

a 'lack of skills in undertaking their own job search.'<sup>65</sup> These problems appear to have been largely overcome by negotiation with DSS at a local level.<sup>66</sup>

**7.66** Clearly, with an increased emphasis on an active income support system for people with disabilities in the future, it will be essential to its success that all concerned – the clients, the support services and officers from DSS and other Commonwealth departments – have a comprehensive understanding of the range of programs providing assistance to people with disabilities and their interaction with the income support system.

### **Recommendation**

The Committee RECOMMENDS:

9. That departments ensure that clients and their support services, and departmental officers have a comprehensive understanding of the range of programs and services providing assistance to people with disabilities and the interaction of these with the income support system.

### **WAGES**

**7.67** The issue of wages for people with disabilities is one which has aroused controversy, particularly with respect to the wages paid to people in sheltered workshops, and with respect to the proposals advanced for increasing wages paid in open employment in order to provide an income more equivalent to that earned by non-disabled workers.

**7.68** The wages paid in sheltered workshops have been discussed above.<sup>67</sup> What is clear is that the wages paid have been inequitable for a number of reasons, and have provided minimal incentives to more skilled workers. Such wages could only measure productivity not effort.

... if one were simply to look at those figures on face value, we would say that there is enormous discrimination from the point of view that a worker may be participating to this utmost ability, notwithstanding that it may be somewhat slower, and be only receiving somewhere between nought and \$40 a week for those 40 hours of work that he is producing.<sup>68</sup>

**7.69** Whether such wages could have been increased substantially because of productivity is difficult to determine, although workshops with high numbers of

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65. *Transcript of Evidence*, p. 5347 (JobMatch).

66. *ibid.*

67. See Paragraphs 6.94-6.114.

68. *Transcript of Evidence*, pp. 5510-11 (Australian Council of Trade Unions).

people with minimal disabilities were probably in an advantageous financial situation in this respect. Offset against this, however, is the likelihood of poor management skills and production techniques which could have contributed to a low overall income<sup>69</sup>, especially through contracting work at low levels of return. Desired changes are unlikely to occur rapidly even as workshops move into transition, because productivity is unlikely to increase, or business administration improve dramatically, in the immediate future.

**7.70** People working in sheltered workshops traditionally have been more dependent on the receipt of a pension than on wages to survive. Subsidisation (through obtaining accommodation with their family or through other forms of shared housing) is likely to have been a major factor in the pension plus low wage being a viable means of support for large numbers of people working in sheltered employment. This is likely to have been the case also for those working in open employment on low wages.

**7.71** The issue of wages has not been considered in any great detail for people with disabilities who are outside sheltered employment, with the exception of the relatively recent studies on skills-based wages. As discussed below<sup>70</sup>, these skills-based wage schemes are specifically directed at a distinct group of people with disabilities. It is not clear precisely how they might assist a range of people whose disabilities might not be considered severe, but who would have difficulty meeting the demands of a five-day working week, year after year.<sup>71</sup> It is likely, however, that the variable productivity of people with some forms of disability, cannot easily be accommodated in most forms of open employment.

**7.72** The wages available in other forms of employment services at present do not suggest a drastic change to the living standards of people with disabilities, although to some extent those available to people obtaining open employment through CETP services are a distinct improvement on sheltered workshops' payment.<sup>72</sup> However, it is important to consider the extent to which part-pension payments continue to form a part of the overall income, which appears to be the case for a percentage of open employment workers<sup>73</sup> and for some people in supported employment.<sup>74</sup>

**7.73** It is also important to determine whether increased income has affected other items of expenditure (for example, housing<sup>75</sup>) or required additional expenditure

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69. See Paragraphs 6.152-6.177 above.

70. See Paragraphs 7.88-7.104.

71. See Paragraphs 5.22-5.58.

72. See, for example, Paragraph 5.190.

73. *ibid.*

74. See, for example, Paragraphs 6.18, 6.32, 6.43-6.44.

75. See above, Paragraph 7.48.

(for example, travel, clothing, union subscriptions). On this latter point, little detailed information was given to the Committee. However, the Department of Social Security study, *Costs of Disability* (October 1991) set some of these out in greater detail. Some of the issues of increased costs are considered in more detail below. In the context of wages, such costs suggest the importance of making available to people with disabilities a wage level more commensurate with the costs which are integral to working.

7.74 A fairly simplistic correlation has been made by some services of the amount of money saved by governments<sup>76</sup> when an individual moves into full award wages with minimal support costs; the conclusion has been to assume that the transition itself produces a net rather than a gross income. Quite apart from the fact that such outcomes may be available only to those whose expenditure does not include, for example, personal care, expensive transport, aids/appliances, and work-related equipment, there is little consideration of the possible need for increased expenditure in ordinary living expenses resulting from the individual moving off pension status. While it is accepted that such increases may mean integration into the community, they must still be considered when evaluating the 'before' and 'after' situation of people who have moved from one system to another.

7.75 The situation is much the same for people in supported employment services. The actual wage component, based on productivity, of such services is still very low, and many participants are still in receipt of the pension or part pension. In so far as such workers continue to receive the pension, or part pension payment, they are in effect receiving a wage subsidy. While no detailed study appears to have been carried out on these less direct forms of subsidy, it is important to note that they should also include components of the cost of any service provided. In other words, the full financial cost of the wage 'subsidy' may include the pension and a percentage of administrative costs of the relevant organisation, since it is these costs which make the 'earned' wage feasible.

