



**Australian Government**



# **DES Wage Start Subsidy Guidelines**

**V 1.7**

**Disclaimer**

This document is not a stand-alone document and does not contain the entirety of Disability Employment Services Providers' obligations. It should be read in conjunction with the Disability Employment Services Grant Agreement and any relevant guidelines or reference material issued by the Department of Social Services under or in connection with the Disability Employment Services Grant Agreement.

# Table of Contents

<b>DES Wage Start Subsidy Guidelines</b>	<b>1</b>
<i>Table of Contents</i>	2
Document Change History	3
Explanatory Note	4
Summary	4
Policy Intent	4
Relevant References	4
Wage Subsidy Information	6

## Disability Employment Services Wage Start Subsidy Guidelines

### Document Change History

Version	Effective date	End date	Change and location
1.7	1 January 2023		<b>Amendment:</b> Removal of all references to the PaTH Internships as a result of the cessation of the PaTH and National Work Experience programs effective 9 September 2022.
1.6	1 Jul 2022	31 December 2022	<b>Amendment:</b> updated references to jobactive website to Workforce Australia website and removed references to jobactive Employer App as this has been decommissioned.  <b>Amendment:</b> updated the definition of immediate family member. This definition is consistent with Fair Work Ombudsman’s glossary of terms.
1.5	2 May 2022	30 Jun 2022	Removal of Wage Start Subsidy Head Agreement and Schedule sample form. (These are available on the provider portal – see standalone version.)  <b>Clarification:</b> Providers should not submit allocation requests unless all eligibility requirements have been met, even if the IT system shows eligibility.  <b>Clarification:</b> Common mistakes that render a participant ineligible.
1.4	29 Nov 2021	1 May 2022	<b>Clarification:</b> updated to clarify that providers must negotiate with the employer prior to the Wage Start Placement and prior to entering into the Wage Start Agreement.  <b>Amendment:</b> updated to include the requirement that providers must seek agreement and approval for the Wage Start subsidy within <u>four weeks</u> of the participant commencing employment.
1.3	28 Jun 2021	28 Nov 2021	<b>Clarification:</b> Clarified that for Wage Start placements the Participant must be employed on average for at least 15 hours per week for the 26-week duration of the Wage Start Subsidy Agreement.  <b>Amendment:</b> updated to include definition of approved leave.  <b>Clarification:</b> Clarified that a paid work trial cannot be for more than two consecutive calendar weeks.  Consistent with the Documentary Evidence for Claims for Payment Guidelines, amended the requirement to ‘retain’ with the requirement to ‘upload’ documentary evidence.
1.2	7 Dec 2020	27 Jun 2021	Clarified how eligibility for the criterion unemployed and receiving DES support for a minimum of 12 months check is done in ESSWeb.  Clarified Wage Start placement criterion regarding placement must not be in pre-existing Employment with the Employer within the previous 12 months. Added the words “This does not include paid employment with other employers”.
1.1	14 Sep 2020	6 Dec 2020	Updated the end date of Head Agreements to 30 June 2022 to reflect the ESSWeb IT changes implemented for 1 July 2020.  Amended to include the current approval process to request a Wage Start Subsidy placement.

Version	Effective date	End date	Change and location
1.0	1 Jul 2018	13 Sep 2020	Original version of document

## Explanatory Note

All capitalised terms have the same meaning as in the *Disability Employment Services Grant Agreement* (the Grant Agreement). In this document, ‘must’ means that compliance is mandatory and ‘should’ means that compliance represents best practice and that compliance is discretionary. All reference to “Wage Subsidy Agreement” is specific to Wage Start Agreement, and similarly “Wage Subsidy” is specifically Wage Start.

## Summary

This Guideline details the requirements for DES Providers (Provider) to manage new Wage Start Subsidies and sets out the rules that apply to Wage Start under the Grant Agreement.

## Policy Intent

Wage Start was introduced in December 2017, to complement the 2018 Disability Employment Services (DES) program reforms announced in the 2016-17 Budget, with a greater focus on employers to further improve employment opportunities for people with disability.

Wage Start subsidies are designed to encourage Employers to hire eligible job seekers in sustainable jobs by contributing to the initial and ongoing costs of recruitment, including training and wages.

