

Senate Community Affairs Legislation Committee Inquiry on the *Employment and Workplace Relations Legislation Amendment (Welfare to work and other Measures) Bill 2005* and the *Family and Community Services Amendment (Welfare to Work) Bill 2005* (together ‘the Bills’)

Submission of the Human Rights and Equal Opportunity Commission

1. The Human Rights and Equal Opportunity Commission (HREOC) submits this document pursuant to its legislative functions under section 67 (1) (j) of the *Disability Discrimination Act 1992*, section 48(1) of the *Sex Discrimination Act 1984*, and sections 11(1) and 31 of the *Human Rights and Equal Opportunity Commission Act 1986*.

Issues facing workers with family responsibilities

2. HREOC is concerned about the effects the Employment and Workplace Relations Legislation Amendment (Welfare to Work and other Measures) Bill 2005 (‘the Bill’) would have on single parents, particularly in the context of the proposed new workplace relations arrangements contained in the Workplace Relations Amendment (WorkChoices) Bill 2005.

3. HREOC is currently conducting research into the ability of men and women to balance their paid work and caring responsibilities, and has produced a discussion paper, *Striking the Balance: Women, men, work and family*. Since the release of the discussion paper, HREOC has been conducting consultations around the country with community organisations, unions, employer organisations, businesses and interested individuals. To date, over 170 written submissions have been received.

4. Clear concerns of individuals and families during consultations have been the time, cost and financial expense of parents engaging in paid work, particularly in relation to childcare.

5. While HREOC agrees with the Government’s statement in the Explanatory Memorandum¹ that the best support for families is paid work, this should not be at the expense of parents’ ability to care for their children, particularly those of primary school age.

6. Expert analysis suggests that the complex interaction of family payments, other benefits and tax rates complicates individual and couple tax liabilities, requiring detailed calculations and making family and financial planning difficult.² HREOC’s *Striking the Balance* consultation indicated that parents in low income families are very aware of how their paid work arrangements operate in relation to welfare payments, but that they find these calculations complex and difficult.

¹ p1, and see also other ministerial statements to the same effect.

² See, for example, Peter McDonald “Reforming Family Support Policy in Australia” (2003) 11 *People and Place* 2, pp 1-15 at pp 6-7; Michael Keating and Simon Lambert *From Welfare to Work: Improving the interface of tax and social security* Discussion Paper No 35 National Centre for Social and Economic Modelling Canberra 1998, p 1; The Centre for Public Policy *Working Age Income Support* Discussion Paper New Social Settlement Project National Consultation Strategy University of Melbourne, p 3; Denise Cullen “Pay Load” *Sydney Morning Herald* 27 April 2005, p 11.

7. HREOC is concerned that the amendments under consideration have done little to ameliorate these difficulties and may exacerbate them.

8. In particular, HREOC is concerned that Part 1 of Schedule 4 of the Bill, reducing the current entitlement³ to the Parenting Payment for both single parents⁴ and for partnered parents,⁵ will mean a significant reduction in income for families. It is acknowledged that certain parents may then be eligible for the Newstart Allowance. However, the Newstart Allowance has less generous thresholds before earned income reduces the allowance than does Parenting Payment, creating new complexities for parents transferring to Newstart reducing the rewards for paid work compared to the income tests for Parenting Payment.⁶ HREOC is concerned that these amendments will exacerbate the difficulties parents, particularly single parents, have in making financial and caring arrangements.

9. HREOC is also concerned about the participation requirements under proposed section 500A and the Parenting Payment Activity Agreements under Division 2 of Part 1 of Schedule 4. In particular, HREOC is concerned that the Bill has done nothing to assist families to find childcare, in a context where childcare is increasingly expensive⁷ and difficult to access, although HREOC acknowledges the extra funding provided for childcare as part of the welfare to work package in the last Budget.⁸

10. HREOC recognises that proposed section 502(1) gives the discretion to the Secretary to decide that particular work is unsuitable to be done by the person, and that proposed section 502(4)(c) establishes that work is unsuitable if the person does not have access to appropriate care and supervisions for their children when the person is required to work. However, HREOC remains concerned that this still vests significant discretion in the Secretary on a matter that is vital to the ability of families to provide care for their children.

11. In the absence of additional access to childcare, particularly in regional Australia where child care is frequently in short supply, HREOC encourages the Committee to very carefully monitor these participation requirements.

12. Inevitably, the decisions families make about whether and how a sole parent or secondary earner will re-enter the workforce will not be unconstrained. HREOC is concerned that the Bill will exacerbate these constraints rather than allowing parents, particularly of young primary school aged children, to be supported to make their own choices for their families.

³ Parents receiving the parenting payment are currently entitled to the payment until their youngest child turns 16: s 500D(1) of the *Social Security Act 1991 (Cth)*. See also Explanatory Memorandum to the Bill at p 28.

⁴ Single parents will be entitled to the parenting payment until their child turns eight: proposed s 500D(2).

⁵ Partnered parents will be entitled to the parenting payment until their child turns six: proposed s 500D(1).

⁶ See A Harding, Q Ngu Vu and R Percival *Options for Reducing the Adverse Impact of the Proposed Welfare to Work Reforms upon People with Disabilities and Sole Parents* National Centre for Social and Economic Modelling University of Canberra 2005, Table 2.

⁷ Australian Government Department of Family and Community Services *2004 Census of Child Care Services* Summary Booklet, Commonwealth of Australia, June 2005.

⁸ See p 15 Women's Budget Booklet.

13. Time use research indicates that single parents already have the most committed time of all parents, men or women.

14. Time use research shows that sole mothers carry a much greater burden for child care than partnered mothers.⁹ Time constraints on sole mothers are greater than those for partnered mothers in that sole mothers are in the company of their children and no other adult for many more hours per day.¹⁰ Sole mothers make up for the absence of a partner through increased activity.¹¹ As sole mothers spend more time than partnered mothers supervising their children as a primary or secondary activity, this limits their opportunities to engage in paid work.¹² Without a partner to help supervise their children sole mothers cannot allocate as much time as partnered mothers to paid work.

15. The Bill recognises some of these extra time constraints of single parents, by allowing single parents to remain on the parenting payment until their youngest child turns eight years, compared to six years for partnered parents. However, these parents may still be subject to participation tests.

16. A great deal of discretion is vested in public servants in the legislation¹³ to make decisions about the paid work, welfare and caring arrangements that families make, in particular by Divisions 2 and 3 of Part 1 of Schedule 4 of the Bill. HREOC considers that public servants are not in the best position to make decisions about the caring needs of a young child and that it is unfair and unreasonable to expect public servants to exercise discretion in what are frequently complex circumstances. HREOC considers that the Bill lowers too far the age of the child at which the sole parent's participation requirements start.

17. In addition, when the amendments to this legislation are considered in conjunction with the proposed amendments to the *Workplace Relations Act 1996* (under the *Workplace Relations Amendment (WorkChoices) Bill 2005*), the choices that many single parents face may be extremely limited. HREOC has expressed concern that many of the terms and conditions of awards will be able to be excised from agreements under the *WorkChoices* Bill, leaving only the minimal conditions of the Australian Fair Pay and Conditions Standard. Additionally, HREOC has expressed

⁹ Lyn Craig, *The Hidden Cost of Parenthood: The impact of children on adult time* PhD Thesis School of Social Science and Policy University of New South Wales 2004, p 107

www.sprc.unsw.edu.au/people/Craig/TheHiddenCostofParenthoodTheImpactofChildrenonAdultTime. For example, for parents of children under five years, when simultaneous activities are considered, sole mothers spend just over seven hours per day in child care compared to partnered mothers just over six hours per day.⁹ Partnered fathers spend one hour and twenty minutes in child care as both a direct and indirect activity per day.

¹⁰ Lyn Craig *Time to Care: A comparison of how couple and sole parent households allocate time to work and children* SPRC Discussion Paper No 133 University of New South Wales Sydney 2004, p 19.

¹¹ Lyn Craig *Time to Care: A comparison of how couple and sole parent households allocate time to work and children* SPRC Discussion Paper No 133 University of New South Wales Sydney 2004, p 15.

¹² Lyn Craig *Time to Care: A comparison of how couple and sole parent households allocate time to work and children* SPRC Discussion Paper No 133 University of New South Wales Sydney 2004, pp 17-18.