7.76 Details of such costs would vary from one organisation to another. As an illustration, the approximate costs of maintaining Jobsupport clients<sup>77</sup> on a per annum basis would include not only the direct hours of support, but also any initial or ongoing costs such as training, administration, etc. Such costs, divided on a pro-rata basis or on an individual basis, should be added to any pension payment, to obtain the full 'cost' of employment. Similarly, the costs of the work crew referred to above<sup>78</sup> would need to include the wage of the full-time supervisor, possibly on a continuing basis.

7.77 To note these points is not to suggest that such costs are not worthwhile; it is, however, to insist that full costing occur. If this is not the case, the comparison

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76. See Paragraph 5.224.

77. See Paragraphs 6.27-6.33.

78. See Paragraphs 6.38-6.40.

with sheltered workshops (including workshops in transition) does not compare like with like. This is particularly the case when other factors are overlooked. For example, the total infrastructure costs of workshops are related to the individual employees/clients, but the infrastructure costs of both large and small open employment companies are not added in when costing occurs for people with disabilities in open employment.

7.78 In effect, wage subsidies have been in operation directly/indirectly for some considerable period. The issue at present is the degree to which such subsidies should be directed specifically towards enhancing the income of people with disabilities as opposed to helping maintain their participation in the workforce *per se*.

### Productivity-based wages

7.79 In general, wages available to people with disabilities (outside of some sheltered workshops) are broadly linked to productivity levels within particular areas of skills. However, as one witness acknowledged, standard productivity (and hence standard wages) was not always found in the average workplace.

I think it is well known in any workplace there are those who are so-called non-disabled who earn more in terms of their productivity and they produce more than the so-called award wage, and there are some obviously who produce less.<sup>79</sup>

7.80 As has been noted in the discussions on skills-based wages<sup>80</sup>, it is easier to measure some forms of productivity (such as those involving tangible goods) than others which require less tangible outcomes.

One concern was that whatever the name of the system, it would really only be capable of measuring productivity and so would not be applicable in "ideas" areas or those where output was difficult to measure. This would mean that some people with more severe levels of disability who were not able to work on production lines would be disadvantaged.<sup>81</sup>

7.81 Productivity is assumed up to a particular level in award wages, and the usual payment of wages for people with disabilities in most forms of employment discussed related their individual productivity level to the norm, and hence resulted in payment of a percentage of the award wage. People consulted on the Ronalds report indicated that care would need to be taken in ensuring that award rather than over award wages were used as the basis of assessment.

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79. *Transcript of Evidence*, p. 5650 (Westwork (Wesley Central Mission)).

80. See below, Paragraphs 7.88-7.120 and *Ronalds 2*, p. 21.

81. *Ronalds 2*, p. 21.

The basis of comparison was seen as a major impediment, especially where overaward payments were an integral part of the wages of workers. It was considered that this could mean that the worker with a disability could be measured against that higher level of skill and not against the level of skill required to be paid the award wage. The distinction between various wage levels was seen as needing to be addressed in the development of an assessment system.<sup>82</sup>

### Slow worker permits and equivalent arrangements

7.82 It is not surprising then that a number of witnesses indicated to the Committee that there could be some difficulties with productivity-based wages as they operated, either because of the operation of an informal assessment or through the use of slow worker's permits. There were mixed feelings among witnesses about slow worker permits and these reflected concerns similar to those expressed about assessment of skills.

7.83 In general, slow worker permits were difficult to obtain, partly because of union reluctance<sup>83</sup> to countenance special arrangements, or to undertake a proper assessment. Where they were used, they were seen as a useful stepping stone. People with disabilities could enter a job on a slow worker permit gradually build up skills and confidence, and then make the transition to a full award wage if their abilities allowed for this.<sup>84</sup> In this way permits were especially useful for people in supported employment who were less likely to obtain award wages at the beginning of their employment but who might increase their skills over a period of time. With careful supervision and access to any required training or support, individuals could become more independent, especially financially.

### Rates of pay

7.84 The ACTU also stated that:

The long term objective of the trade union movement is to ensure that no worker with a disability should receive a total income package which is less than the minimum rate of pay set by the Australian Industrial Relations Commission. We believe that to enable us to reach that position a new system based on wages subsidies needs to be looked at.<sup>85</sup>

7.85 Opposition to the slow worker permit expressed by witnesses was similar to that expressed by some people with disabilities commenting on the Ronalds report.

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82. *ibid.*

83. *Transcript of Evidence*, p. 5515 (Australian Council of Trade Unions).

84. Jobsupport, Burwood – see above, Paragraph 6.31.

85. *Transcript of Evidence*, pp. 5505-6 (Australian Council of Trade Unions).

In both cases, the idea of a special arrangement whereby individual abilities were assessed, was seen as based on the premise that a person with a disability would automatically not be able to be as productive as a person who was not disabled.<sup>86</sup> It was suggested that the correlation of being disabled and being under standard productivity levels could tie individuals inappropriately to a lower wage.

I think there are several considerations that need to be made about slow worker permits. I think that it is very dangerous to negotiate a job for a person with a disability on the basis that they are not able to do that job 100 per cent from the outset. We do not know that because we do not know that a person is able to do or not do a job until that person is tried out in a job. I believe that all people with disabilities should enter employment, given the support of an agency to provide on the job support and training, and perhaps enter that job with the full support of a labour market program offered through the Department of Employment, Education and Training. At the moment the Jobstart program, for example, provides a wage subsidy to the employer for a period of up to six months.

In that six-month period, the agency providing the on the job support can bring to bear all the technology and resources to teach that person to do the job. If as that period draws to a close it appears that that person is very satisfied in his job and the family desires that that person maintain employment, but the employer is very concerned about that person's ability to do that job to a 100 per cent industry standard, then, and only then, do I think that a slow worker permit or some productivity based wage needs to be negotiated.<sup>87</sup>

**7.86** Another witness suggested that it was possible for people with slow worker permits to be exploited by employers.

