

## **A New System for Better Employment and Social Outcomes**

**8 August 2014**

### **Introduction**

- DEA welcomes the review and opportunity to contribute, the focus on employment is welcomed, DEA and its membership are well placed and keen to help remodel the disability employment effort in Australia, with PWD and employers at the centre
- DES providers have significant expertise and over 20 years' experience
- Whereas the NDIS focuses on what people can do, the DSP tends to focus on what people can't do, rising rates of DSP have been attributed by the Productivity Commission to 'hostile' labour markets and not rising rates of disability
- To improve economic and social participation, and reduce welfare reliance, the review should focus on creating an enabling environment that encourages voluntary participation

### **An enabling environment**

- Starts from a position of presumed employability – that anybody can work with the right supports: 0-7 assessed consumers should not be 'ruled' out of participation
- Promotes voluntary participation of PWD – the strongest predictor of success (volunteers are twice as likely to secure an outcome in the current DES model)
- Provides PWD with an adequate level of, and security of, income support – people must have security otherwise perverse outcomes arise where people feel less adequate to participate, moving people to lower payments exacerbates poverty and reduces competitiveness in already hostile labour markets
- Needs employers and educational systems on board that create opportunities to encourage voluntarism, with investments in key drivers: early intervention, employer capability and joined-up approaches, e.g. through Tier 2 links / frameworks / connections
- Has positive attitudes about PWD as employees and provides a clear line of sight for employers to recruit

### **How we can create an enabling environment**

- By changing negative attitudes towards PWD
- Through reforms to DES to align it to the NDIS
- By better supporting employers
- Through affirmative measures that increase competitiveness of PWD as job candidates

### **Changing negative attitudes**

- PWD say the biggest barrier by far is negative employer attitudes

- Employers perceive PWD as costly, risky recruits: AHRI reports negative workplace cultures; where one-third willing to recruit, two-thirds are unwilling or unsure how; 2 in 5 standard inductions not accessible; 1 in 3 employers can't accommodate PWD (Hays)
- But, employers are open to retain employees with disability – this is a good place to start in changing attitudes – there are over 1 million PWD in the workforce
- Big evidence base supports job carving/job creation for PWD but employers recruit for role specification; need to build employer capability around inclusive recruitment that meets business needs
- A national campaign is needed to challenge negative stereotypes of disability (e.g. television campaign prime-time over three years)

### **Increasing competitiveness**

- Unemployment of PWD nearly twice as high as those without, gap has widened in last 3 years
- Labour market extremely competitive, job seekers (with and without disability) outnumber vacancies 5 to 1
- Employers receive around 13 applications for skilled vacancies
- Jobs growth expected in highly skilled areas; yet PWD more likely to achieve certificate level rather than Bachelor level qualifications
- Highlights need for innovative approaches to job creation and the transition from school to work, more support needed for employers to tap the talent pool
- By focusing on underemployment as well as unemployment – underutilisation rate of PWD is around 18% (services should provide career progression to build self-efficacy to manage transitions in the labour market over time)

### **Better supporting employers**

- Mental disorders cost estimated \$20 billion p.a. in lost productivity and participation
- MHC reports 60% of people with mental ill-health won't report it due to stigma
- Stress-related compensation claims have doubled
- Business lose \$6.5 billion p.a. failing to provide early intervention and support
- More can be done to support employers retain employees who have or develop disability
- The Job in Jeopardy initiative provides early intervention via three-way partnerships, but has limited reach (0.1% of DES caseload) and restrictive parameters, notwithstanding 50% success rate (DSS, 2014)
- SME is where 80% of employment happens across Australia, they need the support of government, funded or licensed brokers (DES), give a line of sight to talent and support to amend and refine recruitment and retention practices

### **Reforms to DES to align to NDIS**

- DEA and its membership well placed to assist here, credentials of providers are strong; links to communities are strong
- The existing DES program has many strengths built over the past 28 years that must be retained
  - Knowledge of what it takes to support people with significant disability to gain and maintain employment
  - Understanding of employer engagement
  - Experience in working with individualised client funding

- Current DES quasi market not in the real world, set up to measure a program with centrally prescribed outputs, the performance framework is an inhibitor to local solutions (relative performance which informs procurement)
- A new business model is required focusing on outcomes for people not outputs from programs (with useful indicators for PWD and employers, e.g. 52 weeks and wages)
- Providers should be licensed to operate, with or without government business share referrals, enabling customer engagement focus rather than business to business (providers to government)
- Better support school to work transitions, raising expectations:
  - Link DES to school – students with disability (approx. 150,000) have jobs at school and transition support in place, e.g. Better Transitions in South Australia
  - Link DES to VET – students with disability from VET to work with DES supports, e.g. VET to Work in South Australia
  - Embed career advancement services within, but separate to, DES

### **In summary**

- DEA supports the building of a welfare support system that enables people with disability to become active participants
- Educational opportunities and employer attitudes must be positively changed to build pathways to employment
- Social and physical infrastructure needs be developed to support these pathways
- A focus upon early intervention (school to work transition)
- A focus on strategies to support employers to retain existing employees who have or develop disability