¹³ Both in the Bill and the current legislation.

concern at section 104(6) of the WorkChoices Bill which allows employers to present such an Australian Workplace Agreement as a condition of employment.¹⁴

Issues affecting people with disabilities

18. For the purposes of HREOC's functions under the *Human Rights and Equal Opportunity Commission Act 1986*, human rights are defined as the rights recognised and declared in certain international instruments, including those in Schedule 5 to that Act, the *Declaration on the Rights of Disabled Persons* adopted by the General Assembly of the United Nations in 1975. This Declaration includes the following:

(7) Disabled persons have the right to economic and social security and to a decent level of living. They have the right, according to their capabilities, to secure and retain employment or to engage in a useful, productive and remunerative occupation and to join trade unions.

19. These rights are clearly consistent with an objective of promoting greater participation in employment by people with disabilities. HREOC submits that in assessing the Bills as means towards this objective, it would be appropriate to consider

- whether the Bills provide for economic security and a decent level of living for people whose capacity to work is limited because of disability; and
- what additional measures may be required to ensure that people with disabilities are able to secure and retain employment.

20. The very short timeframe provided for consideration of these Bills has not permitted HREOC to undertake a comprehensive analysis of the Bills.

21. However, HREOC wishes to draw the attention of the Committee to issues raised during HREOC's National Inquiry on Employment and Disability. This Inquiry is due to report subsequent to the date set for the report of the Committee's Inquiry on these Bills. The Inquiry has however published an Interim Report. For the convenience of the Committee, the chapter of the Interim Report on costs to people with disabilities of employment participation (chapter 3) is included in this submission as Attachment A. The full Report is available on request, and on HREOC's website at http://www.humanrights.gov.au/disability_rights/employment_inquiry/interim/toc.htm.

21. At the time of issuing its interim report, the Inquiry had received 133 written submissions, as well as conducting five public consultation sessions with employers, disability community representatives and other expert and interested persons.

22. Submissions to HREOC's Inquiry indicate that costs associated with participation in the workforce by people with disabilities present barriers both to employers in considering employing a person with a disability, and to people with disabilities in considering whether and how far to participate. Submissions suggest that costs of disability can increase significantly when a person with disability commences

¹⁴ See HREOC submission to the Senate Employment, Workplace Relations and Education Legislation Committee's Inquiry into the Workplace Relations Amendment (WorkChoices) Bill 2005, p 7.

employment, for reasons including:

- increased use of transport and other additional needs relating to employment;
- loss or decrease in concessions and subsidies;
- the impact of taper rates for those on income support; and
- high effective marginal tax rates.

While supporting the objective of encouraging workforce participation by people with disabilities, submissions to HREOC's Inquiry argue that the Government's Welfare to Work measures, at least in the form proposed at the time of writing of those submissions, would either fail in their objectives through not adequately addressing these issues, or would have a further adverse impact.

23. The Interim Report of HREOC's Inquiry on Employment and Disability made a number of interim recommendations. These were made as the basis for further consultation rather than as final recommendations, but were based on careful consideration of the submissions received up to the point of issuing the Interim Report. These interim recommendations included the following, which are commended to the Committee for consideration:

Interim Recommendation 6: Cost of disability allowance

The Inquiry recommends reconsideration of the *McClure Report's* recommendation regarding simplification of welfare payments and the introduction of a cost of disability allowance, which takes into account the varying needs of people with different disabilities.

Interim Recommendation 7: Cost of participation allowance

The Inquiry recommends reconsideration of the *McClure Report's* recommendation regarding simplification of welfare payments and the introduction of a cost of participation allowance, which takes into account the varying needs of people with different disabilities.

Interim Recommendation 8: Health concessions

The Inquiry recommends further investigation into the need to extend eligibility for health care concessions for people with disability. The investigations should include a focus on:

- (a) the cost of health care for people with different disabilities;
- (b) the additional health costs that may be incurred because of participation in the open workplace; and
- (c) the impact of health care costs on participation in the open workplace.

Interim Recommendation 9: Mobility Allowance

The Inquiry recommends reconsidering the amount of the Mobility Allowance to take into account the cost of transport to and from the workplace for people with different disabilities. This should include consideration of access to the Mobility Allowance on an "as needed" basis.

Interim Recommendation 10: Transport concessions

The Inquiry recommends further investigation into the need to extend eligibility for transport concessions for people with disability. The

investigations should include a focus on:

- (a) the cost of transport for people with different disabilities;
- (b) the additional costs that may be incurred because of participation in the open workplace; and
- (c) the impact of transport costs on participation in the open workplace.

Interim Recommendation 14: Safety net options

The Inquiry recommends ongoing consultation regarding the proposed safety net provisions in the 2005 Budget in order to:

- (a) determine the financial impact of participation for people with disability over an extended period of time; and
- (b) explore other options that might reduce the risk of returning to the open workplace for people with disability.

Issues affecting Aboriginal and Torres Strait Islander people

24. Changes proposed in the Bills before the Committee follow from other changes introduced earlier this year which focus on the participation requirements of Indigenous peoples in receipt of income support. These relate to the Community Development Employment Projects Scheme (CDEP Scheme) and the removal of Remote Area Exemptions (RAE) for remote Indigenous communities.

25. These recent reforms constitute part of the Department of Employment and Workplace Relations (DEWR) broader policy platform, which reflects the government's commitment to practical reconciliation measures and mutual obligation. The *Indigenous Employment Policy* is the centrepiece of this approach and specifically aims to improve employment outcomes and economic status of Indigenous people by increasing the level of participation in the private sector and supporting and expanding opportunities for small business.

26. While training and employment opportunities are welcome, it must be acknowledged that the reality for many communities is there are no mainstream employment opportunities and very few opportunities for economic development. DEWR has stated it will be taking local circumstances into account when negotiating targets and subsequent funding.

27. HREOC urges the Committee to consider local conditions in Indigenous communities, specifically the lack of mainstream employment opportunities and business enterprise opportunities, when considering amendments to income support legislation that may impact on Indigenous people in receipt of welfare payments.

28. These changes to CDEP and RAE relate largely to Indigenous communities in rural and remote areas. However, there are high rates of unemployment among Indigenous peoples in urban and regional centres. In the Census 2001, the unemployment rate for Indigenous peoples was 20% with the highest rates among Indigenous peoples living in inner and outer regional areas.¹⁵ The impact of these

¹⁵ http://www.humanrights.gov.au/social_justice/statistics/index.html#toc6

proposed changes is therefore likely to have its greatest impact among Indigenous communities in urban areas.

29. HREOC notes significant concerns which have been raised over a number of years about the inaccessibility of mainstream service delivery to Indigenous peoples, including in relation to employment services.¹⁶ The introduction of more punitive measures to encourage people from welfare to work have the potential to impact disproportionately on Indigenous peoples where services are not culturally appropriate.

29. An illustration of this is provided by research on breaching penalties imposed on income support recipients who fail to meet the Activity Test and other administrative requirements. Research conducted by the Centre for Aboriginal Economic Policy Research (CAEPR) and commissioned by the Department of Family and Community Services (DFACS) indicated that during the period June 1997 to March 1998 national breach rates were 'consistently higher among Indigenous identifiers by a factor of about one-and-a-half in relation to activity test breaching and a factor of two in relation to administrative breaching'.¹⁷

30. HREOC also considers that the government must acknowledge significant barriers to employment that exist among Indigenous peoples. This includes lack of education and employment skills, and family history of unemployment or precarious employment. This lack of employability can contribute to marginalisation and social exclusion. A focus of government employment policy solely at the level of the individual ignores the need for, or possibility of, systemic change including attention to structural inequalities that might generate more employment opportunities.

31. HREOC is concerned that an approach which does not respond to the specific cultural context of Indigenous peoples may result in these proposed reforms impacted harshly on Indigenous communities and exacerbating rates of poverty and social exclusion that are already far too high.

32. HREOC is also deeply concerned that the process for the conduct of this inquiry will result in a near total absence of Indigenous perspectives on these changes. If passed by the Parliament, the Commission urges that the government engage in an extensive education campaign to inform Indigenous peoples of the proposed changes to ensure that the implications of these reforms are fully understood.