The subsidy will be offered to jobseekers that are:

- employed on average for at least 15 hours per week;
  - a. after being unemployed and receiving DES support for a minimum of 12 months\*, and
  - b. having been assessed to have a benchmarked work capacity of 15 hours or more per week, and
  - c. are not eligible for the Restart wage subsidy (for jobseekers who are 50 years of age or older)

Providers can check if a Participant is eligible for a Wage Subsidy on the Registration screen under the Wage Subsidy and Relocation Assistance Eligibility section.

The Wage Start subsidy of up to \$6,000 reflects the wage levels earned by DES job seekers employed in jobs of 15 hours or more over 26 weeks, while not exceeding 100 per cent of this wage.

\*This eligibility criterion is checked in ESSWeb using the DES Participant’s period of service to check periods commenced in DES while unemployed and does not use the Registration.

## Relevant References

Reference documents relevant to this Guideline include:

- Documentary Evidence Guidelines
- Learning Centre website
- Vacancy, Job Seeker Placement and Job Seeker Outcome Guidelines

- Employment Services Risk Management & Programme Assurance

## Wage Subsidy Information

Process	Details
<p><b>Allocation of Wage Start Placements</b></p>	<p>The Wage Start subsidy is available only to DES Providers under a limited release of around 1,700 placements per financial year. This is to ensure that the subsidy budget is not over-subscribed, while enabling assistance to those job seekers most in need.</p> <p>Requests should be made in writing via the <a href="mailto:DESadmin@dss.gov.au">DESadmin@dss.gov.au</a> inbox. The subject line should include the four-digit Organisational Code, a description (<i>Wage Start Subsidy Request</i>), the JSID and the Employer.</p> <p>Providers must negotiate with the employer prior to the Wage Start Placement and prior to entering into the Wage Start Agreement. To access the subsidy pool, providers must request a place from the Department before placing a Participant in Wage Start, and before entering into a Wage Start Agreement with employers. The Department requires providers to seek agreement and approval for the Wage Start subsidy within <u>four weeks</u> of the participant commencing employment. <u>The Department will decline all late requests.</u></p> <p>The Department will monitor use of the subsidy closely to ensure that all Providers are able to access Wage Start places throughout the financial year. Once all Wage Start places for the relevant financial year have been used, Providers must not place any new Participant in Wage Start and the Department will refuse all further requests to use the subsidy.</p> <p>Providers are expected to use these wage subsidy placements to maximise eligible Participants' chances of gaining ongoing and sustainable employment. The Department will review the sustainability of the Wage Start employment positions created, and this information will guide future subsidy policy development by the Department.</p>
<p><b>Participant Eligibility</b></p> <p><i>Grant Agreement References:</i></p> <p><i>Clause 101.1</i></p>	<p>Wage Start has specific eligibility criteria to ensure that the assistance is targeted appropriately. Providers must only enter into and pay a Wage Start Agreement once the Provider has confirmed that all eligibility criteria has been met</p> <p>The Department's IT Systems can help determine eligibility, however, the system does not check for every criteria. As such, a Provider is also required to determine eligibility in accordance with the Grant Agreement and this Guideline. Providers should not submit allocation requests unless all eligibility requirements have been met, even if the IT system shows eligibility.</p> <p>A job seeker can only be eligible for, and receive, one Wage Subsidy at any given time. A job seeker who meets the eligibility requirements is a Wage Subsidy Participant (Participant).</p> <p>A job seeker is eligible for the Wage Start Subsidy if they are employed on average for at least 15 hours per week;</p> <ol style="list-style-type: none"> <li>a) after being unemployed and receiving DES support for a minimum of 12 months, and</li> <li>b) having been assessed to have a benchmarked work capacity of 15 hours or more per week, and</li> <li>c) are not eligible for the Restart wage subsidy (for jobseekers who are 50 years of age or older).</li> </ol>

