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Welfare Review Interim Report – Submission

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Submission Focus: Employment of People with Disabilities

1. Our submission focuses on the issue of disability and employment only.
2. The report and its recommendations are limited in this area because they do not develop or utilise a model or framework that integrates labour supply and labour demand factors. It treats these in isolation, with far greater emphasis on supply. Focus is placed on factors on the supply side of labour, such as the relative advantages of jobseekers (e.g. education level and experience) and fails to take into account the importance of the aggregate demand for labour.
3. The demand for labour is a *derived demand*. Demand for an employer's products and services will generate demand for labour resources required to meet that demand. Weak demand for products or services will reduce employers' demand for labour regardless of attempts to tweak supply-side factors.
4. It is true that a lower cost of labour could lead to more labour being employed for the same employer outlay, with a static demand for the employer's product/service, but this would result in socially unacceptable income outcomes.

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5. There is a delicate interplay between supply and demand in a multitude of labour markets for people with a disability, who often lack the labour market mobility of their able-bodied counterparts, and thus suffer a relative disadvantage. As the report describes, they also have to contend with discrimination and stigma in their quest for employment (p. 107).
6. Government reports and policies in the past have embedded within them a hidden assumption that increasing the number and quality of people offering themselves for employment will, of itself, generate demand for that labour. This is simply not true. It is emphatically not true for people with disabilities. A supply-side focus will help improve their *relative* advantage, but with no increase the overall number of vacant jobs, the total number of unemployed jobseekers will remain the same.

Supply of People with Disabilities to the Labour Market

7. The Interim Report's recommendations on the supply side – including more training and compulsory work-focused activities – need to be seen in a context where the latest ABS figures indicate there are over 700,000 unemployed and only 146,000 vacancies. This means training and employment preparation are essentially re-arranging positions in a queue. Supply does not create its own demand, and so regardless of their relative advantages compared with other jobseekers, there would still be 554,000 unemployed.
8. It may be true that there is an apparent statistical link between education and employment, but this is partly illusory – those with higher education are higher in the queue, no matter how long the queue is. But everyone can't be higher in the queue. If all job seekers with a disability were miraculously gifted with a university degree, this would not guarantee a boost to their employment (especially if all other job seekers were similarly endowed). It is their *relative* position in the queue in their labour market that counts. The fallacy is reminiscent of a New Zealand trade union leader in the 1970s, who proudly proclaimed "we will not rest until every worker in this country is paid more than the average weekly wage".
9. But more could be done on the supply side, to increase the productivity of people with disabilities and to overcome the relative disadvantages they face in the labour market. It is the very nature of disability to reduce a person's

choice regarding employment, both as a result of the disabling conditions and the precarious mobility options facing people with disabilities, which limit their ability to change jobs. The delicate interplay between welfare payments and an individual's decision to enter the labour force is well documented.

10. The importance of technology for people with disabilities is noted in a solitary sentence in the Interim Report (p. 124). Yet technology is a key to connecting people with disabilities to growth areas in the labour market identified in the report. It is a key to overcoming the disadvantages faced by people with disabilities with regard to productivity and job mobility.
11. Computer-related technology (and the assistive technology adapted to the needs of each individual) can assist almost all people with disabilities to be more productive. Yet that potential is not consciously appropriated in Australia. What we lack in Australia is (a) research, including comparative testing, into assistive technology options, undertaken by assistive technology professionals and people with disabilities and (b) dissemination of this information widely to therapists, employment services and employers. At present knowledge and expertise is limited to assistive technology services in capital cities and is in short supply; very limited research is able to be undertaken by the non-profit organisations involved in this field.
12. Our past research at Ability confirmed that competence gained through assistive technology can inspire people with disabilities to enter the workforce in the first place (see [Productivity-Enhancing Technology and Employment for People with a Disability \(2007\)](#) at www.ability.org.au/research). It can provide a person with a disability with self belief in their own productive potential and employability.
13. A serious policy effort in this direction would be amply rewarded in terms of at least getting people with disabilities on level terms with others in the fight for a place in the employment queue by reducing their relative disadvantage.
14. A major effort to link people with a disability and computer-related technology should be implemented. It would not require a great investment. We would estimate that implementation costs would be in the vicinity of \$750,000 and annual costs of \$500,000. This would fund a research centre with testing equipment and the latest in assistive technology (including eye gaze), as well as specialised staff to undertake comparative testing and marketing costs to disseminate results widely.

