

# **Improving Employment Opportunities for People with a Disability**

Report of the Review of the Employer Incentives Strategy

Department of Family and Community Services  
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## **Executive Summary**

A major challenge for Australia is to ensure that the growing number of people with disabilities have the opportunity to be active and productive members of the community.

Today, almost one in five unemployed people receiving income support has a disability. The incidence of disability increases with age, and as a result of the aging of the population the proportion of unemployed people with a disability is expected to increase. Many have substantial skills, enthusiasm and dedication to offer, but without the opportunity to work, these people could become disempowered and disconnected from community life.

This review of the Employer Incentives Strategy investigates how Australian employers can provide jobs for people with disabilities today and into the future.

We have gone back to basics in this review and asked what employers need to encourage them to employ people with disabilities. At the heart of our investigations was a national consultation process with a large number, and diverse range, of employers, disability employment assistance services and peak groups.

The consultations provided the basis for a Model of Employment Decision Making. This model identifies six key decision points for employers when they are recruiting a person with a disability:

1. They think it is reasonable.
2. Someone asks them to do it and they can recruit the right people efficiently.
3. They can try to see if it will work.
4. They pay a fair day's wage for a fair day's work.
5. The person with a disability can be integrated into the workplace.
6. It worked and they have somewhere to go for help if things go wrong.

The model provides a framework for action to encourage the employment of people with disabilities. The areas of action suggested in this report and listed below are designed as an integrated package to influence and motivate employer action at each critical point in the decision making cycle.

The areas of action address the perceptions of employers towards people with disabilities, the information that employers need, and the recruitment processes employers use. They take up issues surrounding work trials, wage assessments, wage subsidies and workplace integration, and include ways to encourage better performance from both employers and disability employment assistance services.

The report will contribute towards improving the employment participation opportunities of people with disabilities and meeting the challenges of the future.

## **Key Areas for Action**

The review proposes that detailed policies to be developed within the following areas of action could form an effective, integrated suite of measures to encourage businesses to employ people with disabilities.

1. Undertake a collaborative policy development and implementation process involving stakeholders
2. Build employer awareness of the contribution people with disabilities can and do make.
3. Provide targeted information, advice and support to employers about employing people with disabilities.
4. Identify mechanisms to recognise employers' performance and encourage ongoing improvement in employers' efforts to recruit people with disabilities.
5. Improve job matching services to increase mainstream recruitment of people with disabilities.
6. Develop a robust platform for work trials.
7. Improve productivity based wage assessments.
8. Monitor usage of wage subsidies for people with disabilities in case based funding.
9. Improve the administration of the Workplace Modifications Scheme to make it easier to access.
10. Encourage and support best practice among Disability Employment Service providers.

## Chapter 1. Introduction

The Employer Incentives Strategy was established in August 1997 to bring together separate initiatives in the Department of Family and Community Services (FaCS) that focused on improving employment opportunities for people with disabilities.

The strategy comprised the following separate components and activities:

- The *Disability Recruitment Coordinator* service provides larger employers with a single contact point for the recruitment of people with disabilities and provides a source of vacancies for Disability Employment Service (DES) providers.
- The *Supported Wage System* provides pro-rata wage assessments for people with a disability who are not fully productive in open employment.
- The *Special Employment Placement Officer* initiative provides funding to establish specialist positions within major private sector and industry organisations to improve employment prospects for people with a disability in those organisations.

Two further initiatives were added to the strategy in 1998:

- The *Workplace Modifications Scheme* provides employers with financial assistance for workplace modifications and/or the purchase of special or modified equipment for people with disabilities.
- The *Wage Subsidy Scheme*, which originated in the Department of Employment and Workplace Relations, provides financial incentives to employers to employ eligible workers with a disability under normal labour market conditions.

The Employer Incentives Strategy has acted as a common label for a diversity of pre-existing programs and was never designed as an integrated set of measures. The components originated at different times to fulfil specific needs; each has grown and operated individually to meet their own goals.

This review goes back to fundamentals and investigates what will motivate employers to hire people with disabilities. While our work can assist all people with disabilities who are seeking employment, our priority has been to concentrate on how to secure more opportunities for people with disabilities who require higher levels of assistance – those funded by employment services provided by FaCS.

We have identified those functions of the individual Employer Incentives Strategy initiatives that are working effectively so that we can build upon them. Our goal has also been to ensure that valuable resources are being allocated to areas that are achieving concrete outcomes according to priorities.

## The need for change

Substantial changes to Australia's demographic, economic and social environment are driving the need to secure greater employment opportunities for people with disabilities.