Process	Details
	<p>The subsidy is paid for a maximum period of 26 weeks.</p> <p>Providers should be aware of the following common mistakes which render a participant ineligible:</p> <ul style="list-style-type: none"> <li>• The participant has been employed in the last 12 months and an Outcome, including 4 Week Outcomes, has been claimed by a Provider. <b>This includes any Outcomes already claimed for the placement that is the subject of the request.</b></li> <li>• The participant has exited from DES (ie. 24 months in Employment Assistance or 26-week Full Outcome Education was claimed) and has not returned to the program within 13 weeks (3 months).</li> <li>• The participant has an active Wage Subsidy for the same placement or any other placement.</li> </ul>
<b>Family Members</b>	<p>Participants must not be immediate family members of the Employer. Specifically, a Participant cannot be a spouse or former spouse, de facto partner or former de facto partner, child, parent, grandparent, grandchild or sibling of the Employer. In addition, a Participant's spouse or former spouse, de facto partner or former de facto partner cannot be a child, parent, grandparent, grandchild or sibling of the Employer. This includes step-relations (e.g. step-parents and step-children) as well as adoptive relations.</p>
<b>Placement Eligibility</b>	<p><b>A Wage Start Placement must:</b></p> <ul style="list-style-type: none"> <li>• be declared by the Employer in the Wage Subsidy Agreement as a sustainable, ongoing position expected to last beyond the period of the Wage Subsidy Agreement, where the Employer knows of no reason why the job would not continue indefinitely</li> <li>• comply with minimum standards for Employment as established under relevant Commonwealth, State or Territory law (including any award conditions applicable to the position)</li> <li>• be recorded by the Provider in the Department's IT Systems</li> <li>• not be in pre-existing Employment with the Employer within the previous 12 months (This does not include paid employment with other employers)</li> <li>• not displace an existing employee</li> <li>• not be a commission-based, self-employment or subcontracted position</li> <li>• not otherwise be a Non-Payable Outcome as defined in the Grant Agreement.</li> </ul> <p><b>A Wage Start Placement may be:</b></p> <ul style="list-style-type: none"> <li>• full-time, part-time or casual Employment</li> <li>• an apprenticeship or traineeship</li> <li>• found by the Provider or directly by the eligible job seeker.</li> </ul> <p><b>Minimum Working Hours</b></p>

Process	Details
	<p>Wage Start Placements must be on average for at least 15 hours per week over the six month duration of the Wage Subsidy Agreement.</p> <p><b>Leave</b> Approved leave is:</p> <ul style="list-style-type: none"> <li>• leave that the Employer agrees to and must provide as part of the minimum Employment entitlements set out in the <a href="#">National Employment Standards (NES)</a> under the <i>Fair Work Act 2009</i></li> <li>• leave approved by the Employer that the DES Wage Start Participant is entitled to under the relevant award, <a href="#">registered agreement</a> or contract of Employment (these leave entitlements cannot be less than the NES)</li> <li>• leave agreed to by the Employer and the DES Wage Start Participant.</li> </ul> <p>All periods of approved leave, whether paid or unpaid, count towards the Participant’s hours worked and are treated as though the Participant was at work for their regularly scheduled hours. Where a Participant worked variable hours prior to their leave, the Provider must consider their averaged weekly hours as their regular hours.</p> <p><i>For example, a Participant who worked 15 hours in the first week, 10 hours in the second week, 20 hours in the third week and then takes two weeks leave, is considered to have worked the average of 15 hours per week during their leave.</i></p> <p>Approved leave cannot be used to regularly supplement a Wage Start Subsidy Participant’s work hours to meet the average of at least 15 hours work per week requirement.</p> <p><b>Work Trials</b></p> <p>Wage Start is available for job seekers participating in paid work trials. Paid work trials are not considered pre-existing Employment. Wage Start can either begin at the start of a paid work trial, or at the end of the paid work trial when ongoing Employment commences. A paid work trial cannot be more than two consecutive calendar weeks.</p> <p>Work trials must meet <i>Fair Work Act</i> requirements, which set out the reasonable circumstances of a paid and unpaid work trial.</p> <p>Wage Start is not available for job seekers participating in an unpaid work trial, including work experience or internships.</p> <p>Wage Start can be used for Employment that commences after an unpaid work trial ends. Unpaid work trials are not considered pre-existing Employment for the purpose of this Guideline.</p>
<p><b>Concurrency with Other Wage Subsidies and Employment Incentives</b></p>	<p><b>Concurrent Australian Government Wage Subsidies</b></p> <p>Only one type of Wage Subsidy can be claimed for each Wage Start Placement.</p> <p><b>Concurrent Funding (other government sources)</b></p> <p>Employers must not access a Wage Start subsidy if they receive a wage subsidy or other employment incentive from any other Australian Government sources, with the exception of the Australian Apprenticeships Incentive Programme.</p>