¹⁶ See for example the Commonwealth Grants Commission's *Report on Indigenous Funding* (2001).

¹⁷ *Social Justice Report 2001*, Chapter 2.

Appendix A:
WORKABILITY
PEOPLE WITH DISABILITY IN THE OPEN WORKPLACE
INTERIM REPORT OF THE NATIONAL INQUIRY INTO EMPLOYMENT
AND DISABILITY

Human Rights and Equal Opportunity Commission

August 2005

Chapter 3: Information needs, costs and risks for people with disability

Information needs, costs and risks for people with disability

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Introduction

The issue of participation of people with disability in the open workforce has been the subject of much public debate in recent months. This is largely the result of the ‘Welfare to Work’ package announced in the May 2005 Commonwealth Budget. However, the issue is a longstanding one, as indicated in the submissions to the Inquiry.

Submissions and discussions held at the Inquiry's Roundtable discussions indicate that most people with disability want to work. For example the Disability Council of NSW (DC NSW) states:

The Disability Council strongly believes that people with disability want to work and are able to work. We recognise that some people with disability will need informal or formal supports to be in place to make the most of their potential to work, participating in the economic mainstream as do most people. We also recognise that some people with disability may be prevented from working as a result of their physical, sensory, intellectual or psychiatric conditions.¹

However, the submissions also indicate several factors that may impact on participation rates of people with disability in the open workplace, including:

1. People with disability need to know that it is **not going to cost too much** to participate in open employment.
2. People with disability need **adequate and easily accessible information** about participation in open employment.
3. People with disability need to know that it is **not too risky** for them to engage in open employment.

These three issues are discussed in the following sections.

What are some of the costs that people with disability face when participating in the open workforce?

The high cost of participating in the open workplace for people with disability is one of the most frequently raised issues in the submissions to the Inquiry.

People with disability face significant costs in negotiating their daily lives, which are not faced by people without disabilities. These are often described as the non-discretionary costs of disability and include items such as transport, equipment and personal assistance.

The costs of disability can increase significantly when a person with disability commences employment. This may be due to a combination of factors including:

- increased use of transport and other additional needs relating to employment;
- loss or decrease in concessions and subsidies;
- the impact of taper rates for those on income support; and
- high effective marginal tax rates.

An academic at the University of Newcastle, Jack Frisch, describes the costs as follows:

The four most critical factors which interact with the cost of workforce participation are the income tax scales, the Disability Support Pension taper rate, the rate at which subsidy is withdrawn from the provision of equipment and the additional cost of negotiating a reliable and continuous journey to and at work (including the additional cost of transport and the additional cost of personal care).²

The 2005 Standing Committee *Working for Australia Report* also suggests that financial incentives for people to go from income support to work 'are affected by the design of the income support system, the level and structure of wages and the interaction of these with the tax system.'³

The following discussion focuses on those people moving from the Disability Support Pension (DSP) to open employment.

However, it is important to note that many people with disability may be on other forms of income support such as Newstart and Parenting Payment. They face similar costs if they move to employment.

Further, while those people who are not on income support will not suffer the impact of taper rates, they too may lose transport, equipment and other subsidies that assist them to participation in the workforce in the first place.

In addition, the Disability Council of NSW notes that any discussions examining the costs associated with entering employment must take into account the low rates of pay, certainly initially and possibly forever, for all people with disability. With this factor in mind DC NSW emphasises the need to retain concessions and benefits, especially at lower pay levels.⁴

The cost of moving from income support to work has long been an issue for people with disability. However, many submissions concentrate on the (then proposed) impact of the Welfare to Work reforms in the 2005 Commonwealth Budget. The submissions express concern that the reforms may increase the costs of moving from income support to work.

This section summarises the changes announced in the 2005 Welfare to Work package as it concerns costs of participation. It then discusses the following financial issues facing people with disability who participate in the workplace:

1. Additional transport costs
2. Additional equipment costs
3. Additional personal assistance costs
4. Taper rates on income support
5. Loss of concessions
6. Effective marginal tax rates

Summary of proposed welfare reforms and general concerns

Numerous submissions expressed concern that the cost of participation would increase significantly as a consequence of the Welfare to Work reforms announced in the May 2005 Commonwealth Budget. While most submissions were finalised prior to the Budget announcements, significant elements had been released to the media by the time the submissions were completed.

The specific detail of many of the changes are noted in the relevant sections below. However the major initiatives and changes are summarised here for ease of reference. Most of the details set out below come from DEWR Fact Sheets and the DEWR Information Sessions conducted upon announcement of the reforms.⁵

The key change in the 2005 reforms is that from 1 July 2006, the threshold criteria for obtaining the DSP will be the **capacity to work over 15 hours per week at award wages** (rather than the current 30 hours).

Those with a **work capacity between 15 and 29 hours per week** will be eligible for the Enhanced Newstart Allowance (ENSA) rather than the DSP. The exception to this rule is that those who are assessed as needing **more than two years of support** in order to sustain part time employment will continue to be eligible for the DSP.⁶

Those on ENSA will have **part time work obligations**. Those on the DSP have no work obligations.

People receiving the DSP as at the Budget Announcement on 10 May 2005, who stay on the DSP will not be affected by this change. People who apply for the DSP between 11 May 2005 and 30 June 2006 will transition to the new system on 1 July 2006.

For those who receive the ENSA from 1 July 2006, the **taper rates** will change so that there will be a 50 cent reduction in support when the recipient earns between \$62 per fortnight and \$250 a fortnight. Income above \$250 will reduce welfare payments by 60 cents in the dollar, instead of the current 70 cents in the dollar for Newstart recipients. The taper rates for DSP recipients remain unchanged.

For those eligible for the **Mobility Allowance**,⁷ from 1 July 2006 the allowance will increase from to \$69.70 per fortnight to \$100 per fortnight.

People receiving the ENSA will receive the **Pensioner Concession Card, Pharmaceutical Allowance and Telephone Allowance**. It is unclear at this stage what safety nets will be in place regarding these concessions if a person loses the ENSA through work.

After 1 July 2006, people on the ENSA will be eligible for the **Employment Entry Payment** of \$312.⁸ This payment of \$312 is currently available to job seekers on the DSP who obtain a job. The purpose of the payment is to offset costs associated with starting a new job. A person is only entitled to one Employment Entry Payment in any 12 month period.

A **Pre-Vocational Participation Account** will be introduced to improve access to limited short term programs to assist people with disability to get ready for a job.⁹

From 1 July 2006, a **two year 'safety net'** will be introduced so that people on the DSP can return to the DSP and its associated concessions within two years of losing a job 'for any reason', as opposed to a disability-related reason.¹⁰

Some of the concerns about applying the ENSA to those people with disability who are assessed with a working capacity of 15-29 hours include:

1. ENSA will be paid at a lower rate than the DSP;
2. ENSA will be taxable income, unlike DSP payments;
3. the income test-free area of ENSA will be less than the DSP (\$62 per fortnight rather than \$122 per fortnight, with a withdrawal rate of 50 cents in the dollar rather than 40 cents in the dollar).
4. the impact of mutual obligation and activity testing for people with disability on ENSA may be serious, especially for people with a mental illness.¹¹

The Centre of Full Employment and Equity calculates that compared with people on the DSP, people with disability who are eligible for the ENSA will be worse off by:

- (a) \$38 per week, if they are single and have little or no private income (\$19 per week if they have a partner) – around 10-15% of their total income if they had received a pension.
- (b) \$91 per week if they are single and working 15 hours a week (the minimum hours of work they must seek under the new rules) at the minimum wage – around 20% of their total income if they had received a pension.
- (c) up to \$155 per week if they are studying full time (eg in TAFE) for over 6 months and are renting privately (\$113 per week if they have a partner) – around 40 to 50% of their total income if they had received a pension.¹²

The Brotherhood of St Laurence suggests that it will be much harder for new applicants to qualify for the DSP, resulting in people with disability being worse off financially:

If these changes are introduced it will become much harder than it already is for new applicants to get DSP: it is estimated that 60 per cent of new applications will be rejected as compared to 37 per cent in 2003-04 which means around 60,000 people with disabilities over the next three years will be put onto the lower paying unemployment allowance (ACOSS 2005e). These people will be worse off financially by \$20-40 per week going deeper into poverty and having less means to job search or cover the 'costs of disability' as well as having to satisfy activity testing