ABS statistics suggest that the number of people with disabilities in Australia is growing. Approximately 19 per cent, or over 3.6 million Australians, had a disability in 1999 compared with 13 per cent (1.9 million) in 1981.

While part of the increase may be attributable to changes in survey methodology and an increased willingness to disclose a disability, it is clear that the ageing of the population will result in an increase in the number of people with disabilities, as the incidence of disability increases as people grow older.

The number of people with psychiatric illnesses in Australia is also increasing and adding to the incidence of disabilities as well as changing the profile of the disabled population. The number of people with psychological or psychiatric conditions on the Disability Support Pension (DSP) has grown from 2 per cent of DSP recipients in 1992 to 24 per cent in 2002. It is now the second largest primary medical condition for people on the DSP.

As mental illness is often episodic and "hidden" from employers, people with psychiatric conditions can find specific difficulties in securing and retaining a job. This poses new issues for the future.

Fundamental changes to the labour market in Australia over the last 20 years are also escalating the size of the employment challenge by reducing work opportunities for some people with disabilities.

Base-level job opportunities have been reduced (or are perceived to have been reduced) by advances in technology and the widespread adoption of multi-skilling in workplaces. The decline in traditional industries such as primary industries is further restricting job opportunities, while the rapid growth in service industries is generating jobs that need new types of skills.

Groups who do not have the necessary skill sets for the changing labour market, including unskilled workers and some people with disabilities, will find it more difficult to secure employment as the types of work traditionally available to them continue to disappear.

The impact of some of these factors can be seen in the growing demand for income support for people with disabilities. People currently receive the DSP if they are unable to work full-time or be retrained for full-time work for at least two years because of a disability which is rated at a specified level on a scale of impairment. Full-time is defined as at least 30 hours per week.

The number of people on the DSP has more than doubled in the last 20 years, from 300,000 people in 1982 to 653,000 today. In 2001-02 the rate of growth was steady at around 3 to 4 per cent a year and the trendline shows expected continued growth of 3 per cent.

**Characteristics of the Disability Support Pension, as at June 2002**

**Number of customers** – 658, 915 people.

**Expenditure** - \$6,404,351 million in 2001-02.

**Gender, age, marital status** – 38% female, 62% male; 62% single; 54% over 50 yrs.

**Primary medical condition** – 33% musculo-skeletal condition; 24% psychological/psychiatric condition; 10% intellectual or learning difficulty.

**Where they live** – the majority live in the most populous States: NSW, 33%; Victoria, 24%; and Queensland, 19%.

**Earnings** – Most receive the maximum pension (\$421.40/fortnight); 9.7% have income from earnings; 5.3% have earnings of less than \$100 per week.

**Where DSP customers come from** – 44% are new clients; 35% transfer from Newstart Allowance.

**Where DSP customers go** – Of customers who exited from the DSP between June 2001 and June 2002, 53% went to the Age Pension; 19% died; 23% ceased to receive an income support payment.

**Duration on DSP** – the average duration of current customers is seven years; almost a quarter of customers have been on the DSP for ten years or more.

**The future** – the DSP population has been increasing steadily at a rate of between 3% and 4% per year.

**Table 1. The Disability Support Pension at a glance**

DSP statistics suggest that people with disabilities stay on income support for many years. On average, people receiving the DSP have been doing so for seven years, and almost a quarter (24.8 per cent) have been on the DSP for ten years or more. More than half the people leaving the DSP transfer to the Age Pension, and almost as many exiting DSP customers leave as a result of death as leave income support when they leave DSP.

Economic participation through paid work is very low for DSP recipients, 84 per cent of whom are on the maximum rate of payment with only 9.7 per cent receiving income from earnings.

Clearly, there is a risk of long-term social exclusion and economic marginalisation for people with disabilities if their skills and capabilities are overlooked. For most people, working to their capacity is the best way to give them the chance to attain financial independence, enhance their quality of life, and interact with their community.

## The policy context

The Commonwealth Government is addressing many of the changes in the social and economic environment through reform to Australia's social support system.

A long-term process of welfare reform is underway to improve the participation of people of working age and reduce their dependence on income support. The primary goal is economic participation, with social participation recognised as valuable both in itself for individuals who do not have the capacity to work and as a stage on the path to work for those for whom employment may be a long term objective.

For people with disabilities, the *Australians Working Together* measures are providing extra assistance and support to improve their participation, including funding for 24,000 new places in DES providers over the four years to 2004-05. Changes are also being proposed to the eligibility requirements for the DSP to encourage people to make the most of participation opportunities where they have the capacity to do so.