Process	Details
	<p><b>Apprenticeships/Traineeships</b></p> <p>Australian Apprenticeship and Traineeship vacancies are eligible under Wage Start as long as they don't provide an additional Commonwealth or State or Territory government wage subsidy or wage support component. Examples of vacancies that are not eligible include those that attract Disabled Australian Apprentice Wage Support (DAAWS) and Support for Adult Australian Apprenticeship payment (where it is paid to the Employer).</p>
<p><b>Employer Eligibility</b></p> <p><i>Grant Agreement References:</i></p> <p>Annexure A – Definition: Related Entity</p> <p>Annexure A – Definition: Own Organisation</p>	<p><b>A Wage Subsidy Employer</b></p> <ul style="list-style-type: none"> <li>• must be a legal entity with an Australian Business Number (ABN)</li> <li>• must not be an Australian Government or State or Territory government agency</li> <li>• must not have previously received a Wage Start subsidy payment for the same Participant</li> <li>• must not be part of the Provider's own organisation or Related Entity as defined under the Grant Agreement</li> <li>• can be a labour hire company or group training organisation, provided the company is paying the Participant's wages and that all assignments meet the eligibility criteria of the Wage Subsidy Placement and Employer.</li> </ul> <p>Where a labour hire company or group training organisation is the Employer, they must disclose to any relevant host employer that a Wage Subsidy is potentially available for the Wage Subsidy Placement.</p> <p><b>Change of Business Ownership</b></p> <p>Where an Employer's business changes ownership, the new owner will be eligible to claim the remaining Wage Subsidy, provided all other eligibility criteria and program requirements are met. If the new owner is eligible and wishes to claim the Wage Subsidy, the Wage Subsidy Agreement must be novated between the parties in accordance with their own legal advice.</p>
<p><b>Negotiation of Wage Subsidy Agreement with the Employer</b></p>	<p>The Wage Start Agreement consists of a Head Agreement and a Schedule. The Wage Start Head Agreement and Schedule sample is available on the provider portal.</p> <p>Providers must enter into a Head Agreement with each Employer. The Head Agreement contains the general terms and conditions of the Wage Subsidy Agreement.</p> <p>Each time a Participant is placed into a Wage Start Placement with that Employer, Providers must attach a separate Schedule to the Head Agreement that contains the specific details of the Wage Start Placement. Each Schedule together with the Head Agreement forms a separate Wage Start Agreement between the Provider and the Employer in relation to that Wage Start Placement.</p> <p>REMINDER: Any Schedule Agreement created and approved in the system prior to acquiring a Departmental Wage Start allocation place approval is considered invalid and will not be eligible for the wage subsidy reimbursement.</p>

