

Sunnyfield Response on the Interim Report of the Reference Group on Welfare Reform to the Minister for Social Services 'A New System for Better Employment and Social Outcomes' June 2014



Recommendation

Sunnyfield recommends further review is undertaken to explore all options for people with a disability to participate in the labour force. Unintended consequences for people with a disability, and their carers, in relation to Disability Support Pension (DSP) values and allowances should be carefully considered. Reform must align with the National Disability Insurance Scheme (NDIS) principles to emphasise choice and control for people with a disability. A review must consider the long term future of Australian Disability Enterprises (ADEs) as an important employment service that reduces welfare reliance of people with a disability and their families and lack of available affordable housing.

Context

The outlook for the global economy is tough. The Australian economic outlook is also tough with consistently low and forecast interest rates at 3% p.a., GDP at 3.5% and CPI at 3% mainly due to a demand for higher wages. China's importation of Australian minerals has eased and our export markets are shrinking.

Manufacturing has declined substantially in Australia, retail is under threat from online sales, technological products are extremely price competitive with Health, Aged Care Support and Disability Services (with the NDIS) key growth areas. Businesses are not booming.

Business faced with continual competitive pressures are seeking to reduce real costs and increase productivity. Businesses seek to recruit a highly productive workforce and jobs are increasingly requiring higher levels of skills and education. The growth of jobs and vacancy rates in Australia are both low. In most regions of Australia employers can pick and choose to obtain the most productive employees, it's an employer's market and places further pressure on groups at risk. Unemployment in Australia has risen in the past year and stands at 6% in June 2014. For persons 17 to 24 years the unemployment rate is 27% and forecast to rise.

Background

The 2012 Survey Disability, Ageing and Carers (SDAC) found only 53% labour force participation for people with a disability aged 15-64 compared to 83% of people without a disability. The unemployment rate for people with a disability increased from 7.8% to 9.4% between 2009 and 2012. 44% of families of a person with disability are in the bottom two quintiles of low income households, compared to 22% of people without a disability. In 2012 18.5% of the Australian population reported having a disability defined as a 'limitation, restriction or impairment that restricts everyday activities and has lasted, or is likely to last, for at least 6 months.'

Discussion

If the DSP payment is assessed on 'capacity' to work, there needs to be greater funding and support to provide innovative programs to prepare people with a disability to gain and maintain employment over the long term. Training programs to support people with a disability to transition to supported or open employment opportunities should be expanded. Greater focus on supporting people to maintain their jobs in an open marketplace should be encouraged with the application of Individual Placement and Support approaches. However the report does not adequately explain how an individual with a disability may be

assessed to determine whether they have 'current or future capacity to work', or 'permanent impairment and no capacity to work'. The case of *Nojin v Commonwealth* (2012) found that competency based assessments (BSWAT) for determining wages for people with a disability were discriminatory. Any future system to assess the employment 'capacity' of people with a disability, and assign pensions in a corresponding tier system, should be approached with extreme caution.

The report outlines many credible examples of corporate Australia supporting employment for people from at risk groups, including disability. These schemes need to also ensure adequate opportunities for people with intellectual or developmental disorders who represent 31.3% of all people who access National Disability Agreement services (2011-12). People with a disability receiving the DSP should be supported to find employment in a tough marketplace but not penalised for the lack of suitable employment opportunities available.

Over 20,000 people with a disability, many with moderate intellectual disability work within 600 Australian Disability Enterprises (ADEs). ADEs create very positive employment and career opportunities in addition to great social environments for people with a disability to work in a trusted, safe and supportive environment. It is important to note that ADEs have not been well represented in this report as an important provider of employment options for people with a disability.

ADEs are already struggling to remain financially viable due to the substantial decline in manufacturing in Australia and the pressures of globalisation. The commencement of the National Disability Insurance Scheme (NDIS) has unresolved questions for the future of the ADEs as the unblocking of funding will provide no long term certainty. Further to this is the potential implications of the BSWAT case which may result in significant wage increases for supported employees. While Sunnyfield supports wage increases in principal, there is concern over the additional strain on ADEs and their future viability. Without ADE's, significant additional pressure will be placed on services, and the NDIS, as additional services are required in place of supported employment.

Wages of Supported Employees are very low and despite full time employment, Supported Employees do not earn an equivalent wage to people without a disability due to productivity based assessments. As a consequence Supported Employees accrue superannuation at such small value that the majority, if not all, is regularly absorbed by fees charged by the fund. This leaves Supported Employees reliant on their Pensions and allowances to support themselves. ADEs empower people with a disability through employment and allow carers the opportunity to return to the workforce. A tiered system that reduces the Pension value of those with capacity to work could provide a disincentive for people with a disability to gain and maintain employment as they may be worse off financially.

Sunnyfield supports fairer returns from work however no long term plan for the viability of ADEs risks the potential for any return from work for over 20,000 Australians with a disability. The system needs to provide financial incentives to develop capacity to work and maintain employment rather than to collect a full DSP by having 'no capacity.' This should be accompanied with low effective tax rates to support people with a disability and their families, 44% of whom have incomes in the lowest 40% of the population.

The current Rental Assistance Scheme has failed to keep up with the real rise in rental prices. A lack of available public housing forces the majority of people to rent in the private market for which subsidies are grossly inequitable. The median price of 1 bedroom apartments on the private market in Blacktown was \$255 per week, the value of rental assistance is only \$63 per week and the total value of the DSP including rent assistance, the pension and rental supplement is only \$477 per week. The current 'free area' of income for a person receiving the DSP is only \$80 per week before payments are reduced by \$0.50 for every dollar with a cut-off point of \$923 per week. The average weekly ordinary full time earnings of adults in Australia as

at November 2013 was \$1,437 per week, people with a disability are 'cut-off' from welfare support \$514 short of this average. The gap between the rental assistance amount and private rental market values will force people with a disability to find accommodation in more affordable areas away from support networks of family and friends, or face homelessness.

This not only causes disruption to individuals and patterns in their life, but also requires a renegotiation of transport to their places of work and recreation. Pushing people with a disability out of their regular neighbourhoods may limit their ability to take public transport to and from work and thus impacts the sustainability of their employment. The mobility allowance will be transferred from the welfare system to the NDIS in future. It remains unknown as to whether participants would be required to find a workplace closer to home due to the 'reasonable and necessary' provision within the NDIS.

Conclusion

Sunnyfield supports a simpler more equitable welfare system but the proposal of a tiered system has a number of unintended consequences. Innovative programs and supports should be introduced to support the development and maintenance of employment skills and promote inclusion for people with an intellectual disability who are often overlooked in corporate schemes particularly in a highly competitive market such as Australia. Urgent support for the medium to long term viability of ADEs is required to maintain the employment of over 20,000 Australians with a disability. People with a disability and their families are among some of the lowest income households in Australia compounded by lower wages, inadequate subsidy rates that do not represent the current market and a low 'cut-off' point for welfare payments.

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Sunnyfield is a non-profit NSW Member based charitable organisation supporting people primarily with intellectual disability to live their life of choice, with over 62 years experience with the mission of 'enriching the lives of people with disability by creating choice, opportunities and skills for life'. Sunnyfield services for 1,800 clients include Supported Living, Community Services and Supported Employment and Transition to Work through our Enterprise division where we provide training and development opportunities for over 300 clients.