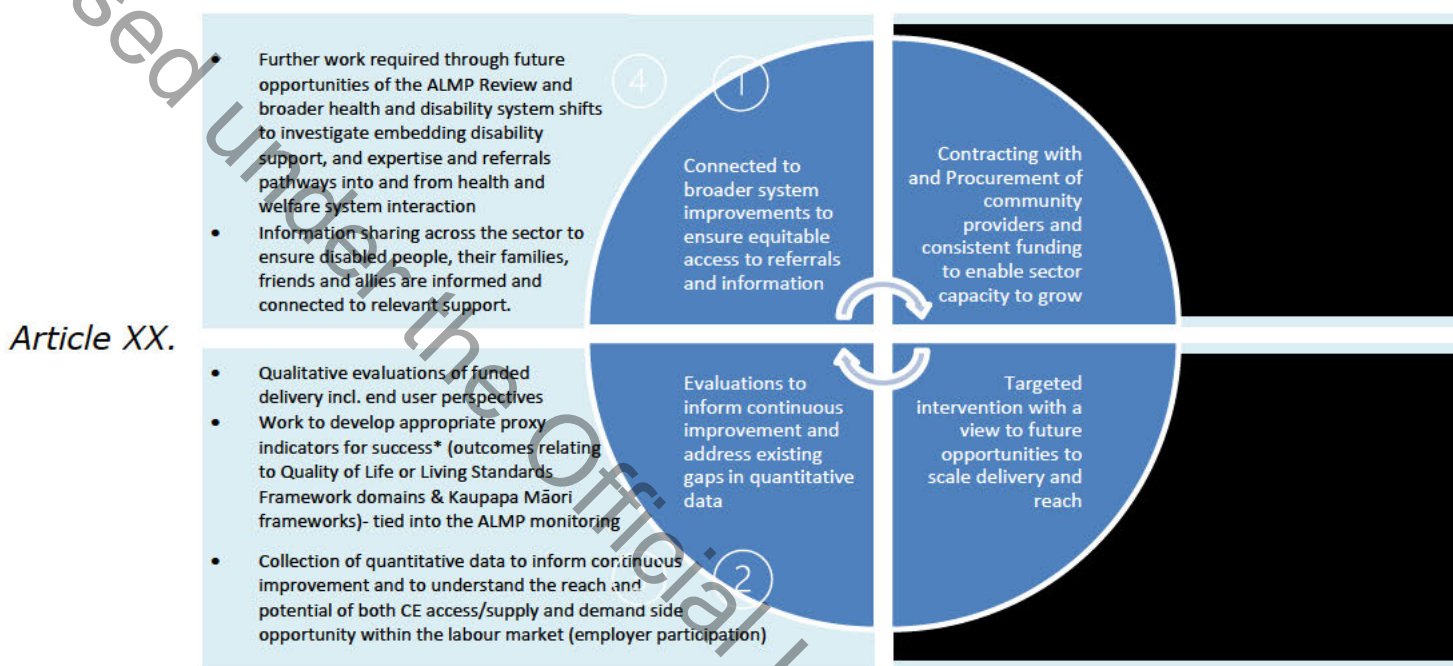
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<sup>18</sup> Workforce development councils have also indicated a willingness to build increased training for disability employment into future planning.



- builds further connections between MSD regional service centres and available tailored employment focused supports for disabled people who want to work but who may have deferred work obligations
- addresses gaps in data and resources new monitoring and evaluation which takes into account all-of-life outcomes, and can inform continuous improvement of delivery.

Article XIX. An indicative framework for investment into design and delivery of CE:



- 59 The design phase of this work, in particular the ongoing development of CE delivery methods needs to be informed by disabled people and investment will need to include sufficient resourcing to ensure the quality of implementation and ongoing operation of CE

Article XXI. Further decisions around design and delivery will be taken at a later stage should Budget funding progress

- 60 These decisions will also take into account early initial findings from the MSD Review into Employment Participation and Inclusion Services as well as broader ongoing health and disability system transformation.
- 61 End to end service design could include developing a nationally supported approach, oversight and expectations of community providers, application of the Enabling Good Lives principles, how Supported Decision Making will be implemented, and accountability measures and disputes resolutions framework for community providers.
- 62 Key Government strategies, including the New Zealand Disability Strategy, Disability Action Plan, and Working Matters, are important tools in design and delivery, including in the development of monitoring and accountability mechanisms
- 63 Officials will also continue to work through how the design phase of CE delivery considers:
- options and trade-offs for targeting and eligibility of support

- equity of access to appropriate support for all communities (e.g. Pacific, Māori, rainbow and gender diverse people, and ethnic and migrant communities) as well as people who experience multiple impairments
- how to learn from and leverage existing contracting and delivery models that have been trialled in some regions.

*Delivery of CE will need to account for a changing disability and welfare system*

64 This includes considering findings that emerge from MSD's Employment Participation and Inclusion programmes review and alignment with Cabinet agreement to the role and direction of MSD's employment services [SWC-22-MIN-009 refers].

65 s9(2)(f)(iv)

*Article XXII. Officials have also considered options for targeting delivery of CE*

66 We consider that there are four options for targeting CE, noting that further work to determine eligibility will take place through the design phase (subject to funding decisions):

66.1 Option One: Supported Living Payment (SLP) recipients with intellectual disability, or who self-identify with neurological, learning or cognitive impairments, or as being neurodiverse (which in interaction with various barriers hinders their participation in open employment)

66.2 Option Two: Option One plus Jobseeker Support (Health Condition and Disability) (JS-HCD) Sole Parents (SPS) and young people (YP/YPP) recipients with intellectual disability, or who self-identify with neurological, learning or cognitive impairments, or as being neurodiverse (which in interaction with various barriers hinders their participation in open employment)

66.3 Option Three: All SLP and JS-HCD recipients

66.4 Option Four: This involved the creation of a custom criteria to allow anyone, who it may assist, access to CE.

*We recommend you invest in the group identified in Option Two...*

67 Keeping the initial group narrow helps target impact to highest need and prioritises funding to meet key gaps in ALMPs. It will also enable sector capacity to deliver and grow and help us learn what works to inform continuous improvement and, if desired, scaling of supports or broadening of eligibility and targeting in future.

68 However, officials heard concerns about taking a narrow approach to scoping during engagement. Keeping the initial scope too narrow would mean not all disabled people are able to access CE and it can involve onerous processes requiring medical certification. This means some disabled people who could benefit from CE (for whom other supports are not intensive or appropriate enough) would miss out. Option two can partially mitigate this by extending eligibility to some people receiving JS-HCD.



- 69 There is evidence that a closely-targeted approach for those furthest from the labour market is the most effective way to build an equitable labour market.<sup>19</sup> Keeping the initial target group smaller and closely targeted while ensuring it does not require a medical assessment also minimises costs.
- 70 As over 50% of SLP recipients have been receiving it for over 10 years, the increase in wellbeing through community participation and the related social determinants of health will be significant for this group. Participation in work has also been shown to reduce health and welfare costs to government regardless of whether the individual stays on benefit<sup>20</sup>.  
...however there are trade-offs in reach and impact to consider

71 Benefits to the labour market are proportional to reach and efficacy. Targeting a small group correspondingly means that the impact on the labour market is also reduced. However, there are a range of disability-focused employment supports which can cater to a larger group (those who may be closer to the labour market). These have been identified and invested in through tandem workstreams as part of the ALMP Review and Budget 2023 processes.

72 A more detailed analysis of the options considered is included in Appendix C.

*Article XXIII. Officials have estimated costs of Customised Employment using other wraparound specialist employment supports as a proxy*

73 s9(2)(f)(iv)

74 s9(2)(f)(iv)

75 s9(2)(f)(iv)

*Article XXIV. Officials recommend investment into CE, according to the framework set out in this paper* s9(2)(f)(iv)

<sup>19</sup> OECD (2021) [Building inclusive labour markets: active labour market policies for the most vulnerable groups](#)

<sup>20</sup> N. Goodman (2015) LEAD Centre Policy Brief: [The Impact of Employment on the Health Status and Health Care Costs of Working-age People with Disabilities](#)

76 s9(2)(f)(iv)

77 s9(2)(f)(iv)

*Article XXV. There are key enablers and barriers in the broader EET system which, if addressed through complementary work, can further the efficacy of CE in supporting disabled people into employment*

78 Themes emerging from stakeholder engagement have shown that further work could be scoped across government and within the welfare system to address barriers and key intervention points relating to pathways into employment for disabled people (including those CE is targeted to). These include:

- **Transitions pathways from education into employment** - including exploring targeted internship pathways and early career focused conversations
- **Improved ease of navigation through broader welfare, social and health support system** - this includes relevant recommendations made through the Welfare Expert Advisory Group findings and ensures connected co-ordinated referral networks across health, education and employment systems
- **Additional investment into delivery of employer training and development for disability confidence** - this would also fulfil actions under priority 4 of *Working Matters* which sets out a multi-pronged approach to build employer confidence in recruiting and retaining disabled people and NZ Disability Strategy actions relating to Outcome 2 Employment and Economic Security

79 Officials could provide further advice around the opportunity for and/or scoping of future, longer-term work to improve access to and efficacy of CE within the ALMP system pending agreement to progress investment. Further information on this can be found in the companion paper you have received.