The review of the Employer Incentives Strategy is being undertaken both because regular reviews are an appropriate administrative practice for all government program and as a contribution to the longer-term welfare reform agenda.

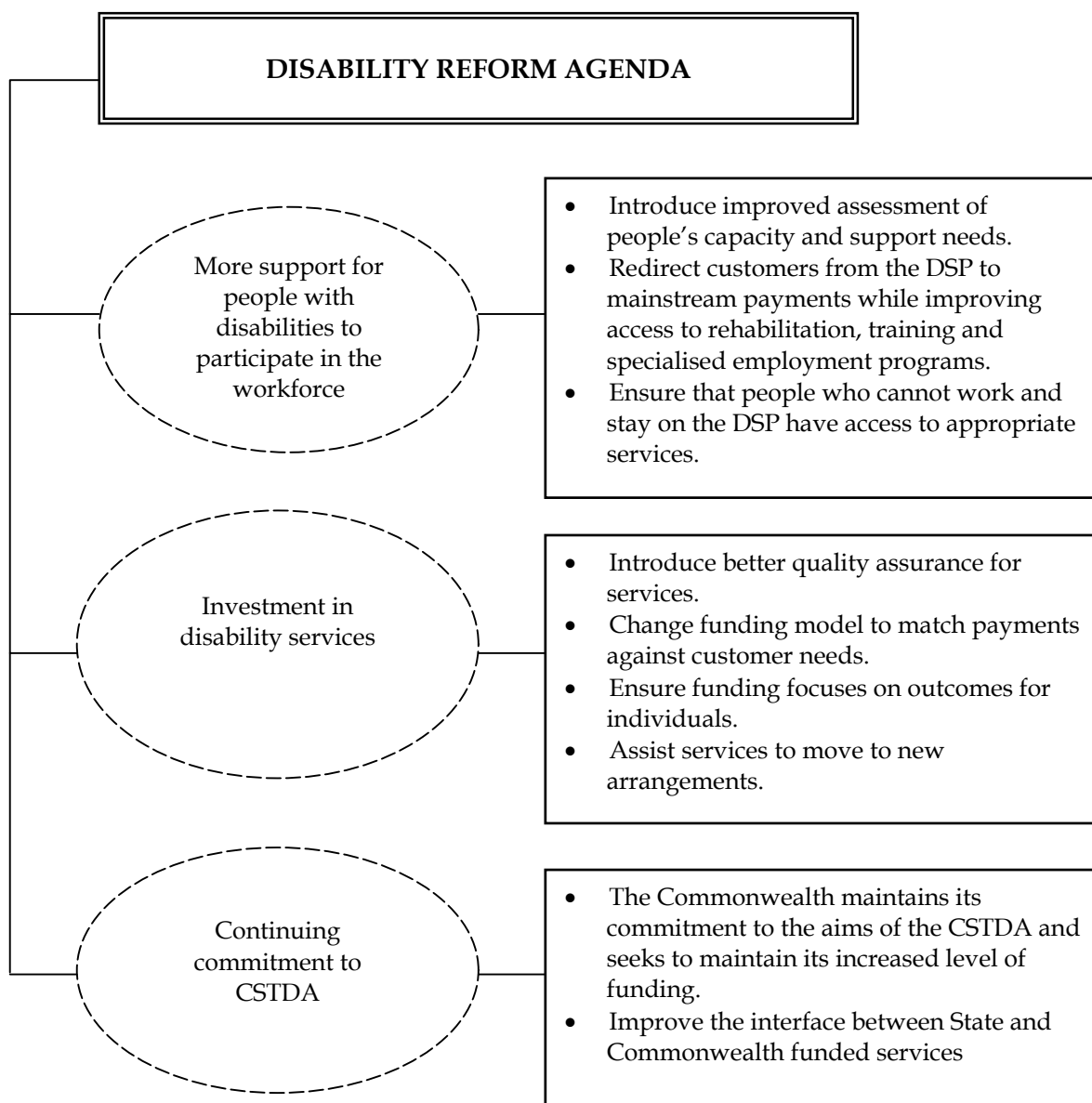
Within the welfare reform context, the Government is already talking to business about its roles and responsibilities in providing opportunities for different groups of Australians. Seeking to engage business in employing people with disabilities is consistent with this broader policy activity.

Supporting the broader welfare reform, the Government also has a reform agenda for disability employment services and rehabilitation, which was announced in the 1996-97 Budget.