A range of employers in New South Wales engage people under slow worker permits, where clearly those people are performing tasks that are helping to increase the employers' productivity by virtue of the low cost in the wage component of engaging these people.<sup>88</sup>

**7.87** The major objection to the slow worker permit by this witness was that it could be utilised to avoid a proper consideration of the individual's abilities, and would continue to make distinction between individuals that might not be valid. A way of overcoming this was through the introduction of wage clauses by unions:

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86. *Transcript of Evidence*, pp. 4881-2 (Disability Advisory Council of Australia).

87. *Transcript of Evidence*, pp. 4881-2 (Disability Advisory Council of Australia). See also p. 4204 (Epic Employment Service, M.O.R.E. Inc.), pp. 4464-6 (Australian Red Cross Society, Queensland Division).

88. *Transcript of Evidence*, p. 5514 (Australian Council of Trade Unions).

... if unions are capable of actually introducing a wages clause that has some system and process to it that can measure an individual's skills, and is not just about allowing the employer to pick and choose what rate they pay, then we certainly propose putting in wages clauses, even in the short term.<sup>89</sup>

### Skills-based wages

7.88 The background to the consideration of a different system of wages is set out in other works, most notably the discussion paper *National Employment Initiatives for People with Disabilities* and the follow-up report to this paper.<sup>90</sup>

7.89 The particular benefit of a skills based wage system as considered by the Disability Task Force is that it is likely to be the major means by which some people with severe disabilities are able to obtain full award wages. However, there are a number of difficulties with this type of skills-based wage, particularly in the area of access.

### Access

7.90 The Ronalds report<sup>91</sup> indicated that such a system would be directed only to 'a small sub-group'<sup>92</sup> of people with disabilities, basically, those with severe disabilities working in 'integrated' employment.

The target group to potentially benefit from such a policy is only those workers who, because of the nature or extent of their disability, are unable to operate competitively in the labour market as their level of skills is not the same as their co-workers. Their level of skills may be limited or restricted by a variety of factors, including the effects of their disability, job design, job duties, access and training. The level of skills may increase over a variety of times, depending on the same range of factors. There will be some people with more severe disabilities who need a skills based wage for a limited period only, while they are trained to perform the full range of job duties. Others may need such a wage for the entire time they work in that job, as the limiting or restricting factors may result in their level of skills not being able to be increased to the level of their co-workers.<sup>93</sup>

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89. *Transcript of Evidence*, p. 5517 (Australian Council of Trade Unions).

90. *Ronalds 2*.

91. *National Employment Initiatives for People with Disabilities* (1990).

92. *ibid.*, p. 69 (4.6).

93. *ibid.*, p. 24 (3.2).

7.91 There are some problems with this limitation, in that the term 'integrated' theoretically could cover more than 'open' employment, and yet in reality is unlikely to do so. This would have a considerable effect on the operation of some supported employment services, and could also mean that a number of people with severe disabilities who cannot get into open employment because of lack of opportunity are excluded from an equitable wage system because of these factors and their disability. People with other than standard needs, such as those referred to above in the chapters on employment<sup>94</sup>, and others who require a mixture of services, may still continue to be dependent on the pension as a main source of income support. Any limitation on the extension of a top-up wage supplement to people in 'open' employment would mean that people working in an 'in transition' sheltered workshop and those in non-open supported employment, could be excluded from this wage benefit.<sup>95</sup> Unless some arrangement can be agreed whereby certain types of transition services are classified as 'open', some of the groups most in need of this change in wages policy could not obtain access to its benefits. However, it is possible that a less restrictive interpretation of employment may be used in any supportive wages scheme.<sup>96</sup>

7.92 The Ronalds follow-up report considered that in time it was likely that some forms of supported employment might become eligible for inclusion in the proposed skills-based wage scheme. The principles of this scheme may be able to be applied to supported employment services such as enclaves, crews, individual supported jobs and small businesses operating in the general labour market. However, the particular eligibility limitations of this version of the scheme<sup>97</sup> could mean that the most productive members of a team or enclave, or those in older age groups, are effectively excluded from participation.

7.93 While 'integrated' employment could conceivably include a wide range of employment types, the development of plans for introducing skills-based wages by the Wages Sub-Committee of the Disability Task Force<sup>98</sup> had previously been restricted to extending this scheme to open employment only, and had as an objective the promotion of 'integration of people with disabilities into mainstream working life'.<sup>99</sup> If 'open' employment meant only areas of employment covered by specific awards, this could effectively rule out certain types of small business which are not covered by awards, as well as sheltered employment. Beyond this the

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94. See Paragraphs 5.22-5.88, 6.253-6.292.

95. However, see below, Paragraph 7.93.

96. *ibid.*

97. See below, Paragraphs 7.93-7.94.

98. Chaired by the Department of Industrial Relations; other members were the Department of Health, Housing and Community Services, and the Departments of Social Security, Employment, Education and Training, and Finance. The first report of the Sub-Committee was completed late in 1991.

99. Letter to the Committee dated 26 March 1991, p. 2.



wages sub-committee had further suggested that its target group would be those people with severe disabilities who will *never* be able to obtain a full award wage, even though their skills may increase over time.<sup>100</sup> It therefore appeared more restrictive than the Ronalds report. However, it is likely that the target group and the employment type in which this group could work will be broader than first considered.

7.94 The definition of 'open' employment in itself may lead to problems, especially if young people are a major target of the skills-based wage, as was suggested in the Ronalds report. The basis of this assumption, as outlined in that report, is one which effectively discriminates on the basis of age through postulating a number of unsupported generalisations.

