

Subject Mayoral Minute: Letter to Fair Work Commission - Supported Employment

To my fellow Councillors

Mayoral Minute

Summary

The purpose of this Mayoral Minute is to seek Council's endorsement for a letter of support to be sent to the Fair Work Commission regarding supported employment.

Background

In February 2018, the Fair Work Commission will decide how wages for workers with a disability are determined. The outcome could destroy the financial viability of many Disability Enterprises, forcing them out of business and many Australians with disability out of a supportive workplace.

Various disability advocates and the Federal Government are putting forward a different system of working out the rates of pay for Disability Enterprise employees. Although some are driven by good intentions, their proposals have the potential to wreck a viable system that improves the lives of thousands of people with disabilities.

The key problem is that certain advocates and the Government want skill based assessments removed from the wage assessment tool. Instead they are seeking a change to a productivity based wage tool.

This means being paid for how fast you work rather than the skill required to carry out the work. A person who is fast at a simple job would get paid more than someone taking more time to do a complex task.

Paying higher wages for a very simple task or a small part of a job is not sustainable – no operation can stay in business if wage costs are too high.

This will destroy the economic viability of the Disability Enterprise system due to the tool's inequality of determining what a person with a disability gets paid which could lead to an unsustainable outcome for Disability Enterprises resulting in job losses.

The present situation

There are more than 180 Disability Enterprises, like Greenacres, Flagstaff and Disability Trust across the country. These not-for-profit businesses employ roughly 20,000 people and provide income, training and – perhaps most importantly – socialisation and support for people with mild to moderate, intellectual, physical and psycho social disabilities.

While not operating for profit, they do run on tight budgets with the same economic pressures all businesses face. Many Disability Enterprises have to subsidise the business with fundraising to remain viable.

Each Disability Enterprise receives Federal Government funding to provide support for people with disabilities. The level of funding received depends on how much support the employee needs at work. As for pay, these employees receive a percentage of the full rate – known as a ‘pro rata’ wage rate. This is worked out by using a ‘wage assessment tool’ which determines what proportion of the wage is paid to the employee.

The Result if a Productivity Based Wage Assessment Tool is passed by the Fair Work Commission

Substantial job losses for people with disability

The majority of supported employees will not be able to find work in open employment as mainstream employers can rarely provide the support people with an intellectual disability need – it is too costly and disruptive.

Economic hardship

Between Centrelink support and wages, Disability Enterprise employees generally earn above the minimum wage. Very few would realise this level of income without a Disability Enterprise.

Stress on families

Parents like supported employment because they know their children are developing new skills in a supportive, caring environment. Parents themselves get heavily involved in the workplace community and build their own support among parents. Most importantly, Disability Enterprises allow parents to participate in the workforce themselves.

Loss of social networks

Ask the supported employee what they love most about their job and the first answer is nearly always ‘being with my friends’. The December 2016 COAG Disability Reform Council Quarterly Report stated that one quarter of people living with disability in NSW reported they had no friends other than family and people paid to support them. Without Disability Enterprises, even more people with disability will be without vital social connections.

Increase cost to taxpayers

No matter how small their contribution, the economy will lose productive workers, skills will be lost and welfare and support payments will increase. It costs taxpayers more to provide support to a person with a disability in a day centre than it does to support them at a Disability Enterprise.

Loss of purpose and identity

Being an employed person who contributes to the economy and society forms the self-identity of most people who work at a Disability Enterprise. They take pride in their job and enjoy feeling valued both by their team and the organisation as a whole. Working provides a purpose, routine and a sense of security.

Recommendation

That Council forward a letter of support for Greenacres, The Flagstaff Group and The Disability Trust to the Fair Work Commission requesting that the Fair Work Commission not make a decision that could otherwise create job losses for supported employees.

Approved for Council's consideration:



Date of Meeting: 10 October 2017

Attachments

Nil.