Process	Details
	<p>Providers must explain the Wage Start Agreement’s terms and conditions to the Employer to ensure they fully understand their rights and obligations in accepting the Wage Subsidy.</p> <p>Where the Wage Start agreement is signed online, both the Provider and the Employer must sign the Head Agreement electronically through the Department’s IT Systems within 12 weeks (84 calendar days) of the first Participant commencing in a Wage Start Placement. When negotiating Head Agreements, Providers can direct Employers to register on the Workforce Australia website.</p> <p>Head Agreements can be signed offline if necessary, but Providers must still approve the Head Agreement online within 12 weeks of the first Participant commencing in a Wage Start Placement.</p> <p>Before attaching a Schedule to the Head Agreement, Providers must negotiate and agree on the terms of the Schedule with the Employer. Providers must then attach the Schedule to the Head Agreement within 12 weeks of the Participant commencing in the Wage Start Placement using the Department’s IT Systems.</p> <p>Providers must not pay a Wage Subsidy before the Wage Subsidy Agreement is Approved in the Department’s IT Systems.</p> <p>The Head Agreement Term commences on the date the Head Agreement is signed by the last party to do so and ends on 30 June 2023. The Wage Subsidy Agreement Term commences on the date the Wage Subsidy Placement starts (Wage Subsidy Start Date) and ends 6 months from that date (Wage Subsidy End Date).</p> <p>If, during the Head Agreement Term or Wage Subsidy Agreement Term, the Provider is notified or determines that updates or changes are required (<i>for example, contact details for the Employer change</i>), the Provider must agree on the changes with the Employer and update the Wage Start Subsidy Agreement in the Department’s IT Systems.</p>
<p><b>Supporting Participants on Wage Subsidies</b></p>	<p>It is the policy intent that this subsidy be used to support employment placements that will be ongoing after the subsidy period has ended.</p> <p>Providers should offer post placement support, including offering interventions such as professional services, to Participants as required. This will allow Providers to support the Participant and the Employer to maximise the success of the Wage Subsidy Placement, and the Participant’s chances of ongoing employment after the placement has finished.</p> <p>Contact with the Employer during post placement support also assists in ensuring that the Employer is aware of their obligations under the agreement, and allows Providers to assist the Employer and Participant with any issues should they arise.</p>
<p><b>Wage Start Amount</b></p>	<p>Up to \$6,000 (GST inclusive) is payable per Wage Start Subsidy Placement for Employment of a six month duration that satisfies all other requirements in this Guideline.</p>
<p><b>Flexible Payments</b></p>	<p>Flexible payments of Wage Start can be made to Employers, as agreed in negotiating the Wage Subsidy Agreement.</p>

Process	Details
	<p>The agreed Wage Subsidy Periods for the flexible payment arrangements must be recorded in the Wage Start Subsidy Agreement in the Department’s IT Systems.</p> <p>The Provider must enter into a Wage Subsidy Agreement with the Employer, and all eligibility criteria for the Participant, Wage Subsidy Placement and Employer must be satisfied before the Provider makes payments to the Employer.</p> <p>Providers must only make a flexible payment of the Wage Subsidy for each Wage Subsidy Period after the Employer submits Documentary Evidence demonstrating that the Participant has worked an average of at least 15 hours per week from the Wage Subsidy Start Date.</p> <p><i>For example:</i></p> <ul style="list-style-type: none"> <li>• <i>if the Participant has been employed for eight weeks and the Employer declares through the Workforce Australia website that the Participant has worked an average of at least 15 hours per week for those eight weeks, the Provider must make the relevant flexible Wage Start payment</i></li> <li>• <i>if the Participant has been employed for 12 weeks but the Employer declares through the Workforce Australia website that the Participant has not worked an average of at least 15 hours per week for those 12 weeks, the Provider must withhold the relevant flexible Wage Start payment until such time as the Participant has worked an average of at least 15 hours per week from the Wage Subsidy Start Date</i></li> <li>• <i>if the Employer declares that the Participant has worked an average of at least 15 hours per week over the six month duration of the Wage Subsidy Agreement (a minimum of 390 hours), the Provider must pay the full Wage Subsidy.</i></li> </ul> <p>Flexible payments must not be in excess of 100 per cent of the Participant’s wages over the six month period of the Wage Subsidy Agreement. Providers should ensure that flexible payments do not exceed 100 per cent of the wages paid at any point in time.</p> <p>Providers may recover any flexible payment of the Wage Subsidy made to the Employer where the Employer has not met the terms and conditions of the Wage Subsidy Agreement, or the Employer has engaged in any fraudulent practice in relation to Wage Subsidies.</p>
<p><b>Pro Rata Payments</b></p>	<p>Where a Wage Start Placement ceases prior to the Wage Subsidy End Date, the Provider must pay any outstanding Wage Subsidy payments to the Employer on a pro rata basis for the period that the Participant worked an average of at least 15 hours per week from the Wage Subsidy Start Date.</p> <p><i>For example, if a Participant ceases Employment after 13 weeks (50 per cent of the six month term of the Wage Subsidy Agreement) and the Participant worked an average of 15 hours per week over that full 13 week period, the Employer is entitled to 50 per cent of the total Wage Subsidy.</i></p>
<p><b>Payment to Employers and Claims for Reimbursement</b></p>	<p><b>Payments to Employers</b></p> <p>The Provider must make payments out of their own funds to the Employer specified in the Wage Subsidy Agreement.</p>

