

Submission by ACROD to HREOC's National Inquiry into Employment and Disability

April 2005

ACROD's submission to HREOC in September 2004 welcomed the prospect of an inquiry into disability and employment and outlined some of the issues that, in ACROD's view, are relevant to such an Inquiry.

This submission amplifies points made in the earlier submission and proposes measures that ACROD believes would lift the employment rate of Australians with disabilities. As HREOC's Issues Paper One points out, the workforce participation rate of Australians with a disability lags far behind that of the general population and has declined over the past decade. Boosting the employment rate of people with disabilities ought to be a national priority.

Strengthen the provision of disability employment services

Many people with disabilities who want to work require specialist assistance to prepare for, find and maintain employment.

A strategy that seeks to expand employment opportunities for people with significant disabilities must include strengthening the network of disability employment services.

The Australian Government's investment in these services is relatively small and is less than the OECD average, in proportion to the size of Australia's economy.

Consequently, the proportion of Australians on a disability pension who are in an employment program is low compared to many OECD countries.¹

Cost-benefit Analysis

Public investment in disability employment services is a cost-effective means to assist people with disabilities to find and secure employment. While not every person assisted manages to obtain a job, the social and economic benefits (public and private) from those who do far exceed the public investment.

In 2002-03, it cost the Australian Government only \$3,016, on average, for each person assisted by a disability open employment service.² The net budget impact, taking into account income support savings and taxes paid by job seekers who secure employment is less than that figure. A 2005 study by Econtech for the NSW open employment service JobSupport found the net budget cost to be as little as \$1,692 per client.³

An independent study of the costs and benefits of rehabilitation services - which are designed to help a person enter the work-force after incurring an injury or sustaining a disability - found their net lifetime benefit per individual (public and private) to be \$128,000.⁴

An authoritative independent analysis of the costs and benefits of employment programs to assist people with disabilities to find and retain employment would be in the interests of Government, taxpayers, service providers and job seekers.

Enable disability employment services to respond to demand

Although the pattern is uneven around Australia, demand for employment services exceeds the supply of places.

The Australian Government imposes an arbitrary ceiling on the number of job seekers that a disability employment service can assist, forcing service providers to turn away some job seekers or make them wait months for a service. Sitting on a long waiting list – particularly for people who face other barriers to employment - is a significant discouragement.

¹ OECD, *Transforming Disability into Ability*, OECD Paris, 2003

² *Commonwealth State/Territory Disability Agreement Annual Public Report 2002-03*, published by the Department of family and Community Services, July 2004 p. 25

³ *An Analysis of Alternative Methods of government Funding of Employment Services for people with Disabilities*, Report prepared by Econtech Pty Ltd for JobSupport Inc, 15 February 2005.

⁴ Institute for Research into International Competitiveness, Curtin University of Technology, *Cost benefit Analysis of Rehabilitation Services provided by CRS Australia*, 2003

The Government's recent release of 1,500 new disability open employment service places was welcome, but it will relieve only a small portion of the current demand pressure.

Maintaining the ceiling on disability employment assistance places is counter-productive:-

- It is at odds with the Government's goal of increasing the movement of working age income-support recipients – particularly those on DSP – into paid employment.
- It creates an administrative burden – and inherent inefficiencies - for Government in trying, with limited information, to match places with areas of high demand.
- It is inconsistent with the Government's approach to Job Network, which is a demand-driven program.

The additional investment required for disability employment services to be demand-driven would be largely compensated for by the financial effect of moving more job seekers into paid employment:- the lower call on income⁵ support payments, the increased taxes paid and the increased economic output. Any financial risk to Government is minimised by Case Based Funding (to be implemented in full on 1 July 2005) because, under that funding system, fees are paid to service providers only on the basis of services delivered and employment outcomes achieved. Unfilled places attract no payments.

Tailor disability employment assistance to meet the diverse needs of job seekers

The population of people with disabilities is diverse. Groups of job seekers with disabilities may require different services

One in four recipients of the Disability Support Pension, and 30% of job seekers who receive assistance from a disability open employment services have a psychiatric disability. The employment outcome rate (at 26 weeks of employment) for this group is lower than for other disability groups. Given its significant representation among job seekers, the Government should invest in further research to inform strategies aimed at securing a higher employment outcome rate for people with a psychiatric disability (and other similarly episodic conditions).

Other groups could also be disadvantaged by current funding structures. Although Case Based Funding aims to have funding levels reflect the range of support needs among job seekers and workers, there is evidence that the investment required to maintain employment for people with high supports needs

⁵ Ibid

as a consequence of an intellectual disability (for example) exceeds the highest Case Based Funding fee level.

Similarly, within Job Network, the use of an Auslan interpreter to assist a Deaf job seeker secure a job can far exceed the average Job Seeker Account allocation for agencies that specialise in assistance to people who are Deaf.

The structure and levels of funding for employment assistance programs should be reviewed to ensure that they do not unintentionally create disincentives to servicing particular disability groups.