(if not exempted) and being subject to possible breaching (Goggin & Newell 2004, ACOSS 2005e).¹³

Submissions also noted that 'there are very few jobs in which the average person with a severe disability can earn a sufficient income to maintain herself or himself above the poverty line and integrate into the community working just 15 hours per week.'¹⁴

The Disability Services Commission of WA told the Inquiry that these reforms will:

result in increased levels of poverty within the disability community. The link between poverty and disability is well established. Changing the work eligibility criteria will only create greater financial hardship for this population group.¹⁵

The Disability and Participation Alliance highlights the difficulty of making accurate assessments of work capacity:

Assessing a person's work capacity accurately is difficult: a person's capacity to work can depend on the nature of the job they get, the extent of natural supports available to them and the presence or absence of participation barriers.¹⁶

Additional transport costs

Numerous submissions suggest that people with disability may find the cost of the daily journey to work prohibitively expensive. An inaccessible public transport system significantly increases this cost as people with disability may be forced to use more expensive private transport (for example, taxis).¹⁷

Transport subsidies provided to concession card holders are State-based, and there is little consistency between each State or Territory system.¹⁸ For example there are different Taxi Subsidy Schemes in each State and Territory. Several submissions noted that in Victoria there have been considerable decreases in funds available through the taxi subsidy scheme there.¹⁹

People with disability who lose their entitlement to income support will lose their Pensioner Concession Card, and hence some travel concessions, after a period of 12 months.

As mentioned above, there is also a Commonwealth Mobility Allowance which is designed to assist certain people who cannot use public transport without substantial assistance. Several submissions argue that the eligibility criteria leave out people who need it and the amount is insufficient to cover the costs of taxi fares to and from work.²⁰

Currently, those people with disability who are eligible for Mobility Allowance are entitled to \$69.70 if they are undertaking any combination of paid work, voluntary activities or vocational training for at least 32 hours every four weeks.

From 1 July 2006, the Mobility Allowance will be increased to \$100 per fortnight. Amongst others, it will be available to people receiving ENSA or Youth Allowance (who are assessed as able to work 15-29 hours or more per week). DSP recipients working 15 hours or more per week, or looking for such work with the assistance from an employment services provider will also be eligible.

Unlike other allowances, the Mobility Allowance is not contingent on eligibility for the DSP or other income support and is not subject to income or assets tests. Therefore, people who are eligible for the Mobility Allowance but move off income support will continue to retain eligibility.

It appears that the higher rate of Mobility Allowance (\$100 per fortnight) will not be available to people on the DSP who were in substantial employment as at 1 July 2005.²¹

Additional equipment costs

Where an employed person with disability requires adaptive equipment, there can be some confusion as to who should bear the cost.

Generally speaking where adaptive equipment is specifically required so that the individual can operate in the workplace, then it is the employer's responsibility and the employer may be eligible for a subsidy under the Commonwealth Workplace Modification Scheme (see Chapter 2).

Where the equipment is needed by the individual to carry out day-to-day functions it is generally the individual's responsibility and he or she may be able to apply to a State or Territory government for a subsidy.

However, an individual's eligibility for personal equipment subsidies may be affected by whether or not he or she has a job. And if a person with disability cannot afford personal equipment, he or she may not be able to apply for or carry out that job.

The cost of personal equipment was particularly raised by people with physical disabilities, hearing impairment and vision impairment.

Adaptive equipment for people with physical disability

For people with physical disability, equipment subsidies may be related to both eligibility for concession cards and income levels.

For example, in Queensland, the Medical Aids Subsidy Scheme is only available to Commonwealth concession card holders. Thus, if a person loses their Commonwealth concession card while they are working, they may also lose entitlements to equipment subsidies, making the work ultimately uneconomic.²²

The Inquiry was also told that in NSW, people earning more than \$34,000 per annum are highly unlikely to ever get support to purchase large items of equipment such as a power wheelchair, which may cost in excess of \$15,000.²³

Hearing aids and Auslan interpreters

The Inquiry received a large number of submissions regarding the costs potentially incurred by people who are Deaf or hearing impaired. In particular, there seem to be problems with the provision of both equipment and interpreting services in the workplace.

For example, TTY telephones are provided by telecommunications companies in the home for the standard rental cost, but due to technology compatibility problems this service is not provided in the workplace unless the company provides a dedicated line.²⁴ For companies using PABX or Commander systems TTY telephones must be purchased independently and reimbursement is only available if the employee comes through a government funded employment service provider and is eligible for assistance from the Workplace Modifications Scheme.²⁵

Several submissions noted that interpreters are not provided through the Workplace Modifications Scheme. This significant expense can be a barrier to participation in employment of people with a hearing impairment.²⁶

The Inquiry also heard that hearing aid support from Australian Hearing Services ceases once a young person reaches 21 years of age. It seems that some young adults choose to stay on the DSP in order to be eligible for concessions for their hearing aids.²⁷

Adaptive technology for the vision impaired

People who are blind or vision impaired may require expensive adaptive technology in order to participate in the open workplace.²⁸ Subsidies for this technology is only available through the Workplace Modifications Scheme once a person is in employment.²⁹ Consequently a person who is vision impaired may not be able to access equipment for important stages of the employment seeking process, and the technology may not be available for work experience.

Additional personal care and assistance at home and in the workplace

The participation of some people with disability in employment may be contingent on access to appropriate personal assistance both at home and in the workplace.

Carers Australia highlights the variety of ways that a person with disability might require help to participate in the workplace:

Because everyday living is much more difficult for people with disabilities, they are often reliant on carers (unpaid family members and friends) in various ways depending on their disability. For example, transport has been identified as a major barrier to accessing work where the person cannot drive and public transport is unsuitable or not available. In these cases it is often the carer who is called upon to transport the person to work. Where the person has a cognitive disability, the carer often provides support in managing financial affairs and dealing with Centrelink. The person's disability may mean they need assistance with their personal morning routine and a carer is needed to support the person through their routine in order to get to work.³⁰

ACTCOSS suggests that equality of access to community life is important to a person's capacity to engage in employment:

The lack of adequate support means that some people with disabilities are unable to get out of bed at any set time, and must rely on the availability of personal care workers. ... for many people, making a commitment to paid employment is not possible until they can be assured that they receive a level of appropriate services that allow them to participate in their community in a predictable fashion.³¹

The Commonwealth Government provides some support to those people who care for people with disability, including the Carer Allowance, Carer Payment, Rent Assistance and Study Assistance.³² However Carers Australia highlights that most carers are ineligible for these payments.³³

The Inquiry heard that where people with disability require assistance in the workplace with feeding, personal hygiene or require other medical interventions, the Work Based Personal Assistance scheme (Commonwealth funded) is available to reimburse fees to cover these costs. Reimbursement is available for a maximum of 10 hours of assistance per week. This assistance is only available once employment has commenced. ACE National Network argues that eligibility for this program should be expanded and the adequacy of the funding must also be reviewed.³⁴

The Equal Opportunity Commission Victoria (EOCV), noted that the responsibility for the 'Work-based Attendants Care Scheme' is being transferred to the Job Network system for administration. While applauding this initiative, EOCV expressed concern 'if it becomes solely restricted to people who are at work, rather than being also available for people with disability who are in transition, searching for work, retraining or needing additional hours due to degenerative disabilities'.³⁵

While the Commonwealth government administers payment for care delivered in the workplace, State and Territory governments also have personal care programs. However, the Inquiry heard that those

currently receiving such care generally require further assistance with the additional organisational, access and travel matters of employment.³⁶

For example, the Physical Disability Council of Australia noted that, across Australia, people with a physical disability often receive insufficient personal care hours to assist with rising, showering and dressing for work.³⁷

ACTCOSS noted that the increase in the use of Individual Support Packages is one way that the ACT government is attempting to tackle this problem. However, they observed that of over 200 applications for the packages, funding was available for just over 50 applicants. Many people with high support needs were not able to obtain a package and had to rely on generic services that may not meet their particular needs.³⁸

The separate processes for assistance with personal care at home (administered by State and Territory governments) and in the workplace (administered by the Commonwealth government) creates many problems for people with disability who wish to enter the workplace knowing that they can confidently meet their workplace commitments. This is especially the case due to the limited availability of State-funded Attendant Care Packages and restricted eligibility for Commonwealth funding to those who have commenced employment.