Process	Details
<p><i>Grant Agreement References:</i></p> <ul style="list-style-type: none"> <li>• <i>Clause 101.2</i></li> <li>• <i>Clause 101.3</i></li> </ul>	<p>Providers must withhold payments where it is found that an Employer is not fulfilling its obligations under the Wage Subsidy Agreement.</p> <p><b>Claims for Reimbursement</b></p> <p>Providing a Wage Subsidy has been properly paid to an Employer, Providers can submit a claim for Reimbursement from the Department:</p> <ul style="list-style-type: none"> <li>• after each Wage Subsidy Period, or</li> <li>• collectively at the end of the six month Wage Subsidy Agreement.</li> </ul> <p>Without limiting any other rights, which the Department might have, the Department will monitor the Provider’s payment and claims for Reimbursement of amounts paid in the relation to the Wage Subsidy.</p> <p>Note: in accordance with the Grant Agreement, the Provider must not pay a Wage Subsidy to the Provider’s own organisation or a Related Entity.</p> <p>When claiming Reimbursement for flexible payments of the Wage Subsidy, Providers must select the “Flexible Payment” option in the Claim screen in the Department’s IT Systems.</p> <p>Providers must only claim Reimbursement up to the same dollar value that they paid to the Employer.</p> <p>All outstanding Reimbursements must be claimed within 56 calendar days after the end of the Wage Subsidy Agreement.</p>
<p><b>Provision of Documentary Evidence</b></p> <p><i>Grant Agreement References:</i></p> <ul style="list-style-type: none"> <li>• <i>Clause 21</i></li> <li>• <i>Clause 22</i></li> <li>• <i>Clause 23</i></li> </ul>	<p>Providers must obtain sufficient Documentary Evidence in order to process a Wage Subsidy payment to an Employer and seek Reimbursement from the Department. See the Documentary Evidence for Claims for Payment Guidelines on the Provider Portal.</p> <p><b>Payments to Employers</b></p> <p>Documentary Evidence must be uploaded by the Provider to demonstrate the Participant was Employed as per the Wage Subsidy Agreement and the hours worked over the Wage Subsidy Period. This should include either:</p> <ul style="list-style-type: none"> <li>• payslips to demonstrate hours worked or a print-out from the Employer’s payroll software, or</li> <li>• a statutory declaration, email or other correspondence from the Employer.</li> </ul> <p>In addition, the Provider must upload evidence from the Employer to verify any periods of approved leave.</p> <p><b>Claims for Reimbursement</b></p> <p>Documentary Evidence must be uploaded into the Department’s IT Systems by the Provider to demonstrate prior payment from the Provider to the Employer. In addition to the Documentary Evidence uploaded by the Provider as set out under the heading ‘Payments to Employers’ above, this should include either a:</p> <ul style="list-style-type: none"> <li>• record of transaction (bank statement or report from the Provider’s financial system)</li> <li>• tax invoice and receipt from the Employer</li> <li>• remittance advice, or</li> <li>• statutory declaration from the Provider.</li> </ul>

Process	Details
	The evidence must clearly include the amount of the Wage Subsidy payment, the Employer's details (including ABN) and the date the payment was made.
<p><b>Transferred Arrangements</b></p> <p><i>Grant Agreement References:</i></p> <ul style="list-style-type: none"> <li>• <i>Clause 102.6</i></li> </ul>	<p>If a Participant in a Wage Subsidy Placement transfers to another Provider, then both the gaining and outgoing Providers must liaise with each other to ensure that both the Participant and Employer continue to be supported.</p> <p>In the event of a Participant transferring to another Provider, the Provider who is the outgoing Provider agrees that their Wage Subsidy Agreement will be terminated and the Department's IT Systems will prevent the outgoing Provider from claiming any further reimbursements. The Provider who is the gaining Provider must use its best endeavours to enter into a new Wage Subsidy Agreement with the Employer for the remaining balance.</p>
<b>More information</b>	For further information, contact your Relationship Manager.