

Wage setting options for employees with disability in supported employment

NDS and Endeavour Foundation strongly support the findings of the Taylor Fry Report modelling the Supported Employment sector report and the impact of increased employee wages.

Wage setting for employees with disability remains a complex and controversial policy issue, with no easy solutions. The Taylor Fry report, alongside the NDS Supported Employment Wages Position paper, provides options for consideration by government and the sector that minimise the risk of movement to the national minimum wage resulting in job losses and service closures.

We also note the following:

- Total current supported employee incomes are approaching minimum wage.
- Scheduled wage increases will lead to job losses without assistance to employers.
- Supported employment delivers significant income to employees and carers and savings to government.
- Supported Employment Services advocate policy measures that ensure supported employees earn the national minimum wage as soon as possible, create more work opportunities and increase transition rates to mainstream employment.
- Two wage policy options have been modelled that may make this possible – a wage offset model and a deemed earnings model (aka the “Social Wage”).
- Under either model, employee retention of the [pensioner concession card](#) and other benefits associated with DSP eligibility are essential.
- Each model requires investment to top up wages, cover additional superannuation and workers compensation costs to prevent job losses.
- The cost to government of supported employment through the NDIS is less than the current value of supported employment to the Australian economy of \$224.4m.
- We advocate extending half of the current pensioner work bonus rate to employees on DSP (i.e. \$75 per week increase in the income test threshold), creating an incentive for employees to earn more and work more hours.
- We also advocate establishing an interdepartmental committee to identify practical policy solutions enabling movement to the national minimum wage without resulting in job losses for employees with high support needs and service closures.

NDS has developed 10 key messages for members:

1. Total incomes of most supported employees are already near the minimum wage.
2. Without more government support, a 10 per cent to 30 per cent reduction in the supported employee workforce will occur, mainly high support employees on low wages.
3. Supported employment delivers significant income benefits to employees (\$119m) and carers (\$112.2m) and savings to government (\$224.4m).
4. Gains for government include reduced welfare benefit payments, increased income tax and GST revenue and reduced NDIS and housing costs.
5. A wage offset policy option with all employees on minimum wages would be a net cost of \$165m including extra superannuation and workers compensation costs.
6. The social wage model deems supported employee welfare benefits as wages, meaning many receive close to the national minimum wage.
7. If the social wage is insufficient, employers 'top up' the difference to ensure the relevant award rate is reached. These top-ups plus additional superannuation and workers compensation would cost \$82m per annum unless the welfare benefit component is exempted by government from employee wages.
8. Both wage policy options include costs and benefits, with the wage offset option more likely to encourage additional people with disability to access the workforce and current employees to increase their hours of work.
9. Without further government support for the sector, service closures and significant job losses (particularly those with high support needs) are likely.
10. An interdepartmental committee including Treasury, DSS, supported employees, advocacy groups, supported employment services and NDS should be set up to develop a roadmap for the sector.