First, it is desirable to focus on a younger group after education and training as that is when people without disabilities generally initially enter the labour market. Consequently, the entry pattern of people with disabilities would reflect that of people without disabilities.

Also, this means that the benefits of the education and training system are available in a broader community sense. A young person who has finished education recently is more likely to respond positively to further training and be more successful in obtaining employment.

There are general community expectations related to the age of workers also. There is some evidence which suggests that older workers find it more difficult to re-enter the labour market and that the longer a person is unemployed, the lower the chances of re-entry.

Younger people are more motivated to obtain employment. Many older people on invalid pension are discouraged workers or consider themselves early retirees . . . of the potential target group. Younger people present a more attractive alternative to employers as they will provide a longer-term, stable workforce as their potential employment period is greater than a worker over age 50 and even over age 40.<sup>101</sup>

7.95 These types of generalisations are unacceptable. While indeed it is not desirable for young people to go into any form of sheltered or supported employment, older people with disabilities may have considerable skills and enthusiasm and should also have the opportunity to obtain access to a reasonable wage for at least part of their working life. A number of reasons why older people have been discriminated against have been mentioned in earlier chapters.<sup>102</sup> Certainly, older groups are not specifically excluded from consideration in the report,

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100. Discussion between Committee Secretariat and DIR staff, July 1991.

101. *Ronalds Report*, pp. 71-2.

102. See above Paragraphs 2.43-2.48.

but the comments made about them may effectively lead to their exclusion in practice from many reforms.

**7.96** It would be more appropriate to offer such people new opportunities rather than classify them as unlikely to succeed, or as automatically requiring 'significant training and support'<sup>103</sup> in order to move into open employment.

**7.97** Such generalisations also do little to consider the problems faced by younger people with disabilities – that is, those up to 30 and to some extent, 30-40. Making assumptions about 'younger' people may be to ignore the wide range of individual needs which affect the capacity to undertake employment. While some of these factors/needs *are* referred to briefly by Ronalds<sup>104</sup> they are important in an assessment of access to services and should be considered in greater detail.

**7.98** The discussion paper on the Ronalds report<sup>105</sup> raised a number of objections to the eligibility criteria proposed, and the means of determining the potential target group, particularly through the report's dependence on ABS data of people with disabilities and handicapped persons.

Some participants considered that this criteria was too restrictive, and a more simple method based on access or potential access to the social security system would be suitable. It was considered that the ABS was not measuring disability in relation to employment potential or capability and so should not be used for employment-based proposals.

Participants argued that the vital factor to be considered was whether the person had the requisite skill level and hence whether they could work competitively. If they could not, then it had to be determined whether this was because of their disability or for some other factor such as lack of appropriate training.<sup>106</sup>

**7.99** The target group, in this case, could be considerably larger. However, it is not clear if this would be because the 'disability' criteria would become less strict. The suggestion that participation should be based on an inability to work competitively *because* of disability, rather than any other reason (such as lack of training), might in fact reduce the target group.

**7.100** Were this criterion to be followed, it could promote a demand for more intensive training in other programs so that people could enter the labour market at a competitive rate. This might place a greater demand on labour market programs than could be met. On the other hand, the capacity to determine that non-

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103. *Ronalds Report*, p. 72, and see also pp. 7-13.

104. *ibid.*, pp. 74-5.

105. *Ronalds 2*, pp. 20-21.

106. *ibid.*

competitive productivity is caused wholly by a disability is no doubt difficult to establish. To use this factor as a basis for access may again be to favour younger people simply because they are considered less likely to have been adversely affected by previous employment experience. Hence, it may be thought their capacities are more easily measurable and more clearly related to the level of disability.

7.101 If this is the criterion to be used – and there are indications that this would be part of the assessment process<sup>107</sup> – this could be not only to discriminate against older workers but to ignore the influence of other factors which determine those young people who obtain access more easily to services.<sup>108</sup> This could mean that those already in receipt of support and having better access than others to education and other training, would continue to improve their access to available services. Others, without such support, could continue to be disadvantaged.

7.102 As far as the Disability Task Force Wages Sub-Committee's original target group<sup>109</sup> is concerned, it is difficult to assert that some people with disabilities usually considered not compatible with the ability to obtain work/employment will never be able to attain award wages unassisted. The Committee has referred above to the fact that some people are so severely disabled that they will never be able to work; this is not to say that other people with severe disabilities will not be able to obtain productive and well paid employment. In fact, it may be quite destructive to tell a young person that he or she may be unemployable, especially because future technological change may help people with severe physical disabilities to increase productivity/skills in ways not currently considered possible.

7.103 To impose such limitations may also restrict the range of work available, thus locking people into a very limited choice; this may further exclude people from entry into the scheme, especially if they believe that their capacities could increase over time and hence that they do not meet the basic criterion of 'never being able to work at award wages'. However, while the Wages Sub-Committee has based its target group on the definitions now utilised by the Department of Social Security in respect of persons applying for Disability Support Pension<sup>110</sup>, it is likely also to include, in its early stages of the new wages, scheme some people with severe disabilities who might eventually be able to earn award wages (that is, without any wage subsidy).

7.104 It is also possible that those people currently working in sheltered workshops would be eligible for inclusion in the supported wages scheme because of the transition arrangements for sheltered workshops and the development of more

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107. Discussion between the Committee Secretariat and Department of Industrial Relations, 17 July 1991.