Taper rates on income support

When the salaries earned by people on income support increase, their entitlement to that support decreases. Currently, a person on the Disability Support Pension is permitted to earn up to \$122 per fortnight (\$3,172 per annum gross) without any reduction in the DSP (maximum rate per fortnight is \$476.30). However a DSP recipient must give up 40 cents of the DSP per dollar earned in employment when earnings are greater than \$122 per fortnight. There was no change to this in the Budget reforms.

The taper rates for people currently on Newstart Allowance (NSA) or Parenting Payments are higher than those for people receiving the DSP. For example, a single person with no dependant children on NSA is permitted to earn \$62 per fortnight without any reduction of their NSA (maximum rate is \$399.30 per fortnight), but must give up 50 cents of the NSA per dollar earned in employment when earnings are between \$62 and \$142 and 70 cents for earnings above \$142 per fortnight.

With the introduction of changes announced in the May 2005 Budget, the test-free threshold for NSA (and the Enhanced Newstart Allowance) of \$62 will remain, but the taper rates will change to 50 cents for each income dollar over \$62 up to \$250 per fortnight, and by 60cents for each dollar of income over \$250.

The taper rates can be offset by the Working Credit Scheme which allows people who have been out of work for a while to keep more of their income when they commence work or get payments and benefits back if a short-term job ends. Working Credit allows people who are out of employment to earn 40 credits for every fortnight they are out of work, to a 1000 credit maximum. Each credit point is worth one dollar, and for every accumulated credit, the equivalent amount in dollars can be earned before income support is reduced, that is, to a maximum of \$1000. These credits are automatically calculated by Centrelink. It appears that this scheme is not well understood.³⁹

Loss of concessions and entitlements

Submissions to the Inquiry indicate serious concerns about the impact of the loss of various concessions and entitlements when a person on income support moves to work.

Relevant concessions include those that come with the DSP (and from 1 July 2006, ENSA), for example:

- Pensioner Concession Card
- Pharmaceutical Allowance

- Telephone Allowance

Other concessions and benefits include:

- travel concessions;
- housing and rental assistance;
- concessions on rates and other local and state payments, for example car registration;
- reduced rates for telephone and other utilities, including energy payments;
- mortgage relief; and
- pensioner discounts on social participation opportunities.⁴⁰

Submissions provided examples of the impact of losing these concessions and benefits:

The loss of benefits such as council, water and electricity rate subsidies, loss of a medical card and access to bulk billing for medical visits, mobility allowance and the like mean that a person with a disability must gain a high paid position to compensate for the increased financial burden of working in paid employment. Realistically, people with disabilities are in lower paid employment and do not work full time. Therefore the true financial impost of moving to paid employment needs to be addressed.⁴¹

One person told the Inquiry that pensioner concessions are worth at least \$1000 per annum to his family, the loss of which would be a serious financial burden.⁴² Another submission noted that some DSP recipients have taken employment opportunities with lower pay due to concerns that pension related benefits would be cut.⁴³

The Brotherhood of St Laurence suggested that the combination of income test taper rates and potential loss of associated concessions means that DSP recipients will be little better off financially from working.⁴⁴

The Disability Council of NSW also suggests that:

Means test taper rates, tax, means testing on other supports such as accommodation, cessation of concessions and entitlements all need to be considered when assessing the financial cost to people with disability taking up a job.⁴⁵

There were particular concerns about the loss of health care concessions. For example the costs of prescription medication and gap fees may cost HIV positive people between \$300 and \$400 per month, compared to less than \$100 for Healthcare Concession Card holders.⁴⁶

From 1 July 2006, people who move into work and lose entitlement to the DSP will be able to keep their Pensioner Concession Card (PCC) for 12 months and Telephone Allowance for 6 months but lose all other benefits and allowances that are not associated with the PCC. It is unclear as yet what concessions and allowances will be available to people who work and then lose entitlement to the ENSA.

Effective marginal tax rates

DSP recipients pay tax on earned income on a regular tax schedule, although they are exempt from paying tax on the DSP component of the income. One individual explained his situation as follows:

Under the current system I am permitted to earn up to \$216 per fortnight [as part of a couple] and retain my full DSP. Any income above that amount reduces the pension

by 40 cents in the dollar based on gross earnings. This produces an Effective Marginal Tax Rate of 57%, far higher than the top PAYE tax rate.⁴⁷

Modelling by economist Jack Frisch shows that when the taper rate, income tax and the loss of Commonwealth subsidies such as rent assistance, Pharmaceutical Allowance, Telephone Allowance and Mobility Allowance are taken into account, some people on the DSP will be worse off than a person without disability at the same income level.

For example, a person on the DSP who earns \$6000 will lose any further income at a rate of 57 cents in the dollar. A person on the DSP who earns between \$21,600 and \$35,000 will lose any further income earned at a rate of 70 cents in the dollar.⁴⁸

The effective marginal tax rate increases even further when equipment costs and the costs of negotiating the journey to work are taken into account.⁴⁹

The 2005 Standing Committee *Working for Australia Report* found that 'there is further scope to fully realise tax benefits and to maximise the incentives to participate in paid work'.⁵⁰ The Standing Committee recommends that:

[T]he Australian Government review the tax free threshold, taper rates, effective marginal tax rates and income test stacking to maximise incentives to move from income support payments to increased participation in paid work.⁵¹

The test-free threshold and taper rates for the DSP have not been altered with the May 2005 Budget changes.

What information do people with disability need?

One of the recurring themes in the material presented to the Inquiry is the lack of adequate and accessible information regarding the employment of people with disability.

Many submissions noted that information currently available is often ambiguous, over-simplistic, confusing and in some cases misleading.⁵² This issue is just as significant for people with disability as it is for employers. One submission to the Inquiry noted:

I have no idea what initiatives are available as there is no one organisation who can tell me. Like many disabled people we only find out about things word-of-mouth the hard way. We don't know what we don't know, so we cannot ask for services when we don't know what is available. Who is going to tell us, teachers?, university lecturers?, Centrelink? The expectation seems to fall on voluntary organisations who only gather info from the public.⁵³

A recent study found that confusion about welfare and support entitlements acted as a strong barrier to DSP recipients considering entry or re-entry to the workplace due to:

anticipated difficulty re-establishing entitlement to DSP; lack of knowledge of DSP suspension arrangements, lack of knowledge of earnings credits and applicable income tests; and lack of knowledge of assistance available to obtain employment. People surveyed also reported uncertainty about the type and amount of work their disability would enable them to perform.⁵⁴

Several submissions suggested that a centralised advisory service, a 'one-stop-shop', would be an invaluable tool for people with disability.⁵⁵ For example the DC NSW said:

The suggestion of the establishment of a service that could be accessed through the internet which would provide such services as technical advice to employers and people with disability has considerable merit.⁵⁶

Some submissions further argued that an information source should address all aspects of a disabled person's life:

A disability help-line that covers work opportunities, advocates, childcare, carers, respite care, home-help, education at all levels, rehabilitation, subsidies, referrals and support networks who can assist.⁵⁷

However, the two main categories of information mentioned in submissions are:

1. information about the financial impact of entering and remaining in the workforce; and
2. information about the supports available to people with disability who wish to enter and remain the open workplace. For example, employment services, support services and advocacy services.

Financial impact of participation

As discussed above, many people with disability, especially those on income support, have high costs and low incomes. They need clarity about the financial impact of joining the open workforce before they can make an informed decision to do so:

It is difficult for people with disabilities on income support to make ends meet, let alone afford the additional and often unfunded costs of participation (transport, equipment, medicines, support). The same applies to many people with disabilities in jobs (low-paid fulltime, part-time or under productivity-based 'supported wages')...⁵⁸

Several submissions noted that for some people with disability, entering the open workplace was not a guarantee of increased income.⁵⁹ The process for determining the financial impact of working is complex. For example, people need to take into account the loss of concessions and entitlements together with higher effective marginal tax rates. The Brotherhood of St Laurence suggests that people have difficulty understanding the Working Credit Scheme in particular.⁶⁰

There are several specific agencies responsible for providing information to people with disability however those agencies do not always provide clear and consistent information. Further, there is generally poor knowledge about what other agencies can offer.