80 It was also noted that housing and transport disadvantage plays a key role in individual access to labour market opportunities and appropriate or relevant supports.

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<sup>21</sup> This includes using number of people who have an intellectual disability, brain injury or neurodiversity recorded as their primary reason for receiving SLP of JS HCD as a proxy indicator for cohort size estimation and balancing this with what we know through existing contracts of provider networks who are reaching this cohort and have capacity or capability to provide employment focused support alongside current uptake of the SLP opt-in trail. Officials also noted that there are 800 people from this cohort currently in segregated employment through business enterprises.

*Article XXVI. MSD has worked with the Office for Disability Issues and Whaikaha throughout the discovery phase of this work and to test the proposed investment framework*

81 Situating this paper within the ALMP review has meant that rationale for investment has a focus on efforts to address gaps in support along a continuum of labour market participation. Whaikaha have noted that a rights-based analysis provides adequate rationale for investment in CE for this group, citing recent recommendations from the UNCRPD and acknowledging that equitable access to employment opportunities is a right under the convention.

82 Whaikaha also noted the potential for a cross-government approach. The aspirations for this cohort of disabled people are high, and there has been involvement of various Government agencies over the course of their lives. They note that while development of an ALMP is an important step, agencies such as Health, Education, and MBIE could be useful partners in further work to break down the systemic barriers for this group.

83 s9(2)(f)(iv)

## **Article XXVII. Next steps**

84 s9(2)(f)(iv)

85 Should you request it, officials can provide you with an update on progress or further detail as part of wider ALMP report back at the end of 2023.

File ref: REP/23/5/457 Author: (Lauren Innes-Hill, Senior Policy Analyst, Employment Policy)

Responsible manager: (Harriet Miller, Policy Manager, Employment Policy)

## **Article XXVIII. Appendix A: Customised Employment and the Crown's commitments under Te Tiriti o Waitangi**

**Co-designing and delivering Customised Employment (CE) with disabled people supports the Crown's commitments under Te Tiriti o Waitangi**

### ***Design and delivery of CE as an ALMP is underpinned by rite tahi and kāwanatanga***

It is well documented that exclusions of disabled people from participation in labour and broader society in Aotearoa was introduced through colonisation, exemplified through the introduction of domestic incarceration laws and Immigration Acts which explicitly sought to deter disabled people in the 1880s.<sup>1</sup> The institutionalisation of disabled people through colonisation influenced societal attitudes that disabled people cannot contribute and are not part of society and the labour force therein. The inequity in Aotearoa's present labour market, and the wide disability employment gap, can be at least partially attributed to this discriminatory history.

The Crown has a responsibility to provide kāwanatanga (good governance) per the first article of Te Tiriti o Waitangi. This includes taking steps to ensure an equitable labour market that is accessible to all New Zealanders who want to work. This is well illustrated through the vision of the all-of-government Employment Strategy.

### ***Kāwanatanga encompasses Crown responsibilities to address systemic disadvantages in the labour market for ethnic and Pacific communities***

Working with disabled people from communities across the motu to design and deliver CE would meet a gap in employment supports for disabled people across all of Aotearoa's diverse communities and help shape an accessible, inclusive labour market. It would also ensure that disabled people who are furthest from the labour market are not left behind in efforts to achieve the outcomes of the Employment Strategy.

### ***Evidence shows that the labour market system continues to disproportionately negatively impact Māori***

Tāngata whaikaha Māori and their whānau face compounding and intersecting barriers to, and gaps in, both the labour market and the benefit system.<sup>2</sup> Addressing and remedying these barriers and gaps, by supporting development of and funding effective "by Māori, for Māori" services, is a means to better meet Crown obligations. It will also work towards broader system equity through the Employment Strategy. This includes a commitment to upholding equity for Māori ōritetanga and rite tahi under the third article of Te Tiriti.

### ***CE is well placed to deliver what works for Māori***

Māori providers may not always have capacity to adequately fill this gap and so facilitating models which align with what tāngata whaikaha Māori and their whānau have indicated works is necessary. CE is well placed to deliver what works for Māori due to its emphasis on trusted relationships and supporting a person through a whole of life approach, including connecting with and considering their community and whānau context. Building flexibility into delivery, guided by the EGL (Enabling Good Lives) principles will be necessary to ensure services that are not "by Māori, for Māori" can still be appropriate for and accessible to tāngata whaikaha.

### ***Developing a framework for CE gives an opportunity to make inroads to Rangatiratanga***

Ensuring disabled people have choice and control over the services they access and their employment futures underpins this work through the Enabling Good Lives Principles. However, choice and control for Māori requires having options which are fit for their desires and needs. Principles of choice and control align with tino rangatiratanga for Māori.

A full expression of tino rangatiratanga under article two of Te Tiriti o Waitangi is difficult to achieve within the scope of Crown administered funding and benefit systems. However, by funding, where possible, services designed and delivered by Māori, for Māori, and which are built on a high trust model in which the Crown offers providers flexibility to respond to needs of the community, we can make inroads to rangatiratanga for tāngata whaikaha Māori and their whānau. Achieving this will require the development of appropriate procurement and contracting methods for CE. Investment may also be required to ensure community providers can upskill in areas they see fit so that sector capacity grows alongside access and demand. This approach is consistent with Social Sector Commissioning principles

<sup>1</sup>Sullivan, M., and H. Stace (2020) [A brief history of disability in Aotearoa New Zealand](#) accessed at [odi.govt.nz](#).

<sup>2</sup>Te Kupenga (2018) found Tāngata whaikaha Māori were less likely to report having enough or more than enough income to meet everyday needs (at 47%, compared to 67% of Māori non-disabled), be less likely to have a paid

job (at 40%, compared to 71% of Māori non-disabled) as well as be less satisfied with their job (with 80% reporting being satisfied or very satisfied, compared to 83% of Māori non-disabled). The Youth 19 survey also found that Rangatahi that were Tāngata whaikaha Māori were more likely to report food insecurity and housing instability (at 51% and 29% respectively, compared to 23% and 9% of Tāngata whaikaha Pākeha

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**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

# JOINT REPORT

## ACC's Vocational Rehabilitation Services – Report back from discovery phase

<b>Date:</b>	22 September 2022	<b>Priority:</b>	Medium
<b>Security classification:</b>	In Confidence	<b>Tracking number:</b>	MSD: REP/22/8/814 ACC: GOV-020319

### Purpose

- 1 This paper provides an overview of Accident Compensation Corporation (ACC) vocational rehabilitation services. The paper provides an initial assessment of the opportunity for relevant New Zealand Income Insurance (NZII) claimants to access these services and for the Ministry of Social Development (MSD) to purchase the services for clients living with musculoskeletal pain or impairments<sup>1</sup> who need support to stay in or return to work.

### Executive summary

- 2 ACC provides a range of vocational rehabilitation services that integrate health and employment support to assist people injured in accidents to recover at or return to work. These include a Stay at Work service, a Back to Work Service, and a Pathways to Employment service for those with more complex needs.
- 3 There is currently a gap in return-to-work services that are tailored to the needs of people living with musculoskeletal pain or impairments and who are ineligible for ACC services.
- 4 Almost 20,000 people within MSD's system have musculoskeletal conditions recorded as an incapacity. These conditions are predicted to be a significant reason for people accessing NZII in future. Musculoskeletal conditions account for a large proportion of lost productivity and sickness absence.

<sup>1</sup> Examples include (but are not limited to): all types of arthritis; tendonitis; muscle or tendon strain; and back, neck, or joint pain that make it difficult to work. Conditions are often chronic and comorbidity is common.



- 5 Evidence indicates that ACC's vocational rehabilitation approach may be effective in supporting people with musculoskeletal impairments to stay in or return to work.
- 6 An initial view based on a rapid discovery process is that ACC's vocational rehabilitation services could be beneficial for MSD clients and future NZII claimants. This view was reached after considering the relatively low cost of ACC vocational rehabilitation services per claimant, the fact that they operate at scale and across all regions in New Zealand, and that ACC vocational rehabilitation providers have initially indicated some spare capacity to deliver more services and work with more clients.
- 7 However, several considerations relating to how these services would interface with MSD and/or NZII infrastructure will need to be tested further, given the differences between systems and client bases.
- 8 Vocational rehabilitation services could be tested within one or more regions to see how they would integrate within the MSD context, subject to funding. This could include testing an eligibility framework based on the needs of a person, rather than on a diagnosis of a musculoskeletal condition, in line with Enabling Good Lives principles and with Government's shift towards the social, rather than medical, model of disability.<sup>2</sup>
- 9 Testing the services would enable the approach to be monitored to learn what works well and what could be improved. Services could then be potentially expanded the following year.



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22/09/2021



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22/09/2022

<sup>2</sup> The social model of disability recognises that environments and attitudes disable people living with impairments, rather than seeing a (medically diagnosed) impairment itself as a disability.