108. For example, those referred to above in Paragraphs 2.8-2.13.

109. That is, people who will never be able to obtain award wages.

110. That is, the impairment tables, and 20 per cent or more impairment, unable to work at or above award wages for the foreseeable future.

viable business operations in this area which may qualify them to be seen as open employment.

### Views of organisations/individuals on skills-based wages

**7.105** In referring to the Ronalds report, the ACTU stated that the option it preferred was a wage-based on skills/abilities with a top-up wage subsidy.

... we want to move towards a wages subsidy so that a person can be remunerated by the employer in terms of his skills and abilities, with the wages subsidy being paid to top up his wages to a minimum award rate of pay.<sup>111</sup>

**7.106** This did not refer specifically to an income support component, and hence appeared to favour one suggestion made in the Ronalds report.<sup>112</sup> However, reference was also made to 'pensions', and in fact the ACTU preference was for that option<sup>113</sup> which would combine skills-based wage, income support and employment subsidy<sup>114</sup> leading to a total income equivalent to the appropriate award wage. Part-time workers would be better off under this choice than under other options, which excluded access to income support payments.

**7.107** This approach would suggest that there was support for general top up of wages for all workers. This option is therefore considerably more extensive in its application ('all workers with a disability') than the skills-based wage options which are restricted to people with more severe disabilities.

**7.108** A number of other organisations put forward views on a wages policy.<sup>115</sup> It was suggested by one witness that award wages should be available for people with disabilities 'for working a full week's work'.<sup>116</sup>

Wage systems should be introduced to allow people with disabilities to gain access to award wages. That is associated within the skills based wages system that were promoted.<sup>117</sup>

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111. *Transcript of Evidence*, p. 5511 (Australian Council of Trade Unions).

112. *Ronalds Report*, p. 64.

113. *ibid.*, p. 66.

114. See also *Transcript of Evidence*, p. 5517 (Australian Council of Trade Unions).

115. See for example, *Transcript of Evidence*, pp. 5688-9 (Western Vocational Association), pp. 5724-6 (Confederation of Australian Industry).

116. *Transcript of Evidence*, p. 5617 (DEAC – Disability Employment Action Centre). See also pp. 5603-4.

117. *Transcript of Evidence*, p. 5618 (DEAC – Disability Employment Action Centre).

7.109 This option, while theoretically broad in that it supports award wages, also relates those to standard hours (if not necessarily productivity); this would logically cut out those persons unable to work a standard time and could thereby disadvantage persons most in need of a supported wage system.

7.110 Other witnesses believed that a minimum or an award wage package should be available to people with disabilities who were working in open employment at under standard productivity rates but according to a skills assessment. The issue of productivity wages being paid to people in supported employment was raised with one organisation which had just begun a work crew service, doing 'continuous piecework', and at that time all members were paid the same amount.

There are some problems associated with paying individuals unequal amounts as members of a work crew, and equally there are problems in trying to decide how much productivity work crew member X is able to manage rather than crew member Y.<sup>118</sup>

7.111 Implicit in some of this evidence was an expectation of a graduated skills-based wage, presumably to provide an incentive.

... if unions are capable of actually introducing a wages clause that has some system and process to it that can measure an individual's skills, and is not just about allowing the employer to pick and choose what rate they pay, then we certainly propose putting in wages clauses, even in the short term.<sup>119</sup>

This point was elaborated on by an early paper of the Wages Sub-Committee, which stated that:

It needs to be recognised that workers in certain jobs, because of their disability, may be unable to fulfil the full requirements of the position – either because of insufficient skills, (eg. due to a particular intellectual or psychiatric disability) or an inability to apply certain skills (eg. due to a particular physical disability).<sup>120</sup>

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118. *Transcript of Evidence*, p. 5649 (Westwork Industries (Wesley Central Mission)).

119. *Transcript of Evidence*, p. 5517 (Australian Council of Trade Unions). See also the evidence of DEAC, *Transcript of Evidence*, p. 5603 (DEAC – Disability Employment Action Centre). Another organisation stated that 'you would always be looking for people to be increasing their productivity' (*Transcript of Evidence*, p. 5689 (Western Vocational Association)).

120. Letter to the Committee, 26 March 1991, p. 3:

– the skill "shortfall" in practice may significantly affect the range of duties that can be performed or the pace at which a given set of duties may reasonably be executed

– where this arises, the work value (eg. the scope of duties) of the job in question may be affected directly and/or the productiveness of the employee is unavoidably constrained

The Wages Sub-Committee also stated that:

Wage rates under a supportive wage system must be established on equitable, consistent and sustainable bases to ensure that they are attractive to both employers and people with disabilities

- since the incentives which they generate are important factors influencing the pattern of employment options available to people with disabilities given prevailing income support arrangements.<sup>121</sup>

7.112 The Sub-Committee also believed that:

it needs to be recognised that skills/competence can improve from the entry point of a job through time as a consequence of experience and training (both on and off-the-job).<sup>122</sup>

Consequently it was prepared to consider that:

a supportive wage arrangement should have a dynamic dimension which would reflect such changes to provide appropriate incentives and ensure equity.

It also suggested the need for:

access to periodic wage increments but subject to a review mechanism related to skills acquired (for example, training completed) and general work experience relative to the requirements of the job, with scope to access the full award rate as appropriate.

7.113 At the end of 1991, the Wages-Sub Committee had completed two reports on a wages scheme and a consultant's report on an assessment process was due to be presented early in 1992. Consultations with relevant groups had been carried out on the basis of an earlier draft report. It is likely that the numbers of people in the Supportive Wages group will be quite small initially, and obviously a number of aspects of the wage arrangements will require Government consideration.

7.114 In the discussion of skills-based wages, Brotherhood of St Laurence representatives emphasised a concern that had been raised in the Ronalds report and by other submissions to this Committee, that employers not use the scheme to the detriment of the employee.