Develop a communication strategy that responds to the information needs and concerns of key stakeholders

Lack of awareness is a significant barrier to increasing the employment rate of Australians with disabilities.

A recent pilot evaluation report by the Department of Employment and Workplace Relations (DEWR) found that while job seekers in receipt of the Disability Support Pension (DSP) were often keen to work, they knew little of the full range of employment services available to assist them. The report concluded that there was a need to increase “DSP job seekers’ awareness of available services...”⁶

DEWR has embarked on a project (which ACROD supports) to badge and to promote the disability open employment service sector to potential job seekers, employers, referral agencies and other stakeholders. The promotion of services needs to be supported by an increase in the availability of those services.

Among the key recommendations of the Government’s review of the Employer Incentive Strategy in 2003 was the development of an awareness campaign aimed at employers which would underline the benefits of employing people with disabilities and the assistance available to employers. Such a campaign, which has yet to be developed, would have considerable value, particularly if employers themselves endorsed and helped disseminate the key messages.

Within referral agencies, knowledge about the full range of services and assistance available to eligible job seekers should be continually updated. Across Centrelink offices and regions the highly variable rates of referral of job seekers with disabilities to appropriate disability employment and vocational rehabilitation services suggests marked differences in levels of awareness within Centrelink about local services.

⁶ Department of Employment and Workplace Relations, ‘Interim Evaluation Report of the Job Network Disability Support Pension Pilot, November 2004.

Reduce the (perceived) risks and disincentives confronting DSP job seekers

DEWR's DSP Pilot found that Disability Support Pension recipients had concerns about the impact of earnings on their pension entitlements. Some of these concerns are based on misconceptions – and can be allayed through the provision of improved access to information. But others are based on reality. A review of effective marginal tax rates should consider the impact of earnings on the full range of entitlements and the costs of workforce participation.

The cost of workforce participation for people with disabilities can be considerable. The 2000 report of the Welfare Reform Reference Group, chaired by Patrick McClure, recommended that the Government investigate the introduction of a cost of disability allowance and a participation supplement. The New Zealand Government has proposed introducing both a disability allowance and an additional payment to people with disability to encourage them to look for work. While the Commonwealth provides a Mobility Allowance to assist with transport to and from a place of employment (or vocational/life-skills training), this is insufficient to cover the out-of-pocket expenses of people who – because of the lack of accessible public transport – have to rely on taxis for daily transport.

If, as it proposes to do, the Government tightens eligibility for DSP by reducing the work capacity test from 30 hours a week at award wages to 15 hours, job seekers may not want to work more than 15 hours because of the risk to their pension. Such an outcome would be counter-productive. The experience with the 15-hour rule in New Zealand has led the New Zealand Government to re-consider the efficacy of that rule.

The DSP Pilot found that many people on DSP want to work (they do not need to be compelled). Research has shown that labour market assistance programs are more effective if people enter them voluntarily. At this stage of reform, the emphasis should therefore be on ensuring that services are available for those who seek employment; that prospective job seekers are fully aware of the range of assistance available to them; and that barriers and disincentives to them seeking and procuring employment are minimised.

If obligations or participation requirements are applied to people with disabilities they should be carefully tailored to match people's capacities.

The right to participate, and the potential benefits from participation, apply to all people with disabilities, including those with profound disabilities. While it would be wrong to impose participation requirements on people with profound disabilities or high support needs, it would be equally wrong to deny them access to services to enable them to participate in economic and community life. Quarantining people from obligations should not entail refusing them services.

Reduce the (perception of) risks and disincentives confronting employers

As Issues Paper Three notes, many employers are reluctant to take on an employee with a disability because of the perception of risk.

This can be exacerbated by prejudice and unawareness of the available assistance (such as workplace modifications, Supported Wage Scheme and wage subsidies).

With the Government's decision to bring responsibility for employment assistance programs under the same administrative umbrella (DEWR) as workplace relations, there is an opportunity to resolve some of the key risk issues that discourage employers from taking on job seekers with disabilities.

Time-limited work trials – which enable employers to test a prospective employee without incurring employment obligations – are a valuable path to employment for some job seekers with disabilities. In some States concerns about workers' compensation insurance liability and industrial law are barriers to work trials. These problems need to be resolved.

In some jurisdictions, also, Occupational Health and Safety (OHS) inspectors have adopted a 'zero tolerance' approach to workplace risk, which affects the employment of people in supported employment (business services) and in open employment. In open employment, this zero-tolerance approach contributes to an increasingly risk-averse employment environment which is making some employers reluctant to employ people with disabilities who they believe (even if mistakenly) are at greater risk in the workplace.

The Disability Service Standards, with which disability service providers are required to comply, emphasize individual rights and choice, social inclusion and the creation of a 'least restrictive' environment for people with disabilities. The tension between OHS regulations and these Standards, unless resolved, will lead to the exclusion of people with significant disabilities from the workplace or their isolation or restriction within it.