The integrated reform agenda, illustrated in Figure 1, covers five main initiatives:

- better assessment of a person's capacity to work and their individual support needs;
- moving DSP customers to "mainstream" support systems where they have the capacity to benefit from the change, while also ensuring they have access to improved specialist services;
- an increased focus on rehabilitation, retraining and employment support;
- reform of disability services to ensure better employment outcomes for consumers as a result of new quality assurance standards and more effective distribution of funding; and
- ongoing support for the aims of the Commonwealth, State and Territories Disability Agreement (CSTDA).

Funding reform, for instance, is being driven by concerns that the existing block grant method of funding may not be delivering the best outcomes for individual job seekers with disabilities.



**Figure 1. The disability reform agenda**

The trial of case based funding has sought to ensure that funding for DES providers is better linked to the needs of individuals and outcomes. It will:

- improve job seekers’ access to, and choice of, employment assistance and enhance employment outcomes;
- maximise the number of people able to receive employment assistance under new funding arrangements; and
- encourage flexibility and innovation in providing employment assistance.

Many of the reform initiatives are having an impact on areas of interest to this review, including the delivery of employment services, funding arrangements for providers, and the quality of services. The review has taken into account progress in each element of the reform agenda.

## **Current service delivery framework**

Job seekers with disabilities have a wide range of abilities. The population of people with disabilities is equally as diverse as the broader population in terms of being young, old, of a non-English speaking background, indigenous or other differences. These job seekers' employment capabilities are highly diverse – they have multiple skills and varying support needs.

In this review we have focused most on workers with disabilities who require greater levels of assistance to secure employment. While the recommended areas of action will benefit all people with disabilities who are looking for work, Commonwealth assistance should focus on those with the greatest need.

Currently, job seekers with disabilities have access to employment assistance through three avenues: DES providers; Vocational Rehabilitation, and Job Network. A decision making process, the Disability Employment Indicators, is used to assess the impact of a person's disability on the nature of employment assistance that they need to get and to keep a job. Depending on the results of the indicators, job seekers will be streamed to one of these three avenues.

FaCS funds more than 850 outlets across Australia to provide employment assistance for people with disabilities who have an ongoing need for support to maintain employment. The majority of the DES providers are non-profit organisations that have skills in the disability sector enabling them to provide specialised assistance.

FaCS also funds vocational rehabilitation services for people who have a disability that has affected their work capacity through a workplace accident or injury. Vocational rehabilitation services are provided CRS Australia through 160 sites nationally.

CRS Australia conducts work capacity assessments and works closely with clients, doctors, and employers to develop a shared understanding of the limitations and effects of a disability. CRS Australia provides federally funded vocational rehabilitation programs through a national network to eligible people with injuries, disabilities or health conditions in order to enable them to gain and retain employment. In 2000-01, programs were provided to assist 31,500 clients.

People with disabilities can also access mainstream employment assistance through Job Network providers, who are funded by the Department of Employment and Workplace Relations. People with disabilities that do not

require ongoing support or vocational rehabilitation interventions will be streamed by Centrelink to Job Network.

Job Network providers will assess whether job seekers need individualised, Intensive Support based on an assessment made by the Job Seeker Classification Instrument. Intensive Support can range from vocational training, work experience, assistance with workplace adjustments and support after the person finds a job.

Around 1,160 Job Network sites provide Intensive Support across Australia. Of these, 11 specialist disability Intensive Support providers located in 27 sites specifically target job seekers with a disability. Around 14 per cent of the people who received Intensive Assistance support through the Job Network in 2000-01 were job seekers with disabilities.

The Commonwealth is currently assisting more than 140,000 people with disabilities by finding them jobs, providing rehabilitation programs and/or supporting them to stay in the workforce.

In 2001-02, the Job Network, CRS Australia and DES providers assisted approximately 245,000 people with disabilities to find jobs and to stay in the workforce.

## **The needs of business**

In undertaking this review, our goal is to develop a range of strategies that will respond to the many individual circumstances that exist among both people with disabilities and employers.

Many businesses varying in size, the nature of their business, and location are already employing people with disabilities. Some businesses are global or national corporations with national office networks, others are medium-sized, small and micro businesses working in either city, rural or regional areas. The employers are manufacturers, services providers such as banks or retailers, or primary producers in the mining or agricultural industries.

Given that businesses and job seekers are not homogenous, a one-size-fits-all solution to the kind of support employers need to employ people with disabilities is not appropriate.