Demand by employers

15. Overall demand for employer's products and services will be a major factor in their decision to employ more staff, including those with a disability. As we know, demand at the macro level will depend on factors such as the exchange rate, levels of government spending, interest rates, business investment and consumer confidence. These macroeconomic factors will overwhelm proposals in the Interim Report. Employers do not employ people because they are good or well educated, but because they are *needed* in the production process. Similarly, unemployment rises because of a lack of jobs, not because of an under-educated workforce.
16. However, there are policies that could address the disadvantages people with disabilities face on the labour demand side. As the report details, some employers hesitate to hire someone with a disability when there are a wider range of applicants (p. 107). This disadvantage is due to inherent discrimination that persists in the labour market, partly as a result of ignorance and fear.
17. Understanding employers is the weakest link in the employment system for people with disabilities. For example, there is a hidden assumption in Government programs that *reimbursement* (of expenses or productivity wage adjustments for people with disabilities) is an *incentive* for employers. This is clearly not the case, especially when employers have to meet hidden ancillary costs related to the reimbursement, undertake annual productivity reviews of staff, etc.
18. There is a need for real incentives – direct payments – to counter these hidden costs for employers and redress the relative disadvantage of people with a disability in the labour market. The Interim Report acknowledges that wage subsidies work (p.109). Why not use the Restart Wage Subsidy model (for mature workers) for people with disabilities?
19. Government employment programs for people with disabilities do a good job in the circumstances. However a great opportunity is missed in that, in spite of funding thousands of workplace adjustments to get people with disabilities into jobs, there has been no research undertaken to analyse these adjustments, employers' perceptions of the system they deal with and the impact on employer attitudes towards people with disabilities. An important opportunity to understand workplace issues and employer issues that impact on the employment of people with disabilities is slipping away.

20. Government employment of people with disabilities has fallen from 5.8% of the public service 15 years ago to 2.9% now (Graeme Innes, 2 July 2014). This is hardly a great example for other employers to follow and leaves Government initiatives in this area vulnerable to the accusation of hypocrisy. Further, increased representation in the public service would allow for people with disability to reduce their relative disadvantages in the labour market by offering meaningful employment experience.
21. Another option that should be considered is to tie Government funding and contracts to organisations who meet a target proportion of people with disabilities in their labour force. Such *contract compliance* is a feature in the US (such as <http://www.dol.gov/ofccp/regs/compliance/section503.htm>)

“Being a federal contractor is a privilege – one that comes with the reasonable responsibility to abide by the law and provide equal employment opportunity to all workers. Today’s new rules make those expectations clearer and more meaningful. We will continue to work with all stakeholders as they implement these changes, promoting opportunity and access for millions of workers across thousands of workplaces.

These new rules are a win-win. They will benefit veterans and people with disabilities, who belong in the economic mainstream of the nation but have faced unfair barriers in the job market. They will benefit employers who do business with the federal government, increasing their access to a large, diverse pool of qualified workers. And they will benefit the entire nation, as these rules help us fulfill the American promise of equal opportunity for all.”

- U.S. Department of Labor Secretary, Tom Perez, 27 August 2013

<http://social.dol.gov/blog/promoting-opportunity-for-vets-and-workers-with-disabilities/>

The Government has a right to stipulate conditions for those who receive its business or funding. It does this in areas such as occupational health and safety, and insurance. It should also do it with regard to the employment of people with disabilities.

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