## Background

- 1 Employment, Education and Training (EET) Ministers considered the findings and recommendations of the Review of Active Labour Market Programmes (ALMP Review) in June 2022. They agreed to several recommendations to increase the provision of ALMPs for disabled people and people displaced from work, including that further work be undertaken to:
  - stabilise and grow the provision of integrated health and employment services, with a focus on people with mental health and addiction issues
  - explore Customised Employment as a new ALMP for disabled people furthest from the labour market, with a focus on people with learning disabilities and neurodiverse people seeking customised employments supports
  - fill gaps in supports for people who lose their job because of economic displacement or for health reasons.
- 2 This paper focuses on EET Ministers' recommendation that further work be undertaken to explore the applicability and possible extension of ACC vocational rehabilitation services to disabled people who are ineligible for relevant ACC services. They recommended that this work focus on those with musculoskeletal conditions who are ineligible for ACC services but who may be eligible for NZII in future, given that there is evidence that ACC's vocational rehabilitation approach may be effective for this group.
- 3 Officials from MSD and ACC are jointly progressing this work with support from the Ministry of Business, Innovation and Employment and the Ministry of Health.
- 4 This report builds on the findings of the ALMP Review and of other reports, including the Welfare Expert Advisory Group (WEAG) report *Whakamana Tāngata* (2019), which each found that despite the large population of people with reduced work capacity due to musculoskeletal pain or impairments,<sup>3</sup> there is a gap in stay-at-work and return-to-work services for this group. They recommended that further work be done to address this gap.
- 5 The report provides an overview of ACC's existing vocational rehabilitation services. It outlines the opportunity for relevant NZII claimants to access these services and for MSD to purchase the services for clients living with musculoskeletal pain or impairments (including chronic and episodic conditions)

<sup>3</sup> Examples include: all types of arthritis; tendonitis; muscle or tendon strain; and back, neck, or joint pain that make it difficult to work. Conditions are often chronic and comorbidity is common.

who need support to stay in or return to work. It also considers how these services would interface with MSD and/or NZII infrastructure, noting that several decisions relating to the design of the NZII scheme have not yet been finalised.

### **Vocational rehabilitation services support people with reduced work capacity to sustain their work or transition into new work**

- 6 Suitable work is a key determinant of wider health and wellbeing outcomes. Work can also be important for a person's self-esteem and ability to participate in the community, as well as for the material advantages it can bring to them and their whānau.
- 7 Vocational rehabilitation is an integrated health and employment process which supports people to overcome barriers to engaging in suitable work. It can support people to stay in work, to prepare for work, to return to work after an absence or to transition into new work. This is done through close cooperation between the person, health and rehabilitation professionals, employment specialists and supportive employers.
- 8 The complex nature of the interventions and the diversity of people's circumstances makes determining what works for which groups challenging. Nevertheless, the evidence base is growing rapidly. There is good evidence that early intervention with work accommodation offers, and contact between healthcare providers and the workplace, supports better return to work outcomes for people with musculoskeletal or pain-related impairments.<sup>4</sup>
- 9 ACC's vocational rehabilitation services work with the worker and the employer to support recovery at or return to work. ACC is currently the largest public funder of vocational rehabilitation services for people who have been injured in an accident and are receiving ACC earnings related compensation. There is limited availability of similar services for non-injury groups.

## **A deeper dive into ACC's vocational rehabilitation services**

### **ACC's Vocational Rehabilitation Services**

- 10 ACC operates three main vocational rehabilitation services. These services are moving towards a "recovery at work" (rather than "returning to work") framework, with a greater focus on supporting people to stay in work. This shift

<sup>4</sup> Franche et al (2005) "Workplace-based return-to-work interventions: a systematic review of the quantitative literature" *Journal of Occupational Rehabilitation*.

acknowledges the health benefits of staying in work with support and that employers can play a key role in their employees' rehabilitation.

- 11 Each service provider has a core team of health professionals, including an occupational therapist, a physiotherapist and a psychologist, with an optional social worker, registered nurse, and/or medical practitioner. The team also includes employment specialists, including a career practitioner or vocational counsellor, with an optional recruitment consultant and/or Māori practitioner. Where appropriate, services (or elements of the service) can be delivered over the phone via telehealth.<sup>5</sup>

**Table 1: Overview of ACC's main vocational rehabilitation services**

Service	Target cohort	Description	Referral pathway
<b>Stay at Work (SAW)</b>	People who need support to stay in their job, return to a modified job with their employer, or move into a new job with the same employer	<ul style="list-style-type: none"> <li>Provides a range of health supports such as physiotherapy, psychology and/or occupational therapy</li> <li>Liaises with employer to negotiate a graduated return to work plan</li> <li>Identifies the functional requirements of the person's work and ways for them to return to work earlier, such as modifying the pre-injury role or the workplace environment.</li> <li>The provider educates the person and their employer on ways to address functional or psychological barriers to return to work such as pain, fatigue and motivation</li> </ul>	<ul style="list-style-type: none"> <li>Referred by ACC Recovery Team member</li> <li>Providers can also refer claimants directly into the service without prior approval from ACC (until 31 December 2022)</li> </ul>

<sup>5</sup> Phone-based services can make elements of a service easy to scale up. But note that the evidence suggests that face to face approaches work better. See e.g. Dol et al (2021) "Systematic Review of the Impact on Return to Work of Return-to-Work Coordinators. *Journal of Occupational Rehabilitation*.

<b>Back to Work (BTW)</b>	<p>People who have lost their job following injury and need support to regain capacity for their pre-injury work type, obtain employment, become vocationally independent, or maximise their employment participation</p>	<ul style="list-style-type: none"> <li>• Provides a range of health supports such as physiotherapy, psychology and/or occupational therapy</li> <li>• General employment support such as CV and cover letter support and interview preparation, and training or skill development.</li> <li>• Specialist employment services, such as real or simulated work activities.</li> <li>• Addresses functional or psychological barriers to return to work such as through coping strategies or functional exercise programmes.</li> <li>• Provider can arrange a short-duration work trial with a potential prospective employer to test out role and trial equipment and modifications. Person remains supported by the scheme through the trial</li> </ul>	<p>Referred by ACC Recovery Team member</p>
<b>Pathways to Employment (PTE)</b>	<p>People with complex needs who are expected to achieve one or more of the outcomes under the</p>	<p>Services mirror those of Stay at Work or Back to Work (depending on the person's rehabilitation goals) but there is increased allowance in the pricing for greater provider inputs along the journey</p>	<p>Referred by ACC Recovery Team member (Partnered Recovery stream)</p>

	Stay at Work or Back to Work services		
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12 ACC also operates services that can complement main vocational rehabilitation services. These include:

- **Work Specific Functional Rehabilitation:** an additional rehabilitation service, billed separately, that can complement any of the three main vocational rehabilitation services. It provides specialist physiotherapy, occupational therapy or movement to address work specific barriers that are preventing a sustainable return to work.
- **Pain management services,** which sit outside the vocational rehabilitation contracts and provide courses and services that help people manage long-term pain. These services can be delivered prior to a vocational rehabilitation service or in tandem.

### **ACC's vocational rehabilitation services operate across New Zealand but are most concentrated in Auckland, Canterbury and Waikato**

- 13 In the 2022 financial year, about 24,000 people accessed ACC's three main vocational rehabilitation services across New Zealand.
- 14 While the highest concentration of people referred to vocational rehabilitation services is in Auckland (approximately 6,500), there are sizeable numbers in Canterbury (5000), Waikato (3,900) and Wellington (2,800), as well as smaller numbers in other regions.

### **Changes in pricing and triaging mechanisms have increased sector capacity**

- 15 ACC sought tenders from potential suppliers for the current vocational rehabilitation services contract. The package rates for vocational rehabilitation services are based on the average level of service input across client groups. Individually, some claimants will require less input and other clients may receive a higher level of input based on their needs.
- 16 Package payments are made up front on referral to the service. This ensures the providers have flexibility to manage resource and cost within the rate paid.
- 17 In the 2021 financial year, 30,590 ACC claimants received vocational rehabilitation services at a net cost per claim of \$1,968. The 2019 financial year saw 44,198 claims with vocational rehabilitation services to the net cost per claim of only \$1,890. Overall, in 2021 ACC spent around \$15M less than

they did on vocational rehabilitation services than they did in 2020. This change reflects factors including:

