

SUBMISSION

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Disability Employment Services Reform 2018
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New Disability Employment Services from 2018 Discussion Paper

On behalf of the Australian HR Institute (AHRI), the national representative body for Australia's human resource practitioners, we are pleased to make a submission to the Australian Government's 2016 discussion paper on the New Disability Employment Services from 2018.

AHRI's involvement as a stakeholder in the area of disability employment has been on the demand side. We have had no direct involvement with the provision of employment services for job-seekers, nor the government system which oversees and manages those services.

That said, we note that the discussion paper focuses almost exclusively on supply side issues with nine of the 10 chapters of the 58 page paper dealing with matters of direct relevance to providers, each with discussion points, compared with two pages touching on employer demand issues in chapter 8, and set out without discussion points.

In submitting this paper, we take the view that attention to demand side issues is not an afterthought, but is critical to any sort of concerted effort to make advances in this troubled area of disability employment.

Our active interest in this area goes back to Peter Costello's welfare-to-work budget of 2005 in which the then treasurer made the point that many of the approximately 900,000 people on disability support pensions are capable of work and should therefore be in the workforce earning an income, paying taxes and building on their skills and self-respect rather than being reliant on welfare and a drain on the economy. We largely agree with that proposition.

Our interest also derives from the knowledge that many of our members are committed to improving workplace inclusion and diversity in their organisations. They tend largely to be HR practitioners who accept the value proposition that employing a workforce which reflects the customer base is good business, and that includes employing people with disability. A proviso is that businesses want to attract people from those groups who are the best fit for the job on offer, and as the best applicant they will be likely to contribute to the competitiveness of the enterprise.

Yet we also know that for many employers, the issue of employing people with disability is caught up with general community attitudes about disability, many of which are ill-informed and involve notions of prejudice, stigma and fear of people who appear on the face of it to be 'different'.



Attitudes of that type often lead to the view that a person with a disability is defined by the disability rather than being seen as a person with abilities that a business can utilise for its own benefit as well as for the benefit of the person. That is no different than is the case with seemingly able-bodied people who rarely present themselves to a potential employer by drawing attention to their weaknesses. Assuming that the great majority of people know what they are good at and what they are not good at, what most people want to do is bring to the attention of employers the areas in which they have strengths and put to the side areas in which they believe they are weak. Most people with a noticeable disability want to do the same thing, but are often put at a disadvantage by employers being blindsided by the distraction of the disability, and so they don't see the ability.

Much of AHRI's work has been to break down the resistance to negative mindsets that are obstacles for people with disability getting a foothold in employment.

Workplace studies on this subject that we conducted in 2011 and 2013 show that among other stigma issues related to the employment of people with disability, is the workplace perception, rightly or wrongly, that they pose a risk to the organisation that employs them and that employing them could be costly.

Annual AHRI awards showcase exemplary disability employment practice

AHRI is aware that leadership in a number of organisations has meant that those organisations have come to the realisation that by adding people with disability to shortlists from which to draw on potential best recruits, those organisations have found ways to source a pool of talent that is not exploited to its full extent. Among the activities we conduct in this area, are annual awards that showcase good practice.

This year we invited submissions to awards under two relevant categories: (1) the Graeme Innes AM Award for Disability Employment and (2) the AHRI Award for Mental Health in the Workplace.

Four entrants were shortlisted for the 2016 Graeme Innes Award: ANZ Bank, Brisbane City Council, Commonwealth Bank, and Enabled Employment. The 2016 winner was Brisbane City Council, of which Graeme Innes said: "The Brisbane City Council program is an innovative approach to addressing the significant under-employment of people with disabilities. I am encouraged by the high employment rate at the program's end. It would be great to see successful participants moving into full-time roles with the Council."

Three organisations were shortlisted for the AHRI Award for Mental Health in the Workplace: Maurice Blackburn Lawyers, NSW Police Force, and Tradies. Maurice Blackburn Lawyers won the 2016 award for its 'Vicarious Trauma' initiative. As a law firm it often interacts with clients in emotional distress, and has initiated staff training programs that focus on resilience and psychological support for high-risk teams. The initiative was critical in driving employee engagement reported by 90 per cent of employees.

The awards have been won by large and small businesses each year and are evidence that many organisations in the public and private sectors understand the merits in devising strategies to utilise the services of people with disability in their organisations. While we acknowledge the exemplary practice of these organisations, we also acknowledge that they are a minority of employers. It is safe to say that for most employers, employing people with disability is not on their radar.

Mandatory disability employment reporting

There are two reasons why mandatory reporting on disability reporting is a sound idea: risk being one and accountability being the other. In stating these reasons, we hasten to add that we do not advocate the introduction of disability employment quotas.

Risk and governance

The first reason has to do with risk and governance. Without making a judgement on the merits or otherwise of the perception that employing people with a disability poses a risk to the business, it would appear that a case exists for appropriate management and governance oversight in an area of business that contains the possibility of being risk prone with respect to customers and co-workers, and also costly to the business.

In the case of listed companies and government departments and agencies, we contend that mandatory reporting on progress made in this area would give some indication that businesses take the matter seriously.

According to the Australian Bureau of Statistics in 2009, more than one million working Australians with disability were in paid employment. Assuming that number is made up of employees who disclose their disability, to that number can be added an unknown number of employees working in Australia whose disability is not disclosed either to the world at large, to their work colleagues or to the managers of the organisation that employs them.