## **The review process**

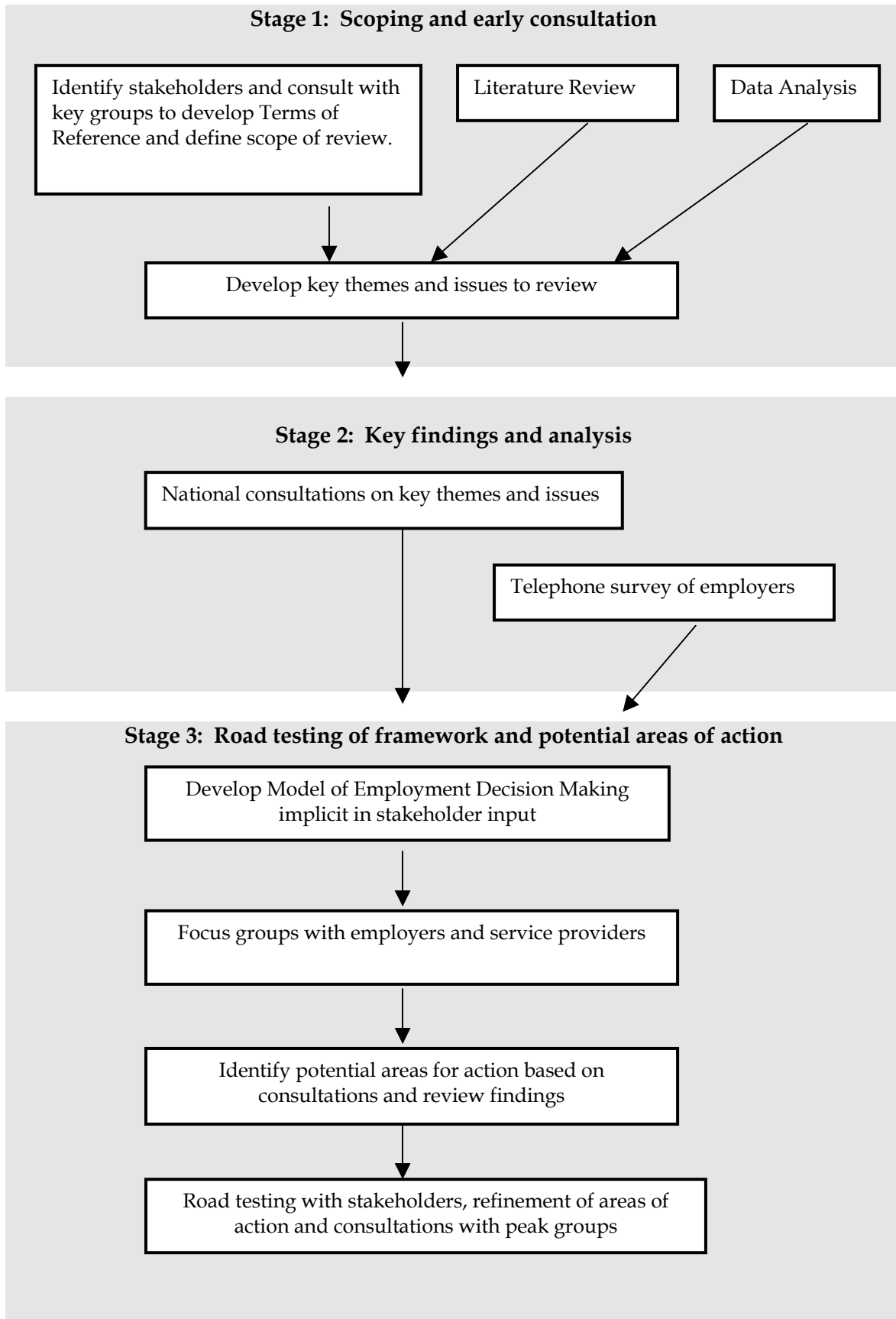
We designed the review process so that employers would be at the centre of our investigations. Understanding the attitudes of Australia's broad mix of employers - their beliefs and what drives them - is critical to motivating them to change their recruitment practices.

At the same time, we closely involved DES providers and Disability Recruitment Coordinators (DRCs) at every stage of the review because of their experience in working with employers to recruit people with disabilities. The DES providers could also provide an additional dimension to the employers' views of the barriers and issues involved.

Peak groups, industry and consumer associations, and other Commonwealth agencies, were also consulted to ensure we gained their knowledge and insight into the many aspects of providing employment opportunities to people with disabilities.

The review process operated in an iterative way, so that at each stage of the review the learnings gained from different sources and methodologies were used to inform the next stage of investigation. As issues or information gaps emerged, we adjusted the process to ensure all issues were comprehensively covered.