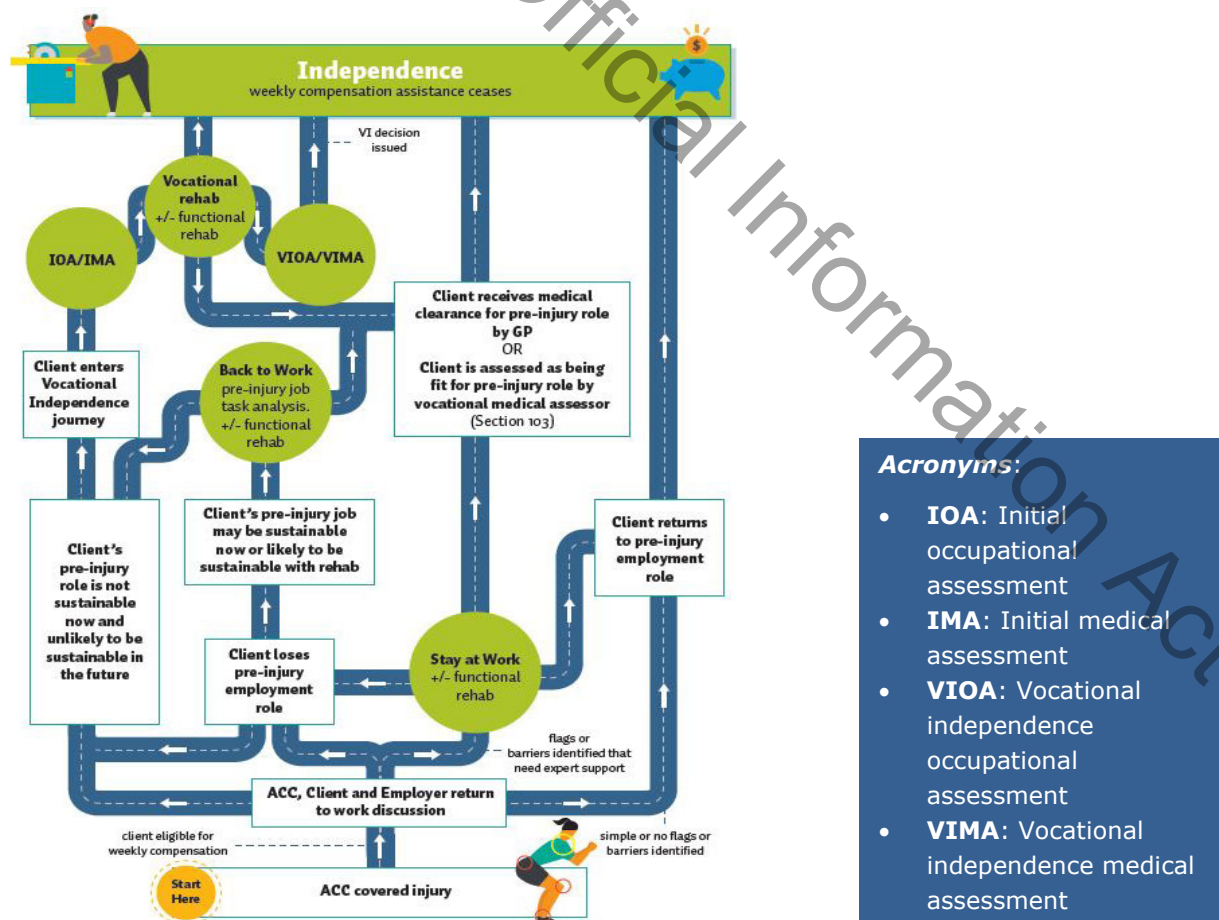
- changes to the case management/Recovery Team model: more people are self-managing their recovery and returning to work without additional support
- contract changes introduced in March 2021 to clarify eligibility for services
- the impact of COVID-19 on accessibility to services and on claimant behaviours.

18 Providers have signalled to ACC that they have capacity to deliver more services and work with more clients. The opportunity to work within the welfare system and the NZII model could, therefore, have reciprocal benefits for providers, for MSD and its clients, and for NZII claimants.

19 However, overall capacity requirements would need to be tested further against projected volumes. Officials will assess this as the work progresses.

### *Journey through the ACC vocational rehabilitation system*

**Figure 1: ACC vocational rehabilitation services map (source: ACC)**





**Prior to receiving a vocational rehabilitation service, claimants are triaged into a case management stream based on the intensity of support needed**

20 When a person first enters the ACC system, an Engagement Model Decision Service directs claims to the right Recovery Team (or case management stream) upfront, based on medical and other information about the person.

Recovery Teams comprise:

- **Enabled Recovery**, in which a person will self-manage their recovery (and does not require a vocational rehabilitation service).
- **Assisted Recovery**, a light touch “many to many” model which offers a person a mixture of self-management and ACC assistance.
- **Supported Recovery**, a dedicated, one-to-one service for people with more complex needs.
- **Partnered Recovery**, a one-to-one service for people with the most complex or specialist needs, such as those with multiple injuries.

21 Recovery Teams coordinate referrals to vocational rehabilitation and other services, based on what is most appropriate for the person. They largely act in a supporting role, with the bulk of the service delivery and coordination carried out by service providers.

**A Recovery Team member discusses and creates a Recovery Plan with the person**

22 A Recovery Plan is prepared for people who are referred to a vocational rehabilitation service and whose claim is expected to last longer than 13 weeks. This is an agreement between the person and ACC that outlines the vocational and social interventions needed to assist their recovery. It includes time-specific actions and goals needed to reach key milestones in their recovery, including who is responsible for completing them and how potential or existing obstacles will be addressed.

23 Recovery Plans are live documents that are updated if the person’s circumstances change, or if agreed interventions no longer apply or cannot be completed. If the plan is for a person to return to their employment or other employment, an employer can be given an opportunity to participate in the preparation of the recovery plan.

**To support return to work, ACC can arrange initial occupational and medical assessments for those who are unable to return to their pre-injury role**

24 If a person is referred into a Stay at Work service, the provider will work with them and their employer to assist with a supported return to work.



- 25 If medical information suggests that a person may not be able to return to their pre-injury employer, they can be referred for an initial occupational assessment (IOA). The IOA produces a report that ACC can use to determine the client's vocational rehabilitation needs. It identifies a list of suitable types of work for the client, considering their education, experience, pre-incapacity earnings, and training. The jobs identified should be realistic for the person to achieve and available in their local region.
- 26 The initial medical assessment (IMA) assesses whether the types of work identified in the IOA are, or are likely to be, medically sustainable for the person. It comments on (predominantly medical) factors that could affect the person's ability to engage in each of the identified work types. The report also provides recommendations on whether further medical treatment, rehabilitation or other options are needed.

**ACC's vocational rehabilitation service schedules specify the maximum timeframes that each ACC purchased vocational rehabilitation service can be delivered**

- 27 The time a person may spend in a vocational rehabilitation programme can vary, and each service has different expected outcomes specified, as per the vocational rehabilitation services service schedule.<sup>6</sup> A person can, however, access a vocational rehabilitation service more than once throughout the duration of their injury. This can happen, for example, if a person re-injures themselves following their return to work, or if they are unable to sustain their pre-injury role due to pain or fatigue. However, few people re-access ACC vocational rehabilitation services (around 5% of claimants).
- 28 Vocational rehabilitation services are structured to enable a person to manage their return to work independently. The person will usually be discharged from the service when they are assessed as such.

**The majority of people who access ACC's main vocational rehabilitation services end up coming off ACC financial support**

- 29 Approximately 67 per cent of people in the 2021 financial year were discharged from a main vocational rehabilitation service and stopped receiving weekly compensation for 35 days following discharge. This is counted by ACC as a 'return to work' outcome, although little is known about the numbers of people who end up in a sustainable role or the number of people who regain their functional capacity through the services.

<sup>6</sup> <https://www.acc.co.nz/assets/contracts/vocational-rehabilitation-service-schedule.pdf>

- 30 According to data from 2011 to 2020, about 4 per cent of people receiving ACC weekly compensation transition directly to MSD income support. Those within this group are more likely to be male, Māori or Pacific, and have a lower pre-injury income. They also more likely to have chronic conditions that do not recover.

### *Demographic breakdown of ACC vocational rehabilitation claimants*

**Table 2: Cohort analysis of ACC's three main vocational rehabilitation services (March 2022)**

Services	Total referrals	Male	Female	European	Māori	Pacific	Asian	Other ethnicity	Older (50+)
<b>SAW, BTW and PTE</b>	24,000	13,700 (57%)	10,300 (43%)	15,400 (64%)	3,600 (15%)	1,450 (6%)	2,000 (8%)	1,200 (5%)	8,650 (36%)

- 31 The fact that more men are receiving vocational rehabilitations services than women is likely to reflect gender trends and inequities in the labour market itself. Men are overrepresented in jobs with physical demands that have high injury risks, such as in industrial and forestry work. Women are more likely to be in jobs that have a lower risk of physical injury (such as retail and social services) but have a higher risk of psychological conditions that are not covered by ACC, such as caring jobs.
- 32 Those receiving ACC vocational rehabilitation services are, overall, a young cohort. Approximately 42% of vocational rehabilitation claimants are 40 years or under.
- 33 The ethnic breakdown of vocational rehabilitation claimants is roughly proportionate to that of the overall population, with the exception of Asians (Asians make up only 8% of claimants despite making up 15% of the overall population). Research shows that while Asians claim ACC compensation at a significantly lower rate of than Europeans, the reasons reflect barriers in access to ACC rather than a lower incidence of injury.<sup>7</sup>
- 34 Māori may also be under-accessing services, given that Māori workers are more likely to be exposed to physical risk factors for musculoskeletal disorders that relate not only to occupational distribution but also to differences in tasks carried out within the same occupation. For example, across all industries Māori

<sup>7</sup> Superdiversity Institute for Law, Policy and Business (2019). "National Culture and its Impact on Workplace Health and Safety and Injury prevention for Employers and Workers".

are more likely than other ethnicities to be exposed to risk factors such as lifting, awkward or tiring positions, awkward grip or hand movements and standing.<sup>8</sup>

## **Assessment of the amenability of vocational rehabilitation services for people living with musculoskeletal pain or impairments**

- 35 An initial view based on a rapid discovery process is that ACC's vocational rehabilitation services could be beneficial for MSD clients and future NZII claimants. This view was reached after considering the relatively low cost of ACC vocational rehabilitation services per claimant, the fact that they operate at scale and across all regions in New Zealand, and that ACC vocational rehabilitation providers have initially indicated some spare capacity to deliver more services and work with more clients. However, this assessment notes that several considerations need to be tested further given the differences between systems and client bases.
- 36 Officials have considered, in more detail, a range of factors that include:
- the scale of the gap that needs to be addressed
  - any differences in the ACC and MSD systems and in their respective client and claimant characteristics
  - Te Tiriti o Waitangi obligations and cultural considerations
  - the evidence base of ACC's vocational rehabilitation services and outcomes for ACC claimants
  - alignment with the Enabling Good Lives principles
  - considerations relating to the interface of vocational rehabilitation services with the MSD system and the design of the NZII scheme.

