

8 February 2011

The Hon Julia Gillard MP  
Prime Minister  
Parliament House  
CANBERRA ACT 2600

Dear Prime Minister

**RE: Disability Employment and the CEDA Speech**

I would like to congratulate you on your CEDA speech last week. It was a significant leadership speech that touched not only on the big issues with which the nation will need to come to terms in the immediate to medium-term future, but also matters that will set the country on course for the long-term future if we get the policy directions and the delivery right now. My particular focal point in this letter is on the issues you raised relating to talent shortages in a booming economy, looming productivity problems with a working population that is ageing and the imperative of social inclusion, especially employment of people with disabilities.

Your colleagues Bill Shorten and Brendan O'Connor, among others, made significant contributions to the employment disability part of their portfolios when they had carriage of the policy development that culminated in the present Disability Employment Strategy. That said, while the 2010 uncapping of Disability Employment Services and other initiatives have been positive in intent and have increased the number of job seekers with a disability seeking to use those services, there appears to be no evidence of those advances in the supply side converting into jobs for people with a disability. In fact, the contrary continues to be the case.

Despite the efforts of successive governments going back to and preceding the Costello Welfare-to-Work Budget of 2005, the numbers of Disability Support Pension recipients continue to increase and according to a recent report in the *Australian Financial Review* (25 January, p44), they are now greater than the numbers of Australians on unemployment benefits. For many DSP recipients who are able to work, there is little doubt that the attractions of work significantly outweigh the attractions of welfare. In terms of incentives, therefore, it is not those Australians who require incentives but rather the potential employers who are not offering jobs to job-seekers with a noticeable impairment.

In short, 'job-readiness' remains largely an employer issue rather than a job-seeker issue.

While the JSA program and its predecessors have succeeded in supplying job-ready candidates who are keen to work, what has not happened are the creation of equivalent incentives that operate on the demand side. Although the government continues to improve the workplace assistance available to employers, when the crunch comes, employers from large, medium and small businesses, from the private sector and the public service, almost always prefer to offer jobs to applicants without noticeable disabilities and, from all available evidence, see no reason to change that approach.

What is now needed is something different. It's time for a policy breakthrough in this area and the timing is opportune. We now have near full employment in Australia, we are looking at reductions in the immigration intake, and according to the Minister, Kate Ellis, since the Disability Employment Services were uncapped last year there has been a 37 per cent increase in job seekers with a disability seeking assistance. That figure alone demonstrates significant motivation on the supply side of the unemployed labour market, and is an indication that the massive waste of unused talent and the boost to productivity have the potential to be stars in alignment.

The uncapped DES services are a significant carrot but clearly they are not getting traction. Perhaps bigger carrots are required: reduced marginal tax rates for companies that employ job-seekers with a disability and/or publicity campaigns that laud companies employing disabled employees.

On the other hand, given the continuing failure on the demand side of the labour market, there is considerable merit in the calls by people such as Bill Moss to introduce a big stick such as quotas for ASX-500 companies to demonstrate that they are recruiting workers with a disability. As with the ASX guidelines on executive and boardroom gender equity, there is room for external pressure to be applied to large companies so they reach, say, a 3 per cent target of full-time equivalent staff by, say, 2015 with penalties applying for failure. The penalties may include publicly listing companies that fail. To make inroads, companies would require the routine creation of recruitment long-lists and short-lists that include appropriate applicants with a disability, and individual management KPIs to meet disability targets. Given the relatively poor performance of the public service in this area during recent years, similar targets should be set with accompanying penalties for senior managers failing to meet them.

The Australian Human Resources Institute has been working in the area of employment participation for some years. I refer in particular to AHRI's active presence through our CEO Serge Sardo on the Employment Participation Minister's Disability Employment Services reference group, and our contribution through a workplace research study to the consultation on and policy development of the Disability Employment Strategy.

AHRI members who want to see some traction in this area and who are advocates for disability employment in their organisations inform us that they keep running into the same problem. If they refer applicants with a disability for employment, line managers making the appointments invariably run scared and the disabled applicant does not get the job. Something different has to happen to put pressure on employers to look past an applicant's disability and consider sensibly what a person with a noticeable impairment might have to offer the organisation.

Role models are necessary in order for big changes to happen and former top banker Bill Moss is an excellent private sector model. Similarly the public sector health services reformer, the late John Paterson, was a role model for people with a disability in the public service. The recent awarding of Professor Ron McCallum as Senior Australian of the Year was likewise a recognition that a person afflicted with total blindness from birth could rise in academia to Dean of the Sydney University Law School. While the impairments of McCallum and Paterson were noticeable, it's likely that Moss was recruited as a banker before his disability became apparent, and he notes in a recent *Australian Financial Review* article that as much as he would like to appoint a person with a disability to positions in his own company that require high-level skills, he is not able to because they have never been given the opportunity to get to first base.

In summary, your CEDA speech sent a strong message that there is now a political will to do something at last about the disability employment malaise. From our perspective, job seekers need to

play a role but more critically employers must be required to take ownership of this issue that affects the national interest in so many ways: waste of potential talent, productivity problems aggravated by an ageing workforce, and the social inclusion imperative. Government can show political will and leadership by the provision of more attractive carrots than are presently offered to employers but it also needs to wield a big stick. In large listed companies the carrots could be a combination of marginal tax breaks and/or campaigns that publicly acknowledge good corporate citizens. Alternatively, the government could set targets to be met and penalties so the big companies and the public service are forced to show the way.

With 3.6 million Australians employed in 2.3 million small businesses, that sector is another matter and may require a mixture of public and professional education to make an impact. The setting of targets is not appropriate but discounts on the marginal tax rate and public listings may have a place.

This letter does not propose a hard and fast solution but rather puts forward the sorts of initiatives that are likely to amount to a breakthrough because more of the same is not getting anywhere. As an organisation with strong connections to employers, AHRI is keen to assist in these endeavours on the demand side. I invite you to take up that offer and contact our CEO Serge Sardo or myself to discuss further.

Yours sincerely

A handwritten signature in black ink, appearing to read "Peter Wilson". The signature is written in a cursive style with a large initial "P".

Peter S Wilson AM  
National President

Cc: Mr Terry Moran AM, Secretary, Department of Prime Minister and Cabinet  
Ms Lisa Paul PSM, Secretary, Department of Education, Employment & Workplace Relations