Successive Australian Public Service Commission *State of the Service Reports* comment on the decreasing representation of public sector workers with disability (from 6% to around 3% in recent years), a representation which is premised on an unknown level of non-disclosure; that is, on the stated belief that there are considerably more people working in the public service with a disability than the official figures reveal.

An organisation cannot oversee the employment of people with disability if it does not know who those unidentified people are, or what risk their undisclosed disability might contain with respect to themselves, their colleagues, the organisation or its customers.

In recent times, we have both published articles on this matter, as AHRI Chairman & National President and as CEO respectively. One article appeared in *The Weekend Australian* and the other in the *Australian Financial Review* and they are accessible on these links:

[Workplace mental health requires a far better response](#), Peter Wilson, *The Australian*
[Mental illness disclosure in businesses needs to be reviewed](#), Lyn Goodear, *Australian Financial Review*.

Both articles argue that many examples of mental illness, whether temporary or permanent, fall into the category of disability that is not observable at any given time and may well go unnoticed in the workplace most of the time or all of the time, or may reveal itself without notice at inopportune moments.

Both articles also cite the 2015 case of the Germanwings co-pilot Andreas Lubitz, suggesting that he may have been prevented from crashing his plane into the Alps and killing 150 people had there been a training regime in place that alerted colleagues to strange co-worker behaviour and/or a culture that encouraged disclosure without penalty, and that also guaranteed discretion and confidentiality. As it was, no one in Lubitz's workplace appears to have known about his mental health history and accordingly Lufthansa went on record having certified him 100 per cent fit to fly. He clearly wasn't.

'Light-touch' accountability

To a requirement to report on risk issues, we would add the advisability of those bodies reporting in a 'light touch' manner on what they are doing with respect to the employment of people with disabilities, and in particular on the matter of employee disclosure.

We reaffirm that we do not equate reporting on disability employment with progress towards meeting a quota or a targeted number of employees with disability. Such a mechanism would be counter-productive as it would jeopardise confidentiality and discretion, and risk leading to

negative outcomes such as naming and shaming. However, by reporting more generally on 'light-touch' matters such as developing a policy, encouraging disclosure or improving the workplace culture in the context of disability employment, we would see organisations setting KPIs to meet them.

By setting KPIs, the organisation would be required to have the issue on its radar, and report on it in some way, including a report that it is taking no action.

We see this requirement happening in listed companies in the first instance, which would require an amendment to the Recommendations and Guidelines made by the ASX Corporate Governance Council. Despite AHRI members' resistance to additional regulation, we have taken this 'light-touch' idea up with the Council and regard the issue as worth pursuing.

For the two reasons cited above (to acknowledge the governance risks involved in non-disclosure and to demand a level of accountability) the model proposed by AHRI is that listed entities and government departments should be required to report on the matter in a 'light touch' manner.

General observations

Having been an active observer of, rather than a participant in, the disability employment services system for the past decade or so, AHRI is not ideally placed to comment on its operation other than to note the outcomes of the service.

Set beside the significant expenditure over that time in the order of many billions of dollars, it would appear that the return on investment has been modest, with the numbers of Australians drawing on disability support pensions over that period remaining constant at around the 800,000 - 900,000 mark.

A part of the problem from the perspective of our member survey intelligence on the demand side, can be put down to a lack of awareness of the range of services on offer to employers, including awareness of services related to meeting the costs of reasonable adjustment, subsidies for certain placements, and assistance in sourcing and placing candidates.

The other part of the problem has to do with reputation. AHRI's member feedback indicates that the disability employment service suffers from the practice of some service providers who seek to place job-seeker candidates in positions for which they are not suited, simply to secure a placement. HR practitioners, and line managers who they advise and assist, are invariably looking to fill positions with the best candidates, not just any candidates, and are keen that the knowledge, skills and attitudes of candidates are consistent with the requirements of the position to be filled.

The malaise of random placement may well derive from a welfare bias on the part of some providers or a system-driven approach to secure quotas, rather than a business-centred bias to satisfy employers, but they are short-sighted biases because counter-productive practices rebound on employers and job-seekers alike whenever an avoidable but nevertheless unsuitable placement is made. And when that happens, the reputation of the service is further damaged, such that some employers refuse to use it and look to source disability applicants through their own recruitment avenues.

AHRI looks favourably on a system that encourages good job matching and that rewards providers that succeed in placing job candidates in sustainable jobs for upwards of 52 weeks in which they make a contribution to the business of the employer, build their skill sets and gain the self-respect that accompanies holding a satisfying job.

The fact is that most employers do not look favourably on churn. Replacing staff is expensive and it also involves loss of productivity and customer service capability while replacements get up to speed. That fact is as true for employees with a disability as it is for employees generally.

It is also worth noting that employers are diverse. There are great differences in size, workforce profiles, and recruitment methods. Some large employers recruit centrally and require a brokerage service with a national focus, while others recruit locally and would be well served by local relationship managers. The discussion paper appears to be silent on brokerage services.

Further contact

Should the department wish to contact AHRI further about our submission, please do so in the first instance through Paul Begley, the National Manager, Government and Media Relations, on 03 9918 9232 or 0402 897 884 or email paul.begley@ahri.com.au



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