## **Vocational rehabilitation services could fill a gap in return-to-work support for people living with musculoskeletal pain or impairments**

- 37 Musculoskeletal conditions – a group of disorders affecting the bones, muscles, tendons, soft tissue and joints – can have different causes and may have a variety of health and other consequences. They are often characterised by chronic pain and limitations in mobility and dexterity, which can lead to barriers to work participation – particularly where the work environment does not accommodate the person's circumstances.

<sup>8</sup> New Zealand Health and Safety at Work Strategy (2019) Outcomes Dashboard.

- 38 Almost 20,000 people within MSD's system have musculoskeletal conditions recorded as an incapacity. These conditions are the second most common reason to receive Jobseeker Support–Health Condition and Disability (JS-HCD) after mental health conditions.
- 39 There are likely to be other people in the welfare system who have not been diagnosed with, or have not recorded, a musculoskeletal condition but have a similar level of need and who may benefit from vocational rehabilitation support.
- 40 A significant proportion of NZII claimants are also expected to have chronic musculoskeletal conditions.<sup>9</sup> This is based on trends within the welfare system, as well as trends from other jurisdictions.<sup>10</sup> For example, international studies show that musculoskeletal conditions are often the most common work-related health problem and can account for a large proportion of lost productivity and sickness absence.<sup>11</sup>
- 41 Despite the large number of people with reduced work capacity due to musculoskeletal pain or impairments, few services address the specific needs of this group to support them to stay in or return to work. This means they are more at risk of long-term benefit receipt and can face barriers to employment that become more pronounced over time. On the face of it, ACC's vocational rehabilitation services, which can support people with a similar level of need to stay in or return to work, could help to address this gap.
- 42 ACC's Stay at Work service would also address the significant gap in tailored early intervention approaches within MSD's system that work with employers to retain employees, through accommodations such as flexible hours and temporary part-time work arrangements, to prevent employees from leaving work.

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<sup>9</sup> A person may become eligible for NZII if they have a musculoskeletal condition that leads to at least a 50% reduction in their work capacity. People whose musculoskeletal condition is attributable to an injury are covered by ACC. People with a musculoskeletal condition caused by something other than injury, such as illnesses like arthritis or other degenerative conditions, would not be covered by ACC but could receive NZII.

<sup>10</sup> Note that other jurisdictions do not always distinguish between the causes of musculoskeletal conditions (i.e. whether it was caused by injury or illness).

<sup>11</sup> See e.g. European Agency for Safety and Health at Work (2019) "Work-related musculoskeletal disorders: prevalence, costs and demographics in the EU"; Lochting et al (2020) "Complex return to work process – caseworkers' experiences of facilitating return to work for individuals on sick leave due to musculoskeletal disorders" *BMC Public Health*.



## MSD clients with recorded musculoskeletal conditions have different characteristics to ACC vocational rehabilitation claimants

**Table 3: Cohort analysis of people with musculoskeletal conditions<sup>12</sup> accessing MSD's main health and disability benefits (May 2022)**

Benefit	Total referrals	Male	Female	Euro-pean	Māori	Pacific	Other ethnicity	Older (50+)
<b>Jobseeker Support – Health Condition and Disability (JS-HCD)</b>	11,000 (15% of JS-HCD clients)	5,300 (50%)	5,300 (50%)	4000 (36%)	3000 (28%)	950 (9%)	2,300 (21%)	7,200 <sup>13</sup> (65%)
<b>Supported Living Payment (SLP)</b>	8,500 (10% of SLP clients)	3,600 (42%)	4,900 (58%)	4,750 (56%)	1,950 (23%)	305 (4%)	1,250 (15%)	6,800 (80%) <sup>14</sup>

- 43 MSD's client makeup is different to that of ACC's. A differentiated approach to service delivery that meets varying demographic needs will be important.
- 44 Most MSD clients with musculoskeletal conditions have been on benefit for more than two years and may need more support to become work ready. MSD clients are also more likely than ACC claimants to be waitlisted for publicly funded surgeries or treatments, rather than being able to access private care as soon as they require. This can contribute to longer periods out of work and complex barriers to returning to work.
- 45 There is a higher proportion of older people with musculoskeletal conditions in the welfare system than there are older people accessing ACC services. Increased age is a risk factor for developing a musculoskeletal condition. Musculoskeletal conditions among older workers are also more likely to be assessed as degenerative, rather than caused by work, and are therefore not eligible for ACC.
- 46 Vocational rehabilitation services could address many of the barriers that older workers face to returning to work and could help to meet priorities under the Older Workers Employment Action Plan. To cater for differences in their characteristics to ACC claimants, services may need to have a greater

<sup>12</sup> Relates to those who are working age (18-64 years).

<sup>13</sup> In addition: 9,150 (83%) are over 45 years, and 3,200 (29%) are over 60 years.

<sup>14</sup> In addition: 7,500 (89%) are over 45 years, and 3,411 (41%) are over 60 years.

emphasis on psychosocial factors, work readiness, long-term pain management, and longer-term post job placement support.

- 47 At the same time, a number of clients (5,500 people) receiving JS-HCD and SLP are under 50 years old and could be well supported to return to sustainable work through these services too.
- 48 Māori experience higher rates of musculoskeletal conditions compared with European New Zealanders, despite being a demographically younger population.<sup>15</sup> Research shows that there are also entrenched disparities in access to health and ACC services among Māori, Pacific peoples and ethnic minority communities.<sup>16</sup> More attention to culturally safe service provision is likely to be important in ensuring they are effective and accessible for these groups.
- 49 While numbers of men and women with musculoskeletal conditions receiving JS-HCD are approximately equal, there are more women than men within the SLP population with musculoskeletal conditions. Women often face a higher risk of musculoskeletal disorders compared to men.<sup>17</sup> That higher risk may be due to both biological differences as well as differences in social roles, activities and behaviours – for example, women are more likely to take on household and domestic labour and caring responsibilities in addition to or instead of paid work.<sup>18</sup> Accounting for these characteristics will be important to consider within the welfare system and through NZII.

### **ACC is working in new ways to uphold obligations under Te Tiriti o Waitangi**

- 50 ACC has a range of work underway to provide whānau with choice of services that deliver culturally appropriate care. Kaupapa Māori health services, a new ACC pathway in development in partnership with Māori, will be regionally based to deliver to the needs of haukāinga (local people) and will be available to claimants of all ethnicities.
- 51 ACC Kāwanatanga now also has a Pae Ora rūpu, established in 2021 to set the expectations for ACC to deliver equitable access, outcomes and experiences for Māori, and build cultural capability in ACC's kaimahi.

<sup>15</sup> Te Karu, Dalbeth & Stamp (2021) "Inequities in people with gout: a focus on Māori (Indigenous People) of Aotearoa New Zealand" *Therapeutic Advances in Musculoskeletal Disease*; Baker (2018) "The effect of embodied historical trauma on long-term musculoskeletal pain in a group of urban Māori adults".

<sup>16</sup> Pacific Perspectives Limited (2019) "Tofa Saili: A review of evidence about health equity for Pacific Peoples in New Zealand"; Chiang, Simon-Kumar & Peiris-John (2021) "A decade of Asian and ethnic minority health research in New Zealand: findings from a scoping review" *The New Zealand Medical Journal*.

<sup>17</sup> This encompasses risk from activities not covered by ACC, such as unpaid caring roles.

<sup>18</sup> Côté et al (2016) "Gender differences in fatigability and muscle activity responses to a short-cycle repetitive task".

- 52 MSD also has a responsibility to meet its obligations under Te Tiriti o Waitangi.<sup>19</sup> This includes improving health and disability outcomes for Māori – Māori are currently overrepresented in the population of clients receiving health and disability benefits. More work is needed to promote Māori self-determination, or rangatiratanga, both through general provision of services that are effective and responsive to the needs of diverse Māori, as well as through supporting “by Māori, for Māori” services that deliver support in line with Māori philosophies, values and practices. MSD will aim to support and work with ACC in this space.

**Within the ACC system, few formal mechanisms ensure culturally appropriate service delivery for ethnic communities**

- 53 A person can voice their cultural needs to ACC at any time while receiving a vocational rehabilitation service. These needs can be addressed by receiving language support from the person’s family or through translation lines, or taking account of religious considerations and cultural supports around family and care.
- 54 Given ACC’s vocational rehabilitation services appear to be underutilised by Asian and other ethnic communities, further research and work to develop culturally sensitive and responsive service delivery is likely to be important to improve employment and wider wellbeing outcomes for these groups. MSD officials have connected with the Ministry of Ethnic Communities and will be identifying initial opportunities in this space.