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- in such instances there is a prima facie case for departure from the award rate prescribed for a particular existing classification to which a disabled person may be appointed.

121. *ibid.*, p. 4.

122. *ibid.*

The concern that we have with the emphasis in the Ronalds paper is that if the skills based wage was the main focus of change and of government initiative in this particular area, that would have inappropriate impact on the entire field. We would urge the Committee to look quite seriously at creating a much broader awareness, particularly on the part of employers, of the capacities and abilities and rights to employment that this particular group has.<sup>123</sup>

7.115 This concern is similar to that expressed by other witnesses. However, it does not explicitly take into account the fact that substantial numbers of people with disabilities could not easily gain employment, and would have limited, if any, access to award wages without Government intervention or support.

7.116 Some of those responding to the Ronalds report were totally opposed to the concept of a skills-based wage on the grounds that 'it was inherently discriminatory'<sup>124</sup> particularly in that it could subject workers with a disability 'to a level of scrutiny not undertaken for other workers'.<sup>125</sup> While, in the consultations that formed the basis of the second Ronalds report, there appeared to be support for the general direction of the proposals, people with disabilities were keen to ensure that it was not used as a means of avoiding proper training or as leading to another form of discrimination. It was suggested that:

... the system be used only as a last resort mechanism, after the worker has been adequately trained for the job and all support mechanisms, including the use of aids or special equipment, have been investigated and implemented where necessary ... the system be carefully designed to ensure that it does not entrench or promote further discrimination against workers with a disability.<sup>126</sup>

7.117 In itself, this type of opposition is similar to the opposition to slow worker permits and other below award wage payments; the implication that disability must automatically mean lower productivity is one which is challenged by a number of groups and individuals.<sup>127</sup>

7.118 However, some evidence suggested that although employers might consider a wage top-up for people with disabilities (paid by the Government) this would not necessarily be the award wage. Productivity could still be the determining factor.

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123. *Transcript of Evidence*, p. 5708 (The Brotherhood of St Laurence). See also p. 5717.

124. *Ronalds 2*, p. 19.

125. *ibid.*, p. 21.

126. *Ronalds 2*, pp. 18-19 (4.3).

127. See above, Paragraph 7.85.

There would need to be a minimum figure fixed, I think. In other words, if the award wage was \$350 a week but it was accepted by everybody that the disabled person was not fully productive and should therefore not be paid that \$350, it seems to me there needs to be another wage fixed which may be \$250, \$280 or \$300, which is seen to be the minimum income which that person should receive for participating in the work force. The assessment should be made of the productivity of that person and therefore that person's worth to the employer. The employer should pay that amount, and the difference should be made up by Social Security. As to the mechanism for that to be done, I think my preference would be for the employer to make the total payment and to be reimbursed by the difference between productivity and the total payment. I think, technically, that is a better way of doing it than the person being dependent on Social Security for part of his or her income.<sup>128</sup>

7.119 The Wages Sub-Committee noted that any supportive wages system should:

- 'desirably be consistent with current industrial practice and reforms . . . ;
- ensure that people with disabilities have access to the same conditions of employment as their co-workers . . . ; and
- not provide disincentives for employers to offer employment; and provide opportunities for employees to increase their skills and wages'.<sup>129</sup>

7.120 By maintaining these principles, it should be possible to avoid or minimise this type of discrimination. However, it may also be necessary for relevant departments to monitor any initiatives carefully to further limit discrimination, intended or otherwise.

### Top-up wages – source of funding

7.121 There was limited detailed consideration of the source of funding of additional wages, with a general expectation of the 'government' being the primary source, whether for specific skills-based wages or for wages in general. However, a number of people argued that the Government would be saving money and therefore should be willing to outlay other funds in order to ensure wage equity:

For people with an intellectual disability, about 75 per cent of participants considered that a person should be paid the same wage as other workers, even if their skill level was lower, as they were working as hard as they could and should not be further penalised because of

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128. *Transcript of Evidence*, p. 5726 (Confederation of Australian Industry).

129. DIR letter to Committee, 26 March 1991, p. 3. See also *Transcript of Evidence*, pp. 5725-6 (Confederation of Australian Industry).



their disability. These participants considered that if there was a gap, then the government should pay the other part. They considered that the government would be saving money by not paying the person a pension, and so paying some of their wages was only 'fair' and seen as assistance needed for a person with a disability.<sup>130</sup>

**7.122** This argument ignores the fact that while the 'government' might not be paying a pension directly, part of such pension 'savings' would presumably be used to pay top-up wages.

**7.123** One witness indicated that employers should be responsible for providing 'appropriate wages' and that this would result from legislation that provided employers with incentives, and imposed sanctions on those that did not comply.<sup>131</sup>

I think the legislative framework is very important. For example, critical to any system of wage subsidy in looking at providing adequate wages for workers with disabilities is the delivery of incentives to employers to provide appropriate wages and some sort of legislative framework that provides incentives and sanctions for those that do and do not comply.<sup>132</sup>

**7.124** In this context, appropriate wages were not specified but appeared to be award wages (though a specific linking of these to a skills-based system was not apparent).

We are not talking about charity here, we are talking about people doing a fair day's work for a fair day's pay, being successful in their employment and getting access to the opportunities to do just that. Nobody is doing anybody any favours. That would have to be considered as a real danger in that sort of proposal.<sup>133</sup>

**7.125** As is noted above<sup>134</sup>, the introduction of 'quotas' is not the ideal solution; if the responsibility for full award wages was also passed to employers, it is likely that they would prefer to pay the penalty imposed for not meeting quotas, rather than be involved in a complex assessment process. There is some evidence that this has been the response to the introduction of quotas in some overseas countries.

