

# National Disability Services Position Paper: The future of wage setting in supported employment

## Opening Statement

NDS believes supported employment remains a valid, legitimate and positive employment option for those who make an informed choice and who value the engaging, understanding and supportive environment it provides. We note the term Australian Disability Enterprise has been superseded due to the change to NDIS support funding arrangements for employees with disability. Consequently, the term “supported employment service” currently defines providers of this service model in the Supported Employment Services (SES) Award 2020.

We are committed to sector reform and ensuring supported employees have choices, through supported decision making where appropriate, that enable them to access to skill-building opportunities, career pathways, diverse jobs, and higher wages.

Following the release of the Disability Royal Commission’s (DRC) final report, Federal Government leadership and support will be needed to balance higher wage rates with job security and the ongoing financial viability of employers. Effective wage reform can be readily achieved through a range of actions, underpinned by independent economic modelling.

NDS recommends that the government adopt policy settings that ensure the following outcomes – increases in wages and employment opportunities that are protected for all those who want to work, including people with high support needs in the workplace.

# **The Disability Royal Commission's Final Report Volume Seven: Inclusive education, employment and housing**

The DRC Final Report Volume Seven contained one specific recommendation on pro rata wages for employees with disability, with three distinct elements. They are:

- Lifting wages of employees with disability to 50 per cent of the minimum wage, reviewed after five years
- The Australian Government subsidising employers for the difference between the wages payable and the new minimum wage until 2034
- Following the five year review, development of a pathway towards all employees with disability moving to the full minimum wage by 2034

The recommendation would apply to employees with disability in both open and supported employment settings. The Government has not yet indicated if it will implement the recommendation.

## **NDS's position on wage setting arrangements and enhanced outcomes for employees with disability in Supported Employment Services**

Wage setting arrangements aimed at enhancing outcomes for employees with disability in Supported Employment Services should reflect the following:

### **Extend the Pensioner Work Bonus to people receiving DSP in paid employment**

People with disability are a large cohort of underutilised labour. Increasing the earning capacity of DSP recipients will encourage more people to work and existing employees to work more hours.

It is inherently unfair that aged pensioners can earn \$150 more per week than DSP recipients before losing any of their pension. Both cohorts should be treated equally with regards to work incentives.

**Supported Employees receive income for hours worked which is no less than full award wages via a Social Wage, which combines the DSP and wages paid by supported employment providers, assisted as necessary by Government.**

Debate over the merits of pro rata wages is counterproductive. With an unemployment rate for people with intellectual disability of 20 per cent, and the overall employment rate for people with severe or profound disability declining over the last twenty years, the focus should be on more people with higher levels of disability engaging in the workforce with the right supports.

A Social Wage will ease barriers to economic participation, reduce the reliance on DSP and provide greater economic and social independence.

The Fair Work Commission (FWC) determination and the subsequent changes to the SES Award will need to be monitored and the impact on wage rates quantified.

Wages of employees including income support payments should be at least the equivalent of a full award wage with a supplement or other provision consideration provided by the Australian government where required, taking hours worked into account.

NDS modelling shows the cost to Government is minimal given the equity this would create. The NDS modelling needs to be independently tested to assess all impacts and unintended consequences.

It is essential that other associated income related supports for those on DSP are maintained regardless of income (for example access to health care benefits). An automatic return to DSP as a safety net should apply.

Should the Government adopt the DRC's recommendation on phasing out pro rata wages, the social wage model would not apply in its suggested form. If the

requirement is for employees with disability being initially paid 50 per cent of an Award wage, then that is the new minimum benchmark. Adopting the recommendation would also have implications for the SES Award's new wage structure, especially the continued recognition of Grades A and B.

**Financial viability to ensure a modernised and sustainable supported employment sector is required and the work conducted by supported employment providers and their employees with disability recognised and valued.**

Financially viable supported employment providers will be better placed to evolve their business models and deliver increased wages in a range of inclusive employment settings. Government support to assist sustainable structural adjustment in the sector is essential.

Social impact investing and targeted procurement strategies that encourage local job creation and federal and state Government purchasing allied with the Federal Government's Principles of Supported Employment are required.

A social procurement policy framework is needed that has specific mandates and targets for purchasing from disability social enterprises and inclusive employment and training commitments through Government supply chains for people with disability. It should engage Government at all levels and its suppliers under a dedicated strategy and accreditation framework, recognising that the public sector should be taking an active role in driving job creation and pathways for those with high support needs.

**Supported employees and their families should be involved in determining the future of their jobs through a co-design process**

Inclusion Australia (IA) is the national peak body for intellectual disability and Our Voice Australia (OVA) comprises family advocates for supported employees. These two bodies should be adequately funded by Government to advocate for and drive genuine reform for the supported workforce.

Both IA and OVA are engaged in the NDS Industry Vision Reference Group which provides important input and guidance on supported employment sector reform.

A national survey of employee experience and satisfaction should be carried out to measure the performance of the sector. Providers would be required to support this data collection exercise for it to have genuine value.

**Formal acknowledgement and recognition by all Government funded advocacy groups of the Social Wage model and the FWC's formal endorsement of pro rata wages in Australia's Industrial Relations legislation.**

There are a variety of current views on supported employment and diverse opinion is welcome, provided it is well informed. References to supported employment as segregated and exploitative are unhelpful, diminishing the lived experience of employees with disability who highly value their work and the work of their colleagues. Ill-informed criticism of supported employment using emotive, outdated terminology can discourage businesses which are working with or partnering with supported employment providers to create jobs for people with high support needs.

A communication strategy is required to provide a better understanding of the supported employment sector as a valid work option with fair and legal wage setting arrangements.

**Supported Employment Providers should take the lead in creating work opportunities for people with significant and complex disability. They have the expertise in tailoring jobs and cultures for people with high support needs, so they are well-placed to provide opportunities within a range of employment settings.**

Transition placements should be readily incentivised and rewarded by outcome payments which reflect the provision of high-quality wrap-around supports that deliver sustainable supported and mainstream employment.

As the Disability Employment Service (DES) sector is reformed, supported employment providers should be included in the design of flexible employment opportunities for people with disability.

Employment should be viewed as a spectrum of work options and settings available to as many people with disability as possible, informed by individual choice, support needs and career preferences.

Sector business modelling and ongoing data collection should be conducted to better identify minimum operational and value expectations for supported employment providers.

## **Closing statement**

NDS recognises the complexity of wage setting arrangements for people with disability. We support a move to better wage outcomes, a range of appropriate work settings and broadening of work opportunities for people with disability, particularly those with more significant support needs. However, this will not occur in isolation.

Government support is required to achieve economically sustainable reform of the supported employment sector and to create more employment opportunities. Supported employment providers undertake important mission led work, contribute social capital in their communities and provide genuine work opportunities for people with disability with more complex or higher support needs.

The position outlined above and our economic modelling provide genuine solutions with clear benefits for all stakeholders and will ensure progress aligned to Australia's Disability Strategy and employment goals associated with the NDIS.