**Evidence indicates that ACC’s vocational rehabilitation approach may benefit people with musculoskeletal pain or impairments**

- 55 ACC vocational rehabilitation services provide bespoke return-to-work assistance for people with injuries, including musculoskeletal conditions caused by injury. Systematic reviews suggest that vocational rehabilitation improves return to work outcomes for people with musculoskeletal conditions.<sup>20</sup> A comparative cohort study undertaken of stroke versus injury found that the combination of ACC’s earnings-related compensation and rehabilitative support prevented a downward spiral into poverty and ill health.<sup>21</sup> There is also strong

<sup>19</sup> Obligations are drawn from the text of Te Tiriti o Waitangi’s preamble, three articles and the Ritenga Māori declaration (the latter of which is often referred to as the ‘fourth article’ and was drafted in te reo Māori and read out during discussions with rangatira concerning Te Tiriti o Waitangi).

<sup>20</sup> Reneman et al (2021) “Vocational Rehabilitation for Patients with Chronic Musculoskeletal Pain With or Without a Work Module: An Economic Evaluation” *Journal of Occupational Rehabilitation*; Cullen et al (2018) “Effectiveness of workplace interventions in return-to-work for musculoskeletal, pain-related and mental health conditions: an update of the evidence and messages for practitioners” *Journal of Occupational Rehabilitation*.

<sup>21</sup> McAllister et al (2013) “Do different types of financial support after illness or injury affect socio-economic outcomes? A natural experiment in New Zealand” *Social Science & Medicine*, 85.

evidence that work accommodation offers and contact between healthcare providers and the workplace improve employment outcomes for disabled people.<sup>22</sup>

- 56 MSD has also operated similar trials in the past, such as an integrated health and employment return to work trial for stroke survivors. An evaluation of the service indicated that it had a strong evidence base but faced issues with referral pathways and with coordination of various components of the service. These factors will be important to work through and anticipate when considering the design of vocational rehabilitation services within the MSD system and for NZII claimants.

### **Officials will need to consider how the services would align with Enabling Good Lives principles in the MSD context**

- 57 ACC's vocational rehabilitation services operate within a medical model of support. MSD will need to consider Government's shift to the social model of disability, in line with Enabling Good Lives principles,<sup>23</sup> if it purchases these services.
- 58 While ACC's vocational rehabilitation services are tailored to individual circumstances, they still follow an overarching "recovery" framework. Many MSD clients have chronic conditions that may require long term pain or condition management. The chronic nature of an impairment is not necessarily linear and there can be extensive variability in how they manifest, such as periods of flare interspersed with periods of respite. It will be important to pivot the nature of the services towards long-term condition management that accounts for this variability, centred on the person's circumstances and with a greater focus on employer-side accommodations.<sup>24</sup>
- 59 ACC's pain management services, which include strategies and exercises for a person to manage their condition, could be beneficial for many MSD clients. Officials will undertake more work to understand how these services could best be integrated with vocational rehabilitation services.
- 60 A person-centred, "whole life" approach will be important. For example, barriers to returning to work are not limited to health alone and can also include factors such as illiteracy or lack of school-level qualifications, previous

<sup>22</sup> Franche et al (2005) "Workplace-based return-to-work interventions: a systematic review of the quantitative literature" *Journal of Occupational Rehabilitation*.

<sup>23</sup> The Enabling Good Lives principles are: Self-determination, Beginning Early, Person Centred, Ordinary Life Outcomes, Mainstream First, Mana Enhancing, Easy to Use, Relationship Building.

<sup>24</sup> For example, the employer of a person whose condition (e.g. arthritis) fluctuates in severity may need to make accommodations in their work hours during a flare up – this could include allowing the person to work part time for periods where required.



criminal records, and/or lost confidence or motivation after losing a job. Some of these factors are more widespread among MSD clients than ACC claimants. Rehabilitation into work therefore needs to include a range of factors, including mental health support and other training or upskilling where relevant.

**Issues and options around how vocational rehabilitation services would interact with the MSD system will need to be considered further**

- 61 ACC's vocational services sit within a Recovery Team model that allows a differentiated return-to-work response for claimants, depending on the intensity of support they require. This includes people who can largely self-manage their return to work through to those facing complex barriers to work and who require intensive, one-to-one case management. Such an approach broadly aligns with MSD's current employment services model, which encompasses both self-directed pathways to employment as well as dedicated case management.
- 62 Officials from MSD Policy and Service Delivery will continue to work together to assess how such services could be accessed by MSD clients and how they will interact within the MSD system. This includes work to consider what the various referral pathways could look like, which areas of MSD would be responsible for overseeing clients as they progress through the services, how long contract durations would be, and the role of MSD case managers, employment coordinators, job brokers and other employment staff in supporting people to enter into suitable work.
- 63 Part of this will involve testing how the services would link with MSD's existing 38 disability employment contracted services, which are available to those whose health condition or disability is likely to continue for six months or more and affects their ability to find work.
- 64 In particular, further work will be required to identify what the overall trajectory of clients moving through the MSD system will look like. This might mean, for example, that providers work with clients to provide health and rehabilitation support and work readiness training, but that MSD comes in following the completion of the service to assist the person to enter into, and remain in, a suitable job.
- 65 MSD officials will also be working through what a "needs based", rather than "diagnosis based" eligibility framework could look like for these services. This would better align with the social model of disability and would also align with Enabling Good Lives principles around removing diagnostic barriers to support.

66 Unlike MSD, ACC can require claimants to comply with their agreed Recovery Plan, participation in its vocational rehabilitation services. If a claimant unreasonably refuses or fails to comply under the requirements of the Accident Compensation Act, ACC may decline to provide any entitlement (including weekly compensation).

67 MSD would likely take a voluntary approach to service participation.<sup>25</sup> There is evidence that voluntary opt-in services work within the MSD system. Feedback from integrated health and employment services such as Here Toitū and Individual Placement and Support shows that having people who agree, and who want, to participate can result in better engagement in the service and in positive outcomes. This approach also aligns with the type of clients in the welfare system with musculoskeletal conditions – older people, people without work obligations, and people with deferred obligations.

**There will also be issues to consider in the interface between vocational rehabilitation services and the future NZII scheme**

68 Considerations relating to referral pathways and claimant journeys, as well as levers to encourage service participation, will become clearer as the design of NZII is finalised.

69 Assessing the appropriate length of contract durations in the NZII context will also be important. For example, there will be a discrepancy between the maximum timeframe for the service delivery of ACC's existing vocational rehabilitation services and the maximum timeframe for the provision of NZII income support: the former is 36 weeks, while the latter will only be approximately 24 weeks.

**Some components of ACC's vocational rehabilitation services could become core features of services in an MSD or NZII context**

70 These features are outlined in the table below.

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<sup>25</sup> MSD settings differ to ACC's, in that where people have a work obligation (such as while on JS-HCD) they can be required to prepare for work. Work-preparation obligations can include a variety of activities, such as work assessments and training, and any other activity such as rehabilitation but cannot enforce participation in activities related to medical treatment. This is outlined in sections 125 and 146 of the Social Security Act 2018. The broader review of work obligations and sanctions is part of the medium-term Welfare Overhaul work programme that Cabinet endorsed in September 2021.

**Table 4: Assessment of some ACC's vocational rehabilitation service components in MSD and NZII contexts**

Service component	Amenability to MSD client context	Amenability to NZII claimant context
<b>Recovery Plans</b>	<ul style="list-style-type: none"> <li>• A plan could serve as a useful way to keep track of the client's goals and create clearer messaging about the actions required to meet them, particularly as participation in vocational rehabilitation services would be voluntary for MSD clients.</li> <li>• Most clients would have chronic conditions. A plan would need to focus on returning to work and condition management rather than on "recovery".</li> <li>• More work will be required to determine who would be responsible for overseeing and coordinating the plan and how MSD would determine its parameters.</li> </ul>	<ul style="list-style-type: none"> <li>• Like the ACC system, a Recovery Plan (or "return to work plan" for those with non-recoverable conditions) could provide useful structure and messaging for claimants to support their health and employment outcomes.</li> </ul>
<b>Occupational and medical assessments</b>	<ul style="list-style-type: none"> <li>• Such assessments could help a person out of work to better understand their strengths and abilities.</li> <li>• It is important that this exercise is strengths-based and the list of jobs identified are appropriate and sustainable long term.</li> <li>• The relevance of these assessments to the MSD context would need to be investigated further, given that they currently operate in the legislative context of the Accident Compensation Act.</li> </ul>	<ul style="list-style-type: none"> <li>• As in the ACC system, these assessments could be useful in identifying a list of suitable jobs for those who may need to change career or industry due to their condition.</li> </ul>

<b>Work trials</b>	<ul style="list-style-type: none"> <li>• Unpaid work trials may not be necessary for MSD clients. However, working with employers to help people manage their condition will be important.</li> <li>• MSD has existing mechanisms (e.g. wage subsidies, working with employers including through Support Funds, or other incentives) to encourage employers to take on people returning to work. Further work will be needed to assess the appropriateness of these mechanisms for people returning to work with musculoskeletal pain or impairments.</li> </ul>	<ul style="list-style-type: none"> <li>• Work trials could be an effective way for NZII claimants to test out a role while remaining financially supported by the scheme (at 80% of their previous income) and to trial modifications that may make the role or the environment more suitable.</li> <li>• Such trials would only be available while they are receiving compensation from the scheme.</li> </ul>
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## Initial options and next steps

- 71 Relevant elements of vocational rehabilitation and pain management services could be tested in one or more regions to see how they would interface with the MSD context, including how people would find out about the services, how they would access them, and how they would connect with other MSD supports. It could also include testing a needs-based eligibility framework that does not require proof of diagnosis to access the services.
- 72 MSD would work with the disability community in the rollout of these services. The services could be monitored to indicate which components work and which could be improved, with a view to potentially expanding the following year. As noted in previous advice presented through the ALMP Review, phased investment that builds iteratively on what we learn can promote effective long-term outcomes.
- 73 Further analysis on options and issues to test this approach will help to inform future funding proposals.
- 74 MSD and ACC will continue to work together to assess the possible impacts of MSD purchasing these services on ACC's ability to meet the needs of their existing claimants and future NZII claimants and mechanisms to manage any adverse impacts, such as on prices and capacity.