The building blocks for the review were: national consultations with stakeholders; focus groups with employers and DES providers; a national telephone survey of employers; an international literature review; and a data analysis of existing components of the Employer Incentive Strategy. The review process is illustrated in Figure 3. overleaf, and more details are set out in Attachment A.



**Figure 3. The review process**

## Chapter 2. The International Experience

The review included a **literature review** to gain an up to date understanding of what is and is not working in other countries, including any potentially useful alternative models for employer support. The literature review identified seven broad groupings of employer incentives, each of which covered a number of specific programs or models.

### Leadership initiatives

Leadership strategies are often built around high-level task forces that aim to provide coordination and strategic advice on the direction and priorities for incentives. The task forces may be government task forces or industry forums.

Industry forums exist in the UK, Canada, US and Sweden to promote and create employment opportunities for people with disabilities. The programs, while different, appear to be most successful when they:

- base their networks around credible industry bodies; and
- ensure networks have appropriate links and consultation mechanisms with government, people with disabilities and organisations representing the interests of people with disabilities

### Employment regulations

The literature highlights the importance of **anti-discrimination legislation** in placing legal obligations on employers to accelerate the removal of barriers for the employment of people with disabilities. The legislation has helped to put disability issues “on the agenda” for employers.

Most information on anti-discrimination laws focuses on the appropriate balance between legislative obligations and incentives, with a trend towards greater emphasis on voluntary, information-based incentives. An example of this was the 1996 termination of the UK quota system in favour of a shift to voluntary compliance.

While not calling into question the overall need for legislation favouring specific groups, the research suggests the possibility that such legislation can sometimes be counterproductive by making the group less attractive to employers. The Americans with Disabilities Act may have had the unintended consequence of increasing the cost of employing disabled workers. The employment of men with disabilities has dropped by 7 per cent since the introduction of the Act.<sup>1</sup>

Countries that have introduced mandatory **quotas** for people with disabilities include France, Germany, Japan, the United Kingdom and Austria. The quotas

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<sup>1</sup> DeLeire, Thomas. (2000) “The wage and employment effects of the Americans with Disabilities Act.”. *Journal of Human Resources*. 35.4, Fall, 693-715.

nominate the proportion of workers with a disability a business should employ based on the size of its workforce. The quota is usually a legal requirement, but may also be a voluntary target.

### **Information and marketing**

**Awareness raising campaigns** aim to change attitudes and dispel myths about the employment of people with disabilities. Campaigns have been initiated in the US, UK, France and Sweden.

The review shows that attitudinal change must be regarded as a long-term strategy and that effectiveness is difficult to attribute to any one campaign. Approaches designed to change employers' attitudes and knowledge need to be linked with a range of other measures if they are to change employment practices and are unlikely to be effective when used in isolation.

Factors for success in awareness raising campaigns appear to include the:

- reputation of the promotional body – with private sector organisations often sceptical about broad general campaigns;
- extent to which information is tailored to employers' needs and the practical issues and concerns employers have about hiring people with disabilities; and
- extent to which information materials (media; publications) are reinforced by local training and workshops based on the information.

**Employer recognition schemes** recognise employers who have made significant contributions towards the employment of people with disabilities. The schemes are generally part of broader programs to change attitudes. Award programs are run in Australia, the UK and Portugal. Nominations for Australia's Employer of the Year award almost tripled in the first three years.<sup>2</sup>

The UK has a "Positive about Disabled People" symbol that is used by employers to signal their willingness to employ people with disabilities. Companies must meet several criteria before they can use the symbol, including making a commitment and reporting annually against the commitment. However, research conducted at the Centre for Research and Policy in Disability at Coventry University has shown that subscription to the symbol alone does not result in greater numbers of people with disabilities in employment.

The review also looked at the important role of **marketing programs to business**. It found the success of incentives is predicated upon the employers knowing about the programs, understanding their eligibility and recognising the likely advantages of participation.

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<sup>2</sup> Thornton, Patricia and Lunt, Neil. (1997a) "Employment Policies for Disabled People in Eighteen Countries – A Review". Social Policy Research Unit, University of York.

Marketing programs can be directed towards either a general or specific audience, such as a single industry sector or employers in particular locations. Campaigns can be organised by employers' and trade associations or government agencies. Alternatively a new group or association can be formed with this as one of their functions.

Success factors in marketing to employers include:

- targeting the right message to the right audience – employers are not a homogenous group; and
- simplicity of design – acronyms and too many program names confuse employers.