**7.126** Most witnesses who discussed the issue considered that the Federal Government should hold the major responsibility for a proper wage being available,

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130. *Ronalds 2*, p. 25 (4.10).

131. *Transcript of Evidence*, pp. 5610, 5611 (DEAC – Disability employment Action Centre).

132. *Transcript of Evidence*, p. 5610 (DEAC – Disability Employment Action Centre).

133. *Transcript of Evidence*, p. 5612 (DEAC – Disability Employment Action Centre).

134. See Chapter 3, Paragraphs 3.24-3.29.

in that the additional amount paid for top up would in fact 'replace' the pension and would be seen as a wage supplement.<sup>135</sup>

**7.127** This supplement could be paid by the employer and reclaimed from DSS.<sup>136</sup>

Mr Noakes – There then needs to be some guaranteed income which the disabled person can secure. I do not think that ought to be the full award wage in all cases. I think it is clear that, if the disabled person is performing fully productive work, then he or she should receive the full award wage. If he or she is not performing fully productive work, then I think there needs to be some other wage fixed, a minimum wage or a minimum figure which can be received by the disabled person in the work force. That will obviously require in many circumstances a topping up, a supplementary payment, to be made.

Senator Walters – By whom?

Mr Noakes – By government – by Social Security, I would think, in these cases.<sup>137</sup>

#### **Part-time work/variable work patterns**

**7.128** In discussion of skills-based wages, there was little specific indication that this type of wage arrangement could accommodate variable work patterns, including a decrease in skills. It may do so to some extent, if it is able to provide both part-time work on an appropriate pro-rata basis of payment, or if it can provide jobs in areas where non-standard work patterns are acceptable. It is likely, however, that this would require detailed negotiation which may not be possible at the early stages of development and implementation. The benefits of any accepted skills-based wage of this type, then, would be limited to select groups.

**7.129** One of the most important requirements of either income support or a revised wages system, is that it is able to address the varying circumstances of people with disabilities. Insofar as a number of people with variable work patterns and decreasing work skills may not be considered as severely disabled, aspects of the proposed new wages options may not be applicable to their needs. While in no way indicating that people with more obviously severe disabilities should not have access to an enhanced income, the Committee nonetheless considers it important that the particular problems of a number of groups should be considered in developing wage systems.

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135. *Transcript of Evidence*, pp. 5689, 5690 (Western Vocational Association). See also p. 5725 (Confederation of Australian Industry).

136. *Transcript of Evidence*, p. 5726 (Confederation of Australian Industry).

137. *Transcript of Evidence*, p. 5725 (Confederation of Australian Industry). See also *Transcript of Evidence*, pp. 5689-90 (Western Vocational Association).

7.130 The Ronalds report discussed the possibility of part-time work and job sharing<sup>138</sup> and the report on the follow-up consultations also revealed that people with disabilities assume that part-time work would be available under a skills-based wage scheme.<sup>139</sup> As part-time work would only be paid part-time rates a total award wage for full-time work may be expected (either through wages supplementation or pension payment).

7.131 As was considered above in Chapter 6, it is essential that changes occur to employment patterns, so as to accommodate a variety of needs.<sup>140</sup> Some individuals and organisations suggested solutions to the 'productivity level' problem through strategies such as job-sharing.<sup>141</sup> This often differed from the sharing of a job between (usually) two people, with each working half time and receiving half salary/wage. The option of a 'continually maintained productivity' job-sharing emphasised (generally) full-time employment for two or more people, so that the productivity of a job was standard. This would usually mean that the wage was shared between all participants.

Job-sharing as it is interpreted now is usually two people to a job. Our experience, and certainly the experience in New York, for example, is that if that model was extended perhaps to three or more people sharing the one job, the rationale behind that is that if one person has an acute episode, the remaining two can still make sure that job is done.<sup>142</sup>

7.132 This concept of job-sharing may appear detrimental to the individual workers concerned, but need not necessarily be so. In the first place, the level of wage obtained would usually not preclude access to a pension payment, or another form of indirect subsidy. Secondly, and more importantly, it is possible that this type of security of employment might be the most effective means of assisting the person with a disability to gain confidence in his/her employability. If so, what may appear to be exploitation could be a means of encouraging people to participate in the workforce. Averaged out over six months or a year (depending on the extent of absences from employment) standard or above standard productivity could well be maintained and wages varied accordingly.

7.133 This may be one means of accommodating either a gradual return to employment for people with some types of disabilities, or a gradual moving away from full-time employment for others where skills are decreasing.

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138. *Ronalds Report*, pp. 36, 38, 63.

139. *Ronalds 2*, p. 25 (4.10).

140. See Paragraphs 6.333-6.348.

141. Paragraphs 6.265-6.270.

142. *Transcript of Evidence*, pp. 4432-3 (Queensland Association for Mental Health).

7.134 In itself, this will not ensure access to a 'full' or award wage, or to an income sufficiently above the pension level to meet daily needs. It may be necessary, therefore, for various benefits (such as the PHB card) to be continued so as to reduce the stress on those people with disabilities who may never be able to work full-time but who benefit from working at their own rate.

7.135 In general, it is important that a number of wage options be developed to meet the needs of people with severe disabilities. The Committee has noted that present systems either cannot accommodate a range of 'awkward' or 'difficult' disabilities in terms of specific services, or cannot do so without substantial subsidies.<sup>143</sup> While it considers that some aspects of proposed skills-based wage systems may be beneficial to people with severe disabilities, it is concerned that persons with different 'severe' disabilities obtain greater access both to appropriate services (including employment where feasible) and to an appropriate level of income.