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## MINISTRY OF SOCIAL DEVELOPMENT

TE MANATŪ WHAKAHIATO ORA

### Engagement Method

The Ministry of Social Development carried out public consultation with stakeholders to gain insights into what CE could look like. Stakeholders included disabled people and targeted organisations who represent sectors and perspectives directly related to promoting the employment of disabled people (including people with health conditions and neurodiverse jobseekers).

#### Stakeholders involved in engagement included:

- Disabled people, their family/whānau and allies
- Disabled people's organisations and members
- Employers and employer networks
- Providers and sector trainers
- Regional MSD relationship managers
- Pacific providers
- Māori providers and service users
- Government agencies
- Ethnic community leaders and providers
- Council of Trade Unions and Business new Zealand
- Regional Skills Leadership Groups and Workforce Development Councils

Initial engagement focused on testing the scope and focus of the project. Stakeholders were also able to tell us what they think delivery of CE could look like and how it could be delivered/accessed.

We asked stakeholders what components we would need to invest in to ensure CE can be delivered as an effective and targeted ALMP. This informed the development of a framework for investment into design and delivery of CE.

Insights from both phases of engagement also help us to build a richer understanding of the current and desired future state of employment supports for our target groups, their whānau, communities and providers.

Targeted consultation was done through three types of engagement: active partner workshops, one-on-one meetings and MSD hosted workshops. A second engagement phase with targeted disabled people's organisations, employers and providers will involve working collaboratively to design a framework for possible investment into CE delivery.

*Further work is needed (in collaboration with key stakeholders) to develop delivery detail for how CE and similar supports could be delivered in Aotearoa.*

## Appendix B: Customised Employment (CE): overview of engagement

### Themes highlight opportunities for CE provision to contribute to a more equitable labour market...

Through initial engagement, officials worked with stakeholders to:

1. define labour market and employment service barriers for this cohort
2. understand employer perspectives and the potential benefits of CE to businesses
3. identify what works and what stakeholders would like to see included in options development.

These findings were shared with you in March 2023 and have been included here in slides 2-4.

### ...and inform the proposed framework of investment for the design and delivery of CE.

Officials have since worked through a series of design based workshops with disabled people, providers, organisations, employers and labour market representatives (including social partners) to develop a framework for investment into design and delivery of Customised Employment as an ALMP.

### A stakeholder informed approach to investment in CE is one which:



facilitates strengths-based delivery which is locally responsive



utilises and grows existing sector capacity and expertise



seeks procurement of culturally appropriate provision for Māori, Pacific and Ethnic communities



allows individuals to choose, self-refer to and/or interact with services that they feel comfortable with and understood by



builds further connections between MSD regional service centres and available tailored employment focused supports for disabled people who want to work but who may have deferred work obligations



addresses gaps in data and resources new monitoring and evaluation which takes into account all-of-life outcomes, and can inform continuous improvement of delivery.



# Themes emerging from initial stakeholder engagement

Through initial engagement, officials worked with stakeholders to:

1. define labour market and employment service barriers for this cohort
2. understand employer perspectives and the potential benefits of CE to businesses
3. identify what works and what stakeholders would like to see included in options development.

## 1. Define labour market and employment service barriers

Disabled people face compounding systemic disadvantage in access to housing, transport and other basic services, which puts them at further disadvantage when seeking employment and accessing supports.



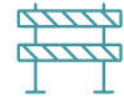
- Disabled stakeholders said that transport barriers such as inaccessible vehicles, long distances and associated costs can make it much harder to get to provider locations or MSD Service Centres - **“Meeting at the Work and Income office gets in the way,” Employment Facilitator/Provider.**
- Disabled people described dealing with multiple services to get sufficient support as onerous and costly. They also said it often means key information about their support needs or available services are missed. Some described the administrative burden of dealing with multiple services and advocating for their own needs as being “like a full time job”. They indicated a need for a more streamlined, “person centred” approach where providers work together to meet the needs of the disabled person, and that providers should be funded to deliver wrap-around supports. Stakeholders felt this would introduce employment goals to conversations around wider support needs.

Disabled people want to be paid for the work they do, and want the chance to grow their skills in employment.



- A large proportion of the disabled community, particularly those with learning disabilities, are currently in unpaid work and would like employers to offer them paid employment in the open labour market (including with skills and role development pathways).
- Many disabled stakeholders are currently in unpaid work (some for several years). However, they are clearly valued workers who were able to give examples of times they had been asked to stay late or pick up extra shifts.
- While there are success stories in this space, there are also many stories of clients losing confidence and motivation early on due to a poor match or employer attitudes - **“Everything is playing against the disabled person taking a successful step in the interview process,” Unattributed.**

Some existing supports are not appropriate because they tend to view a person’s disability as the barrier rather than addressing labour market norms which exclude disabled people who want to work.



- Stakeholders indicated barriers including digital inequality, physically inaccessible jobs, inflexible recruitment practices, being conditioned into thinking they have to take any job they can get, discrimination from employers, bullying in the workplace and being taken advantage of - **The disability employment sector is still geared in the way of “any job will do” rather than “the right job will do”.**
- Stakeholders said assumptions were often made about their needs based on criteria such as medical certificates and benefit receipt rather than having a strengths-based conversation. They did not feel they had choice, control, options or access to employment supports because assumptions had already been made about their capacity to work without consultation.
- Employer assumptions about a person’s capacity to perform a task often impacted their access to, or success in, the workforce too. **“It’s important the disability is understood on both sides,” Employment Facilitator/Provider.**
- Recruitment norms were often cited as disadvantaging disabled people yet there are simple solutions available such as being able to submit video CVs, which are ‘extremely helpful’ for disabled people to introduce themselves - **“Interviews are horrible for autistic people,” Neurodiverse Stakeholders Organisation.**

Pacific, Māori and ethnic communities face intersecting disadvantage in the labour market and benefit system. Community-delivered and culturally appropriate supports are effective but providers need funding and flexibility to deliver this.



- Pacific providers and disabled stakeholders noted face-to-face engagement is critical with pacific communities to help build trusted relationships.
- Contracting, procurement and funding needs to take into account that time and flexibility are critical to long term success - **“Contracts can't be a one size fits all approach.”**
- **“It takes a lot longer for a pacific person with a disability to transition into EET- the journey is a lot longer and requires high cost model for support. Previous experiences in the labour market have severely impacted them.”**
- Stakeholders talked about the compounding impacts of discrimination people experience in the labour market based on both their disability and race - **“These people face a double whammy, doubly disadvantaged...doing advocacy on behalf of clients - working with employers --- that's an additional thing in this context.”**
- This highlighted for them the importance of by-communities-for-communities approaches:

**“When we offer by pacific for pacific: communication, rapport, empathy and trust can be established.” (Community Provider)**



## 2. Understand employer perspectives and the potential benefits of CE to businesses.

### Employing disabled people is good for business...



- Disabled employees stay six times longer than non-disabled staff and employers spoke positively of their experiences hiring disabled people - often citing work ethic, a drive to learn and increased social cohesion in the workplace - **"While it may take longer for them to learn a task; when they've got it, they've got it," Employer.**
- Employers noticed that changes they had made to be a disability inclusive workplace had helped staff be able to think outside the box - **"Having disabled people on staff teaches the wider team empathy and how to adjust and relate to a wider group of people. A diverse team encourages different questions and forces a culture of continuous improvement," Employer.**
- Employer networks are helping businesses to see that becoming a disability-inclusive employer is an investment rather than a 'do good', but agree there is still a way to go to see complete attitude shift - **"When the job match is right, they are a very valuable employee," Employment facilitator (provider).**
- Employers also observed that disabled employees led them to consider what people can add to the organisation "outside of the physical job" and the traditional perspective of what being productive looks like - **disabled people are an "untapped talent pool," Employer.**
- "As we grew our business with disabled staff, our profits grew," Employer.**

**"A diverse team encourages different questions and forces a culture of continuous improvement," Employer.**

**"Finding out where the job seeker wants to work and talking to the employer with the benefit of time - this is what's missing from the disability employment sector, it shouldn't be time bound," Employment facilitator.**