For example, Centacare observed that the information provided by Centrelink staff to people with disability regarding payments such as the DSP is often unclear and inconsistent. They note that this is particularly the case for people with intellectual disability, but that professional people with disability have also reported information to be inconsistent and confusing.⁶¹

This Inquiry has encountered large gaps in knowledge and poor coordination between agencies when requesting information about the income support system, the subsidies and programs available to people with disability.

Information about employment and recruiting services

Submissions to the Inquiry argue that people with disability may not know about the full range of employment services available to assist them. This was also noted in the recent DEWR Disability Support Pension Pilot Project.⁶²

Submissions also reported that the information currently available is confusing and provides little in the way of practical assistance. Specifically, the JobAble website is criticised for not providing appropriate

information for a person with disability. Furthermore, the Australian JobSearch website does not contain information about essential selection criteria which may make it difficult for a person with disability to determine whether they can meet the requirements of the vacancy.⁶³

Information about rights to participate in employment

The Equal Opportunity Commission Victoria suggested that more people with disability needed to be informed about their rights to participate in the open workplace. They suggested that this may encourage more people to consider their options and seek information:

The Federal government should direct greater resources into funding education campaigns regarding the rights of people with disabilities and the assistance available to them to allow them to participate in employment.⁶⁴

Making sure that the information is accessible

In developing an information and advisory service, accessibility of information for all people with disability is an important concern:

Access to information should be streamlined and made readily available to people with disability and prospective employers. It needs to be accessible in all senses of the word and it needs to be routinely provided to all people with disability as they identify as willing to work.⁶⁵

For example, while information in electronic formats was often suggested as a solution, touch screens and information provided via the internet may not be appropriate for people with vision impairments.⁶⁶ Access to the internet may also be a problem for other people with disability due to a lack of computer skills or access to a personal computer.⁶⁷

The system is heavily skewed towards electronic systems, Internet, email, recorded messages. My Internet access is limited to one hour two days per week. Often this is not sufficient time to navigate a website and source the information I'm looking for. Access to the Internet incurs costs for transport and print out of material.⁶⁸

For people with intellectual disability, information must be clear and consistent.⁶⁹ The Australian Association for the Deaf further points out that information should be presented in a manner appropriate for people with hearing impairments, including through interpreters if necessary.⁷⁰

What risks do people with disability face?

Risk aversion is a major disincentive to both employers and people with disability.

The Disability Council NSW describes the problem as follows:

Employers say, it's all too hard, it might not work, there's too much risk and they'll never fit in. People with a disability say, it's all too hard, it might not work, there's too much risk and I'll never fit in.⁷¹

Many submissions suggest the biggest risk for people with disability is the risk of losing income security. Other risks include disclosure of disability and the risk of failure or repeated rejection which may have a significant impact on self-confidence and motivation.

Financial insecurity

People with disability and their representative organisations repeatedly told the Inquiry that the most significant risk of participation in the workforce was the potential of losing the DSP and associated concessions.⁷² Many submissions argued that people with disability who wanted to test the employment market needed a 'safety net'.⁷³

People with disabilities are concerned that should they find and then lose employment that it will become increasingly difficult to access Disability Support Pension.⁷⁴

This concern has been discussed for many years. For example, the Disability Services Commission of Western Australia points out that the *Ronalds Report* of 1990 demonstrated that the risk of losing the DSP and associated fringe benefits was one of the central disincentives to labour market participation.⁷⁵

As discussed above, from 1 July 2006, only people assessed as capable of working 15 hours or less at award wages will be entitled to the DSP. If a person on the DSP loses their entitlement because they get a job, and then loses that job, he or she can return to the DSP and its associated concessions, *for any reason*, within two years.⁷⁶

While the time period of this 'safety net' has not changed, it will be much easier to go back to the DSP after 1 July 2006 than is currently the case. This is because currently, people on the DSP can only return to the DSP if they lose their job *for a disability-related reason* within two years of the DSP being suspended. If they lose their job for any other reason (for example, the job ended or they were no longer needed), they will need to be reassessed.

However, from 1 July 2006, those assessed as capable of working between 15 and 29 hours will be entitled to the Enhanced Newstart Allowance (unless they were on the DSP as at 10 May 2005). It is unclear whether those on ENSA will have the same safety net provisions.

While there will be, on the face of it, increased 'safety net' provisions for DSP recipients, some groups suggest that the recent changes in the Budget have made the risks even greater in the event of getting a job.⁷⁷ The following three points were raised in a variety of submissions:

- People on DSP may be less willing to try working as they will fear losing the pension if they demonstrate they can work even close to 15 hours per week.⁷⁸
- People may be encouraged to amplify the extent of their disabilities or lose the incentive to improve their conditions in order to qualify for the DSP rather than ENSA.⁷⁹
- Job seekers may not want to work more than 15 hours because of the risk to their pension. Such an outcome would be counter-productive. The experience with the 15-hour rule in New Zealand has led the New Zealand Government to reconsider its efficacy.⁸⁰

The risks of losing the DSP are of particular concern to people with a mental illness, multiple sclerosis and HIV/AIDS. Due to the episodic nature of those illnesses, DSP recipients may be afraid to seek out employment as a means of financial security, as sometimes they can work full time and other times they can not work at all.⁸¹ The Disability Action Network discussed:

the very real possibility of people going off the disability support pension because of working in excess of 15 hours a week and then finding that their condition worsens. They then may need to re-apply for the DSP which is a lengthy and difficult process. People suffering from MS find this a continual problem as their condition changes constantly. The government needs to ensure that this doesn't become a recipe for poverty.⁸²

Similarly, episodic conditions such as HIV raise particular concerns:

Given the variable nature of the course of HIV illness and the direct and indirect side effects of the current HIV/AIDS treatments, people with HIV may have to move in and out of paid employment and the welfare system as the state of their health demands. If a person living with HIV/AIDS is to avoid periods of financial hardship or privation the welfare system must be sufficiently flexible to enable this movement to occur seamlessly and without unnecessary distress for the person concerned. In order to be flexible the system must possess an understanding of the fluctuating degrees of wellness and illness that is experienced due to chronic health conditions, such as HIV/AIDS.⁸³

The Centre of Full Employment and Training suggests that the real problem lies in the absence of well paying jobs for those who are being asked to leave welfare:

It could be argued that the comparison between the maximum rates of DSP and NSA, and associated concessions is inappropriate as the reform measures are designed to encourage people with disability to engage in paid work to the extent that they are able. However, proponents of this view must demonstrate why additional places in training and rehabilitation programs, and employment services (principally within the Job Network) - and changes to funding arrangements - can be expected to generate improved employment outcomes for people with psychiatric disability in an 'economy that has failed to generate an adequate supply of jobs paying a living wage' (Borland, Gregory and Sheehan, 2001: 20).⁸⁴

Stigma and discrimination as a result of disclosure of disability

Disclosure of disability is seen as a significant risk, particularly for people with mental illness and conditions such as multiple sclerosis and HIV/AIDS.

Several submissions noted a reluctance to disclose due to the risk of discrimination:

[T]he decision to disclose is difficult and the fear of hostile and prejudicial reactions by employers and co-workers is very real. The disclosure of disability can have 'invisible' negative consequences as the employer may silently discriminate against an applicant based on that disclosure. For example, by declining an application with a generic 'rejection letter' or purposefully overlooking the person when promotions are on offer in the workplace. Employers may regard this disclosure as notice of an inability to complete the responsibilities of the job and therefore, make a judgment against the person with a disability. In the same way, non-disclosure has negative consequences as it means the employee is reluctant to or cannot request necessary reasonable adjustments to the workplace.⁸⁵

Submissions specifically note the additional issues faced by people with mental illness.⁸⁶ For example:

The inability or unwillingness to view depression as an illness has major repercussions in the workplace, resulting in overt and covert discrimination. Disclosure of conditions to employers often results in an inability to obtain further work, or if in current employment, people being undermined, denied promotional opportunities, and in some cases resulting in demotion or job loss.⁸⁷

Particular concerns also face people with HIV/AIDS:

The disclosure of HIV status in the workplace presents particular problematics and barriers ... 43.3% of PLWHA currently in work had not disclosed their HIV status to anyone at their workplace with the most common difficulties for those who do not want to maintain confidentiality at work being gossip and explaining absences from

work, for doctor's appointments and other treatment related matters. Some PLWHA talk about 'the burden of secrecy' that extends to hiding the fact that they are taking HIV medications, they avoid socialising in the workplace ...⁸⁸

The NSW Disability Discrimination Legal Centre indicated that that the concerns about being bullied, harassed, vilified and discriminated against in the employment context were very real:

People with a disability have far greater concerns than people without a disability in terms of being bullied, harassed, vilified and discriminated against in the employment context... The 2003-2004 Australian Public Service State of Service Report indicates that 12% of employees with a disability believed they had been discriminated against compared to 5% of employees without a disability. Furthermore, 24% of employees with a disability were more likely to believe they had experienced bullying or harassment, compared to 15% of employees without a disability.⁸⁹

Other risks of participating in employment – impact on self-esteem and mental health

Submissions to the Inquiry also note that for some people with disability entering the open workplace could have a negative impact on self-esteem and mental health due to:

1. the risk of continual rejection which can exacerbate existing mental health problems; and⁹⁰
2. the risk of inaccurate assessment of capacity to work for a person with a mental illness.⁹¹

For people with mental illness the 'invisibility of many of the disabling features of the illness' may mean that the enormity of the barriers and challenges might not be recognised by the assessor or supervisors and colleagues in the workplace, resulting in unrealistic expectations and insufficient supports and accommodations:

This can result in expectations being made of this population that are unrealistically high and lead to confusion about why it is that unemployment for this population remains at the high level of 75%. There is a real risk of people with a significant psychiatric disability being inaccurately assessed as being able to work more than 15 hours a week under the proposed changes to the benefit eligibility process (and thus being placed on Newstart with all the associated activities of job search etc). This will have a detrimental impact on the health, well-being and the potential employment opportunities for this group.⁹²

Loss of secure place in a 'Day Options' program

For many people with moderate to severe disabilities, there may be a reluctance to make the transition to work due to the fear of losing a secure place in a Day Options program.

Day Options programs are for people with disability who are not involved in employment or transition to work programs. These programs, which are funded by State and Territory governments, are intended to provide a range of educational, leisure and activity choices. These places may not be easy to regain, due to long waitlists, if employment is not successful:

Better collaboration between the State and the Commonwealth to assist people transition from day options to employment is required for people with moderate to severe disabilities. There are issues with both the Commonwealth employment system which places barriers such as 15 percent productivity requirement, and the State system which means the loss of day options placement if there is a move into employment which does not instil security in making the transition.⁹³

The South Australian Department for Families and Communities is looking at revising the Day Options system and finding ways to allay people's fears to make the transition. However it has also identified further problems for certain people with disability:

[T]here are people who, due to the nature of their disability, are unsuitable for open or supported employment. Many of these people also do not fit the criteria to receive funding for State funded day options. This group of people simply fall through the gap between Commonwealth funded employment and State funded day options.⁹⁴

Conclusion

While most people with disability who can work, want to work, they have concerns about the costs and risks of entering the open workplace just as employers have concerns about the costs and risks in hiring people with disability.

For people with disability considering entering or re-entering the workforce after some time on income support there may be a number of financial considerations to take into account including:

- additional transport costs, especially for people with physical access needs;
- additional equipment costs for people needing aids and adaptations;
- additional personal care needs;
- the impact of increased income on concessions and entitlements; and
- the effective marginal tax rate on earnings.

The interaction of all these factors can be very complicated and there is no easy place to get advice on whether a person will in fact be able to afford to go back to work.

People with disability who leave income support to enter the workplace also have concerns about what will happen if a job does not work out. Because many of the costs of disability are non-discretionary, entering the workforce without a safety net of income support may be more risk than a person is willing to take on.

On the face of it, the welfare reforms announced in the 2005 Budget seek to address some of these issues. However, some submissions express concern about the detail of the changes. In particular there is criticism of changes to the eligibility rules for the Disability Support Pension.

The submissions are very clear that, like employers, people with disability need a single place to go where they can find out what they need to make informed decisions. For example, people with disability need accessible information about:

- the financial impact of entering the workforce;
- the available employment and recruiting services;
- support services available while in a job; and
- rights and obligations.

The following chapters address some of the specific needs and concerns of people with disability in getting job-ready, finding a job and keeping a job. However it is important to note at this stage that both employers and potential employees with disability have information needs, costs and risks that need to be better addressed before the open market place can offer realistic opportunities for people with disability.

Endnotes: Chapter 3

- ¹ Submission 49, Disability Council of NSW, p1.
- ² Jack Frisch, 'The Workforce Participation of People with a Disability: Infrastructure, Governance and the Cost of Employment', 2004 National Conference on Unemployment, University of Newcastle, December 2004, pp15-16.
- ³ House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation, *Working for Australia's future: Increasing participation in the workforce*, March 2005 (*Working for Australia Report*), p106.
- ⁴ Submission 49, Disability Council of NSW, p4.
- ⁵ See <http://www.dewr.gov.au/publications/budget/default.asp>.
- ⁶ Submission 131, Disability and Participation Alliance, p5.
- ⁷ People with physical, psychiatric or intellectual disability who are unable to use public transport without substantial assistance for an extended period, and are studying or in voluntary or paid employment for 32 hours over a 4 week period.
- ⁸ Currently people on Newstart Allowance receive an entry payment of \$104.
- ⁹ DEWR 2005-2006 Budget Media Kit
- ¹⁰ Submission 124, DEWR, p2.
- ¹¹ Submission 58a, Centre of Full Employment and Equity, p21.
- ¹² Submission 131, Disability and Participation Alliance, p4.
- ¹³ Submission 100, Brotherhood of St Laurence, pp6-7. References cited: Gerard Goggin & Christopher Newell (2004) *Disability in Australia: Exposing A Social Apartheid*, UNSW Press; ACOSS (2005e) '120,000 people to be worse off under proposed DSP changes' Media Release 19/4/05.
- ¹⁴ Submission 18, Heckendorf, p3.
- ¹⁵ Submission 21, Disability Services Commission WA, p3.
- ¹⁶ Submission 131, Disability and Participation Alliance, p3.
- ¹⁷ Submission 111, Anti-Discrimination Commission, Queensland, p4; Submission 44, Australians for Diversity Employment, p2; Submission 80, Blind Citizens Australia, p6; Submission 100, Brotherhood of St Laurence, p5; Submission 114, ACROD, p5; Submission 108, Gateway Employment, p2; Submission 85, NSW Disability Discrimination Legal Centre Inc, p15.
- ¹⁸ Submission 78, Physical Disability Council of Australia, p4.
- ¹⁹ Submission 68, ACE National Network, p5; Submission 100, Brotherhood of St Laurence, p5; Submission 42, Villamanta Legal Service, p5; Submission 72, Scope Employment Services, p5; Submission 75, p3; Submission 100, Brotherhood of St Laurence, p5.
- ²⁰ Submission 11, Department of Families and Communities, SA, p2; Submission 114, ACROD, p5; Submission 80, Blind Citizens Australia, p6; Submission 72, Scope Employment Services, p5. The Mobility Allowance will increase to \$100 per fortnight from 1 July 2006 for people with disability who have been assessed with a work capacity of 15-29 hours per week, or people on DSP being assisted with job search by an employment provider.
- ²¹ Submission 131, Disability and Participation Alliance, p6.
- ²² Submission 84, Name withheld, p5.
- ²³ Submission 71, Pearce, p2.
- ²⁴ Submission 32, Australian Association of the Deaf, p5.
- ²⁵ Submission 25, Victorian Deaf Society, p3.
- ²⁶ Submission 25, Victorian Deaf Society; Submission 87, Welfare Rights Centre Inc (Queensland); Submission 50, Deafness Forum Australia; Submission 1, Maynard; Submission 40, Australian Sign Language Interpreters Association Inc; Submission 68, ACE National Network; Submission 32, Australian Disability Training Advisory Council; Submission 78, Physical Disability Council of Australia; Submission 79, Australian Federation of Deaf Societies [outlines estimated annual costs of interpreters]; Submission 72, Scope Employment Services.
- ²⁷ Submission 60, TAFE NSW, p2.
- ²⁸ Submission 80, Blind Citizens Australia, pp8-9.
- ²⁹ Submission 77, RBS.RVIB.VAF Limited, p3.
- ³⁰ Submission 102, Carers Australia, p1
- ³¹ Submission 36, ACTCOSS, p7.
- ³² See for example, Centrelink publication which provides information about payments and services available to carers *Are you caring for someone who is frail aged, ill, or who has a disability?* available at

[http://www.centrelink.gov.au/internet/internet.nsf/filestores/cd001_0410/\\$file/cd001_0410en.pdf](http://www.centrelink.gov.au/internet/internet.nsf/filestores/cd001_0410/$file/cd001_0410en.pdf)

(accessed 10.08.2005).