7.136 The Committee believes that additional research should be done on wage systems that are broader than the models that have been proposed so far. In particular, it considers that the needs of people with irregular work patterns, as well as those of people with severe disabilities, should be studied to determine the best ways in which to ensure they have access to a higher income as well as to more satisfying employment options.

### **Recommendations**

The Committee RECOMMENDS:

10. That the Commonwealth government fund research which determines the amount of a viable income for people with disabilities who are unable to work full-time at or above award wages.
11. That the Commonwealth government implements a wage system to meet the income needs of people with disabilities unable to work full-time at or above award wages.
12. That the Commonwealth government direct resources towards ensuring that at least a living wage, which may be made up of part-pension and part-wage, should be the basis of pay received by people with disabilities in paid employment, even though this may not be an award wage.

### **Costs of disability**

7.137 In previous chapters the Committee has considered some of the difficulties that can substantially limit access to employment or affect the individual once

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143. See above, Paragraphs 5.22-5.44.

employment has begun.<sup>144</sup> They comprise what might be termed the 'extra costs' of disability, or what must be expended, in terms of money, time and psychological energy, in order for people with disabilities to remain in employment. These extra costs include those involved with transportation to and from work (including parking) the costs of relevant technological aids and appliances (for example, wheelchairs and special computers) and of workplace modifications. They also include medicines, time off work for medical and related appointments, and those costs associated with necessary personal care and home help. Most of these expenses are usually borne by workers with disabilities, and are hence a personal cost.

7.138 Very detailed submissions were made, listing all costs and relating these to specific types of disability.<sup>145</sup> The Committee considered these submissions and while conceding that various types of disability may well involve a wide range of costs, including clothing, furniture, etc., believes that there are a number of costs which are substantial for a large number of people with disabilities and which are quite inhibiting to employment.

7.139 It was argued to the Committee that many costs can make working difficult for any but the most highly paid professionals. One submission to the inquiry<sup>146</sup> specified that weekly expenditures for people with severe physical disabilities can be as high as \$175 for transportation, and \$100 for the cost of assistance to prepare for work. On the basis of these figures, it was argued that a person with disabilities would need to earn a minimum of \$25,000 before such costs could be met. Hence, although claiming costs as tax deductions could be a desirable outcome, such a solution would not be available to a substantial number of people who are liable for little or no tax. It is important to note that some people with disabilities may earn low wages, and that it could take a considerable period of time before they had an income sufficient to pay transport and personal care costs directly.

7.140 To a degree, the problem of personal care and transport could be overcome by the development of home-based work which could reduce the need for personal care assistance at peak hour periods and remove the need for transport at these hours. However, it would be important to ensure that home-based employment was not exploitative and that it did not isolate people with disabilities from the community.

7.141 Many people with disabilities who do work are seen as being worse off financially for doing so.

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144. See for example, Chapter 2, Chapter 3, Paragraphs 3.46-3.51, Chapter 4, Paragraphs 4.102, Chapter 5, Paragraphs 5.17-5.19.

145. For example, see *Transcript of Evidence*, p. 452 (Messrs Rothwell & Smith, Cumberland College of Health Sciences). See also report by the Office of Disability, *Transcript of Evidence*, pp. 4638-4654.

146. The Paraplegic and Quadriplegic Association of South Australia Inc., *Transcript of Evidence*, p. 5097 (The Paraplegic and Quadriplegic Association of South Australia Inc.).

Many indicated that they worked for a range of factors which did not include their wage, as the extra costs of their disability meant that they ended up in the same or a worse financial position than if they were in receipt of income support.<sup>147</sup>

7.142 If employment is to be truly accessible to all people with disabilities, individuals must be relieved of some of these extra costs and society must assume part of them. As one submission stated: 'Accessible transportation to work, an accessible work environment, and accessible high technology aids are an unavoidable cost of disability which should be covered by the community as a means of equalizing employment opportunity'.<sup>148</sup>

### Disability Allowance

7.143 The appropriate mechanism for the provision of financial assistance for the unavoidable costs of disability may well be a type of Disability Allowance, such as foreshadowed by the Social Security Review Team in 1988. However, while such an allowance might be the ideal way of recompensing disability-related expenses, groups such as ACROD point out that 'the reality is that achievement of such an allowance on a realistic scale will not be done in the short term'.<sup>149</sup> There is merit in the view that 'there should be a variety of means to assist people with disabilities financially . . .'<sup>150</sup>, and not only through a special allowance.

7.144 The Committee notes the Department of Social Security report on the costs of disability survey which was completed at the end of 1991.<sup>151</sup> The survey 'focused on the collection of "out of pocket" costs incurred by respondents that were caused by their disability'<sup>152</sup>, and the questionnaire isolated the costs that were 'incurred directly from their participation in a particular labour force related activity (LFRA)'.<sup>153</sup> These activities included employment, looking for work, rehabilitation training and education.

7.145 The report on the survey did not support the introduction of a universal disability allowance, since not all those participating in the study incurred LFRA costs. The report suggests instead that assistance should be directed specifically to those requiring it. For some people 'the severity of their handicap would be so great

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147. *Ronalds 2*, p. 15.

148. *Transcript of Evidence*, p. 1343 (Disabled Peoples' International (Australia)).

149. *ibid.*

150. *Transcript of Evidence*, p. 1403 (ACROD Limited).

151. DSS, *Costs of Disability* (Social Policy, Policy Research Paper No. 59), October 1991.

152. *Costs of Disability*, p. ix.

153. *ibid.*, p. x.