### Cultural change in the workforce is key to the success of both the employer and employee.



- Stakeholders from the disability community emphasised it is not physical change that needs to be the central focus, it is the culture created and attitudes of the employer and their workforce that need to change - **"The [long term] supports needed are often far, far less than employers think they will be," Employment facilitator (provider). "It's often not physical change in the office," Neurodiverse Stakeholder Organisation.**
- There are still many misconceptions employers have about hiring disabled people but CE approaches can change that - **"Everything I thought was a barrier was a benefit," Employer.**
- An enabling environment is important, as each person's needs are different. Both the employer and employee need to feel confident throughout the recruitment process and beyond because getting a job is just the first step. Building confidence for disabled employees is particularly important, as many have been discriminated against in the past - **"We need to reframe what disability means," Employer.**
- Recruiters often focus on the specific skills the employer wants rather than looking at the person as a whole. It is important to redefine success and see social impact as a value - **Employing disabled people "has brought the wider team into a more empathetic and inclusive environment," Employer.**
- One disabled persons organisation said they only want to work with employers who **'truly want to make a difference'** because so much of what is needed is cultural change within organisations - **"The narrative around what employing disabled people and customised employment looks like needs to change."**
- Stakeholders (both from employer networks and the disabled community) suggested employers need to do the work to create their own policies around hiring disabled people (and saw that CE could help influence this).
- "A team from different backgrounds leads to people asking different questions and forces a culture of continuous improvement," Employer.**

### Employers want support to become disability confident and want to be involved in the process of working out what that is.



- Employers would like to work more closely with providers and DPOs to become disability confident and see CE as a good mechanism to do so.
- Employers agree that relationship building between the employer, facilitator/provider, and employee needs to be meaningful and sustainable - different from how they approach current recruitment.
- Employers said opportunities to network with other employers and disabled people together could help to create spaces where they can interact together to build mutual understanding.
- Employers see post-placement support as a necessity for both employer and employee. Stakeholders have identified examples of effective supports for employers that can be built upon.
- Employers would also like education regarding lived experience of disabled employees and a space where they can talk about how to combat inherent barriers within recruitment and work 'norms' that impact disabled people - **"There's work that needs to be done in diverse sectors to make them more disability confident," Provider and Disabled Persons Organisation.**
- Large workplaces can receive hundreds of job applications, making it hard to narrow down applicants. In these situations, disabled people are even more likely to be overlooked. Employers would like to work more closely with providers and DPOs to mitigate this, which could include using CE to do so.

### Success stories often included the creation of a disability-inclusive environment: providing the right supports for employees, and requiring employers to commit to ongoing training beyond a one-off workshop or accreditation.



- Employers want to see in-work supports and advisory roles created to support accessibility needs in the workplace. Post-placement support is seen as a necessity for both employer and employee - **"Often post placement support is with the job-seeker - employers need support too," Employment facilitator (provider).**
- Both employers and providers emphasised that wage subsidies are only one part of the picture, with employer support being more critical for success - **"It's equally as important to be there for the employer," Employment facilitator (provider).**

**"As we grew our business with disabled staff, our profits grew," Employer.**



### 3. Identify what works and what stakeholders would like to see included in options development

**Strengths-based approaches built on strong, trusted relationships that are tailored to an individual's ambitions, skills, needs, circumstances, community, and cultural context are most effective for these groups.**



- Having conversations about an employee's disability can help to ensure no assumptions are made about their skills, and contribute to an enabling environment, as everyone's needs are different. Stakeholders were clear that building trust between employers and employees to do this is key.
- Community providers said that meeting cultural needs (eg community connections with local iwi, hapū and whānau) are needed to build trusted and sustained relationships - **"Relationship building stuff is the main part of this service," Provider and Disabled Persons Organisation.**
- There are strong examples where community-specific and culturally appropriate provision is most effective; eg, the Tupu Aotearoa Pasifika pilot which supports disabled Pacific people to achieve their employment and training aspirations through positive, culturally responsive service delivery. Feedback from the pilot said that the culturally-specific care and community provision were effective, as they allowed for more customised support.
- Accessing supports through an MSD service centre is not effective for many community members. Many staff do not have the understanding required to assist with disability-related referrals leading to clients having negative experiences.
- Disabled stakeholders expressed anxiety around interacting with MSD, which included the possible implications of re-assessment, such as their benefit being stopped.
- Māori and regional providers noted that community connectors are an alternative, trusted way to get people linked up with services and supports that are relevant to them, and that we could learn from this approach.
- Stakeholders also identified a preference for supports that are delivered by disabled people and people with lived experience in the broader disability community. Work to prioritise access to training for disabled people who would like to work in the sector delivering CE could help grow sector capacity and address stakeholder preferences. However, stakeholders also reported frustration at assumptions they would like to work in the disability sector and want CE to be focused on helping them find work in a range of roles and industries and to influence a more inclusive labour market.

**Support that takes a whole of life view in the context of a person's existing support networks, family, community, and whānau is critical.**



- Building the capacity of an individual's support system is important to help the employee succeed in the workforce - **"It is important to understand that everything is connected: housing, health and wellbeing are all linked to employment."** Neurodiverse Stakeholders Organisation.
- Systemic disadvantage relating to transport, childcare, family benefit and housing compound to impact both the disabled person and their whānau - **"When you're employed it's not just for the money, it's for yourself and others,"** Disabled jobseeker.

**Tailored, ongoing and wrap-around in-work supports have been key to successful provision but do not often feature together.**



- Disabled people want in-work support that is flexible and multifaceted, enabling them to have options to reach their potential and have a career pathway, and providing options for years to come that work for them and their family.
- In-work support includes: employer education, on-the-job training, in-work mentorship, continuing the relationship with the employment facilitator beyond job placement, easy-read formats and other accessibility tools.
- "We should have a variety of options for people to engage with on their employment journey,"** Provider and Disabled Persons Organisation.

**Disabled jobseekers and providers want to take a strengths-based approach to employment journeys.**



- Feedback from multiple stakeholders said successful employment includes growth opportunities and career progression for the disabled person within the business. This involves changing employers' and government officials' attitudes to focus on pathways that involve continued engagement and support throughout a disabled employee's career journey rather than just getting people into work.
- Building the capability of those around the employee in the workforce will enable a wider support network for the employee to draw from and support a holistic approach.



**Time is needed to make constructive, lasting change.**

- Stakeholders made it clear that simply getting disabled people into employment as quickly as possible does not work. Instead, the process of supporting people into work needs to focus on quality not quantity.
- Time is needed to find out what the jobseeker wants and how there can be mutual benefit for them and the employer - **"Finding out where the job seeker wants to work and talking to the employer with the benefit of time - this is what's missing from the disability employment sector, it shouldn't be time bound,"** Employment facilitator.
- Stakeholders said 'very present' support is needed in the early weeks of new employment. High investment of time and resource upfront is necessary to mitigate the risk that things fall apart, which could result in the person experiencing a significant loss of confidence - **"You can't helicopter in and out - you have to invest in building the trust and relationship not just the participation,"** Provider and Disabled Persons Organisation.
- Many stakeholders shared stories of discrimination and disheartening experiences. Time needs to be taken to heal and rebuild the confidence of disabled people.
- Longer-term agreements will help the sector to make lasting change. For example, one stakeholder organisation said they appreciate the contracts but there are often times where they need to work with an individual for a longer period than they're contracted for.

**Providers and disabled people need flexibility and transparency with funding and support in order to achieve sustainable outcomes.**



- Because each person's needs are unique, support and funding need to be correspondingly flexible - **"Always follow the direction of the job seeker... start with direction of the job seeker,"** Employment facilitator (provider).
- "Policy should not be restrictive on how many services a person accesses at a time. Some people require heaps of support to get the outcomes, and people need to have choice and control over the services they receive,"** Provider and Disabled Persons Organisation.

**Contracting, reporting and procurement approaches can facilitate or inhibit provision of appropriate and effective employment supports (Customised employment).**



- Contracting needs to reflect Enabling Good Lives and social sector commissioning principles, including being longer term, flexible, sustainable, enabling a case by case approach, and giving the disabled person choice and control throughout the process - **"Contracts can't be a one size fits all approach,"** Pacific provider.
- Outcomes need to be reframed to be specific to the individual and grounded in the goals of the jobseeker rather than existing frameworks of efficacy, which can instead have an emphasis on determining funding efficiency - **"People are often just chucked into jobs to decrease unemployment, but they aren't jobs that stick or work for certain people,"** Neurodiverse Stakeholders Organisation.
- Disabled people were very clear they want access, choice and the same opportunities as everyone else to enter the labour market.
- Providers competing for contracts can inhibit the outcomes for disabled people because the focus is taken off the employee and onto delivering prescribed outcomes or KPIs.
- Community providers may be best suited to deliver services for disabled people in their own community. However, they are often small and under funded so lack resource to compete in existing tender processes - **"By in large employment services and supported employment services haven't worked for us... we haven't had a good experience of that and that's why we thought we have something different to contribute,"** Provider and Disabled Persons Organisation.
- Success is also seeing someone withdraw from a programme because they realise they do not want employment - **"We need some kind of framework to be developed where we can measure social impact as success,"** Provider and Disabled Persons Organisation.

**"When you're employed it's not just for the money, it's for yourself and others,"** Disabled jobseeker.