### **Financial inducements**

**Wage subsidy schemes** provide a direct financial payment to the employer in return for hiring a person within a specified target group. A large number of these schemes are operating in Australia, Sweden, Denmark, France, Netherlands, Austria and Norway.

The literature on wage subsidies for people with disabilities highlights mixed results. Subsidies are generally accepted as a way to create job opportunities for some people who may not otherwise have that opportunity. They also have the potential to provide the employer with a positive experience to address any misconceptions about employing a person with a disability.

However, subsidies are often portrayed in the literature as a blunt instrument. The risks include that employment may not last beyond the subsidised period, that workers may be stigmatised if their employment is subsidised, that non-disabled workers may be displaced and that “dead weight” effects in which placements would have happened without the subsidy may be significant.

In Germany employers were found to view subsidies as windfall profits. The majority of grants are given to a relatively small number of large firms. Analysis of the special programs between 1976 and 1986 showed that 75 to 85 per cent of placements would have taken place without a subsidy.<sup>3</sup>

Employer financial incentives can also be provided in the form of **tax deductions and tax credits** rather than an actual cash subsidy. This is most extensively used in the US, although tax incentives are also provided in Luxembourg, Poland and the Czech Republic.

In the US context, the Third Report of the Presidential Task Force on Employment of Adults with Disabilities (December 2000) indicated the use of these valuable tax incentives might not be as widespread as anticipated. It also suggested that

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<sup>3</sup> Thornton, Patricia and Lunt, Neil. (1997a) “Employment Policies for Disabled People in Eighteen Countries – A Review”. Social Policy Research Unit, University of York.

reluctance to hire a person with a disability was often due to the erroneous belief that employees with disabilities would cost far more than other employees.

**Paid work experience and short-term placement schemes** for people with disabilities operate in the UK, Canada and Australia.

The effectiveness of these schemes is often linked to the quality of transition plans developed at the end of the placements, particularly as the evidence points to only a small proportion of participants securing long term employment as a direct follow on to the placement. A good job match and a clear understanding of the expectations both as to training needs and the task to be performed are the critical success factors associated with these schemes.

### **Removal of financial disincentives**

The literature highlights that the removal of environmental barriers through legislation and workplace accommodations can be a cost-effective way of integrating people with disabilities into the workforce. It suggests that cost reimbursement has significant symbolic value for employers, even though the majority of workplace accommodation adjustments are low in cost. Cost reimbursement schemes operate in Australia, Belgium and Germany.

### **Recruitment assistance**

The literature reports companies as saying that people with disabilities do not apply for positions, or they that they are unable to identify potential employees, despite having affirmative employment policies to encourage their recruitment. Several initiatives have been implemented to improve the recruitment practices of employers and to provide them with better access to potential employees. The US, Australia, Germany and Canada have such initiatives.

The literature is mixed on the value of recruitment inventory and job placement officers, claiming that employers make only limited use of these services. A study of employers' attitudes and practices found that most recruitment of people with disabilities occurred through personal recommendations and direct applications.<sup>4</sup>

While strategies to improve recruitment practices assume that vacancies are advertised and competitive interviews are held, many employers, small employers in particular, recruit by word-of-mouth. Studies have shown that the main way of finding a job is through hearing about it from someone who works there.

Strategies that focus on improving recruitment practices may be hampered by a mismatch between vacancies and the qualifications of job seekers. However,

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<sup>4</sup> Thornton, Patricia and Lunt, Neil. (1997a) "Employment Policies for Disabled People in Eighteen Countries – A Review". Social Policy Research Unit, University of York.

raising disability awareness among potential co workers may be a useful means of attracting job seekers with a disability.

Examples from Denmark and the UK underline the importance of generating commitments from employers to revise their hiring policies. The companies that agree to hire young people with disabilities as apprentices are more likely to hire people with disabilities in the future, claiming that revised hiring policies often lead to subsequent changes in attitude and improved levels of employment of people with disabilities.

## **Employment creation**

Employment creation programs are not always presented in the literature as employer incentives as employers participating in such schemes are essentially providing a funded service rather than being persuaded to change their own behaviour.

The literature review found some examples of schemes which fall into two models - temporary community and public employment jobs (where funding is provided to suitable groups of employers to provide jobs for people in specific target groups); and self-employment programs (where the person with the disability is the employer).