- ³³ Submission 102, Carers Australia, p2.
- ³⁴ Submission 68, ACE National Network, p9.
- ³⁵ Submission 118, EOCV, p14.
- ³⁶ Submission 84, Name withheld, p4.
- ³⁷ Submission 78, Physical Disability Council of Australia, p4. See also Submission 23, Exton, p1.
- ³⁸ Submission 36, ACTOSS, p7.
- ³⁹ Submission 100, Brotherhood of St Laurence, p6.
- ⁴⁰ Submission 91, National Association of People Living with HIV/AIDS, p19; Submission 72, Scope Employment Services, p5.
- ⁴¹ Submission 73, RDLO, p8.
- ⁴² Submission 7, Name withheld, p4.
- ⁴³ Submission 72, Scope Employment Services, p5.
- ⁴⁴ Submission 100, Brotherhood of St Laurence, p6.
- ⁴⁵ Submission 49, DC NSW, p7.
- ⁴⁶ Submission 91, National Association of People Living with HIV/AIDS, p10.
- ⁴⁷ Submission 7, Name withheld, p3.
- ⁴⁸ Jack Frisch, 'The Workforce Participation of People with a Disability: Infrastructure, Governance and the Cost of Employment', 2004 National Conference on Unemployment, University of Newcastle, December 2004, p17.
- ⁴⁹ Jack Frisch, 'The Workforce Participation of People with a Disability: Infrastructure, Governance and the Cost of Employment', 2004 National Conference on Unemployment, University of Newcastle, December 2004, p23.
- ⁵⁰ *Working for Australia Report*, Recommendation 4, p124.
- ⁵¹ *Working for Australia Report*, Recommendation 4, p114.
- ⁵² See for example, Submission 7, Name withheld, pp2-3; Submission 12, The Australian National Organisation of the Unemployed, p7.
- ⁵³ Submission 23, Name withheld, p3.
- ⁵⁴ Submission 109, Waghorn and Llyod, p28, citing DEWR, Job Network Disability Support Pension Pilot: Interim evaluation report, Canberra, 2004. See also Submission 100, Brotherhood of St Laurence, p6.
- ⁵⁵ See for example, Submission 2, Casey; Submission 7, Name withheld; Submission 12, Australian National Organisation of the Unemployed; Submission 23, Name withheld; Submission 28, Confidential; Submission 30, Mental Illness Fellowship of Victoria; Submission 34, Manpower Services; Submission 44, Australians for Diversity Employment; Submission 49, Disability Council of NSW; Submission 50, Deafness Forum Australia; Submission 51, Iscel; Submission 57, Queensland Department of Employment and Training; Submission 62, North Sydney Mental Health Consumer Network; Submission 68, ACE National Network; Submission 72, Scope Employment Services; Submission 73, National regional Disability Liaison Officers and Disability Coordination Officers Network; Submission 75, Law Institute Victoria; Submission 76, Stepping Stone Clubhouse; Submission 85, DDLC NSW; Submission 86, Ai Group; Submission 95, Westpac; Submission 99, City of Darebin; Submission 100, Brotherhood of St Laurence, p10; Submission 114, ACROD; Submission 118, EOCV; Submission 124, Department of Employment and Workplace Relations. See also J Graffam et al, 'Factors that influence employer decisions in hiring and retaining an employee with a disability', (2002) 17 *Journal of Vocational Rehabilitation* 175, p180.
- ⁵⁶ Submission 49, Disability Council NSW, p7.
- ⁵⁷ Submission 23, Name withheld, p4.
- ⁵⁸ Submission 100, Brotherhood of St Laurence, p6.
- ⁵⁹ See for example, Submission 7, Name withheld, pp4-5.
- ⁶⁰ Submission 100, Brotherhood of St Laurence. p11. See the section above on taper rates for an explanation of the Working Credits scheme.
- ⁶¹ Submission 46, Centacare, p6.
- ⁶² See for example, Submission 114, ACROD, p4; Submission 72A, Scope Employment Services, p1, 3.
- ⁶³ Submission 12, Name withheld, p7.
- ⁶⁴ Submission 118, EOCV, p4. See also: Submission 8, Miranda, p3; Submission 37, Women With Disabilities Australia, p10.
- ⁶⁵ Submission 49, Disability Council NSW, p7.

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- ⁶⁶ Submission 77, RBS.RVIB.VAF Limited, pp4-5; Submission 77B, RBS.RVIB.VAF Limited, p3; Submission 80B, Blind Citizens Australia, p4. .
- ⁶⁷ See also Submission 12, The Australian National Organisation of the Unemployed, p4; Submission 76, Stepping Stone Clubhouse, p6.
- ⁶⁸ Submission 7, Name withheld, p3.
- ⁶⁹ Submission 46, Centacare, p6.
- ⁷⁰ Submission 32, Australian Association of the Deaf, p3.
- ⁷¹ Submission 49, Disability Council NSW, p5.
- ⁷² Submission 19, Action on Disability within Ethnic Communities Inc, p2.
- ⁷³ Submission 43, Job Futures, p3; Submission 105, Hanlon, p9
- ⁷⁴ Submission 72, Scope Employment Services, p5.
- ⁷⁵ Submission 21, Disability Services Commission WA, citing Ronalds C. (1990) *National employment initiatives for people with disabilities: A discussion paper*, Australian Government Publishing Service, Canberra. Submission 60, TAFE NSW, p2.
- ⁷⁶ Submission 124, DEWR, p2.
- ⁷⁷ See for example, Submission 131, Disability Participation Alliance, pp2-3; ACOSS paper *Effects of possible changes to the Disability Support Pension*, ACOSS Info 371, April 2005.
- ⁷⁸ Submission 100, Brotherhood of St Laurence, p7.
- ⁷⁹ Submission 18, Heckendorf, p3.
- ⁸⁰ Submission 114, ACROD, p4.
- ⁸¹ Submission 26, National Network Of Private Psychiatric Sector Consumers and Carers, p3.
- ⁸² Submission 56, Disability Action Network, p1.
- ⁸³ Submission 91, National Association of People Living with HIV/AIDS, p16.
- ⁸⁴ Submission 58a, Centre of Full Employment and Training, p21. Reference cited: Borland J, Gregory RG and Sheehan P (2001), *Work rich: Work poor – Inequality and economic change in Australia*, CSES, Victoria University, Melbourne. See also Submission 58, Centre of Full Employment and Equity, p4.
- ⁸⁵ Submission 85, NSWDDL, pp11-12; see also Submission 73, National Regional Disability Liaison Officers and Disability Co-Ordination Officers Network, pp6,10;and Submission 91, National Association of People Living with HIV/AIDS, pp10-11.
- ⁸⁶ See for example Submission 26, National Network Of Private Psychiatric Sector Consumers and Carers, pp 1-3, Submission 27, DEAC Legal Services, pp3-4..
- ⁸⁷ Submission 70, beyondblue: the national depression initiative, p3.
- ⁸⁸ Submission 91, National Association of People Living with HIV/AIDS, p11.
- ⁸⁹ Submission 85, NSWDDL, p13.
- ⁹⁰ Submission 12, The Australian National Organisation of the Unemployed, p7; See also Submission 62, NSHS Mental Health Consumer Network, p7; Submission 64, WCIG, p1.
- ⁹¹ Submission 92, Social Firms Australia, p1.
- ⁹² Submission 92, Social Firms Australia, p1. See also Submission 64, WCIG, p1.
- ⁹³ Submission 126, South Australian Government, p16. See also, Submission 49, Disability Council of NSW, p5.
- ⁹⁴ Submission 11, Department for Families and Communities, SA, p1.