While OHS legislation falls within the jurisdiction of the States and Territories, because this matter crosses jurisdictional barriers and affects the employment of people with disabilities it should be a matter of concern to the Commonwealth, in particular the Australian Safety and Compensation Council.

Employers are more likely to accept the perceived risk of employing a person with a significant disability if they have an ongoing link to a disability employment service, even if that link is only occasionally activated.

Consider establishing an information and referral service for employers

In the United States, the Job Accommodation Network www.jan.wvu.edu provides technical advice on how to modify a workplace or work practices to increase the employability of people with disabilities and information on regulatory requirements. An independent evaluation of JAN has shown a high level of satisfaction among employers who had used the service.

In December 2004, the Human Rights and Equal Opportunity Commission convened a forum to discuss the desirability of having a similar service in Australia. There was strong support at the forum for the concept of an Australian service, adapted from the US model.

An Australian service would need to combine on-line and telephone information with appropriate referral to local disability employment service providers.

As a first step, the Government could commission a scoping study to identify service and information gaps, with a view to establishing an information and referral service for employers.

Retain the Disability Services Act as a funding framework

The *Disability Services Act* (as amended in 2002) provides the broad policy framework for the provision of specialist disability employment services and ensures that employment services exist to respond to the particular needs and aspirations of people with significant disabilities. ACROD believes that the Act is essential to ensure that the rights of job seekers with disabilities are protected.

A key distinction of employment services that are provided under the Act is their compliance with the Disability Service Standards. By 31 December 2004 all disability employment services were legally required to achieve quality assurance accreditation against these Standards. The QA system ensures that services:

- are tailored to individual needs;
- create a 'least restrictive' environment in which people with a disability and their choices are respected;
- have opportunities for integration and participation in the community and for people with a disability to achieve goals valued by the community;
- include mechanisms for people with a disability to make decisions about the services they receive and to participate in the planning and operation of services;
- provide employment conditions that are comparable to the working conditions of other Australians; and
- include processes to resolve grievances and protect clients' privacy and confidentiality.

Within the disability sector (among the providers and users of services), these principles - and the quality assurance system that underpins them - are strongly supported. The *Disability Services Act* should underpin the Government's future purchasing arrangements for disability employment services.

Revise Government's employment and purchasing practices

The Government own employment record is poor, as HREOC has noted in its Issues Paper.

In addition, its record of purchasing products and services from organisations that employ people with disabilities compares poorly with the USA where the Federal Government is required by law – under the Javits O'Day Wagner Act 1971 – to purchase a small percentage of goods and services from organisations that employ people with disabilities. As well as the US Federal initiative, over 30 States have complementary programs of preferential purchasing.

Employment opportunities for people with disabilities - in both open and supported employment - would expand if the Australian Government aligned its purchasing and employment policies with its social policy objectives.

Increase representation in VET

While implementation of the *Bridging Pathways* blueprint has lifted the participation rate of people with disabilities in Vocational Education and Training, the rate remains comparatively poor. Most people with disabilities thus miss out on the employment opportunities that flow from a VET qualification. Additional effort is needed across government departments and the VET sector if the *Bridging Pathway* objectives are to succeed.

Lower barriers beyond the workplace

The barriers to employment that people with disabilities encounter are not confined to the workplace. A lack of in-home support can hamper a person's ability to get ready for work each day. Inaccessible public transport can turn the journey to work into an expensive and complex ordeal. Community attitudes can influence the recruitment practices of employers and the confidence which people with disabilities have in their own capacity to work. A shortage of life-skills training can leave young people with disabilities ill- prepared for work.

The depletion of employment opportunities is one of the effects of the unmet need for disability support services that exists in every State and Territory.

The Australian Disability Training Advisory Council (ADTAC) reached a similar conclusion. Established to oversee the implementation of the *Bridging Pathways* blueprint ADTAC concluded that to improve pathways between education, training and employment would require parallel reforms across almost all layers of government, business and the community sector.

A national strategy to expand employment opportunities for people with disabilities should tackle these barriers as well and should therefore engage State and Territory Governments which have administrative responsibility for a range of services that affect a person's capacity to prepare for and retain employment.

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About ACROD

ACROD is the national peak body for disability services. Its membership includes 550 non-government non-profit organisations that collectively operate several thousand services for Australians with all types of disabilities.

In seeking to achieve its purpose, ACROD provides a wide range of advice and information to the disability services sector through e-mail publications, a magazine, conferences and seminars. Its consultative structures include a system of issues-based National Committees and State Sub-Committees, forums and interest groups that operate by correspondence/email, teleconferences and face-to-face meetings. ACROD's submissions to Government are developed in consultation with members.

ACROD also provides advice to governments in relation to all significant disability matters. It is currently represented on around 20 Commonwealth Government (or quasi-Government) reference groups, working parties and advisory groups, and on numerous State and Territory committees.

ACROD has a National Secretariat in Canberra and offices in every State and Territory. The organisation as a whole is governed by a national Board which includes the elected Chair from each State/Territory Division as well as representatives elected directly by members.