The literature did not support any clear conclusions about the absolute cost effectiveness of either approach. In relation to their relative effectiveness, some studies have suggested that self-employment programs produce better outcomes in terms of labour market self-sufficiency, at least in the short term.<sup>5</sup>

## **Six key success factors**

The literature review found that several key themes arose from the research on the reasons behind the success or failure of programs to encourage employers to hire people with disabilities. The six critical success factors for employer incentive programs and mechanisms are outlined below.

### **1. Integration of measures**

The most successful initiatives to encourage the recruitment of people with disabilities are often part of one suite of incentives. Ideally, they are marketed to employers and providers as an integrated package of measures.

### **2. Tailored incentives**

Incentives for employers are often found to be successful in specific contexts yet ineffective or inappropriate in others. For example, direct quotas appear to be

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<sup>5</sup> Graves, Frank and Benoit, Gauthier. (2002) Evaluation of the Self-Employment Assistance Program, Evaluation and Data Development, Strategic Policy, Human Resources Development Canada.

successful in public sector organisations, but poorly implemented in private companies and inappropriate for small businesses.

### **3. Background of strong leadership and information and marketing**

The literature highlights the importance of leadership initiatives and information, and marketing campaigns to support other employer incentives. This includes awareness of regulations, broad awareness of disability employment issues and knowledge of specific employer incentives.

### **4. Partnership approach to information and attitudinal programs**

Information and attitudinal programs are portrayed as most successful when undertaken with the backing of key industry or employer groups who are recognised as representing the interests of employers. Successful partnerships can also involve employer peak bodies, government, trade unions and advocacy groups for people with a disability.

### **5. Streamlined administration**

Sustainable success requires simple, cost-effective mechanisms for administration and implementation of the employer incentive. From the employers' point-of-view, the literature highlights the need to reduce paperwork and time needed to utilise the incentive.

### **6. Targeted use of resources**

The literature highlights the 'blunt' nature of many financial incentives. While they may be of some importance for small to medium sized enterprises, financial incentives may also assist people who should have been able to gain employment without the subsidy.

## **Chapter 3. Facts about the Employer Incentives Strategy**

To help us to gain a better understanding of the current Employer Incentives Strategy, we conducted a data analysis. This provided a valuable picture of what is happening within each component of the Strategy, including profiles of consumers, employers and Disability Employment Service providers and some performance and outcome information.

### **Workplace Modifications Scheme**

The Workplace Modifications Scheme (WMS) reimburses employers for the costs involved in modifying the workplace or purchasing special equipment for new workers with disabilities. Between 1998 and 2002, \$2.7 million was paid to 1,096 employees with disabilities, involving 1,006 employers and 255 DES providers.

To qualify for assistance, companies must employ the person for at least eight hours a week in a job that is expected to last for at least three months. The average worker funded under WMS is 34 years old and in permanent, full-time employment.

An average of \$2,200 was reimbursed for each workplace modification between 1998 and 2002. A cap of \$5,000 normally applies for each new worker, although flexibility exists to increase the amount. The highest 20 reimbursements paid in 1998-02 ranged between \$7,815 and \$14,636.

Anecdotal evidence shows that approximately 25 per cent of applications were rejected in 2001-02. The three main reasons were: "not new worker" (47 per cent); "not specialist or adaptive equipment" (20 per cent); or the modification should be part of the "reasonable adjustment" of any new worker and therefore does not qualify for WMS funding (13 per cent).

A telephone survey of employers who used WMS in 2001-02 found that companies in the service industry were the largest group who had received funding, while businesses in the hospitality and tourism industries were the least represented. A service provider had approached the majority of respondents (48 per cent), while 15 per cent had found about WMS through the job seeker.

The average reimbursement varied by disability type of the worker. Workers with a *visual impairment* received an average of \$3,373, followed by an average of \$3,165 for seven workers with a *psychiatric* disability. Workers with a *physical* disability received funding of \$1,589.

The most represented groups under the scheme were people with a *visual impairment*, who had an average 37 per cent of approved applications between 1998 and 2002, and people with a *physical* disability, 33 per cent. Funding was concentrated in three States: 28 per cent in Victoria, 24 per cent in NSW, and 22 per cent in Queensland.

Major changes occurring in the profile of workers funded between 1998-99 and 2001-02, illustrated in Figure 4, include:

- the proportion of *visually impaired* workers almost doubled, from 28 to 50 per cent, with the greatest increase occurring between 1999-00 (32 per cent) and 2000-01 (43 per cent);
- the proportion of workers with *intellectual* disability declined markedly from 17 to 3 per cent; and
- the proportion of workers with *acquired brain injury* receiving funding also declined from 3.8 to 0.4 per cent.

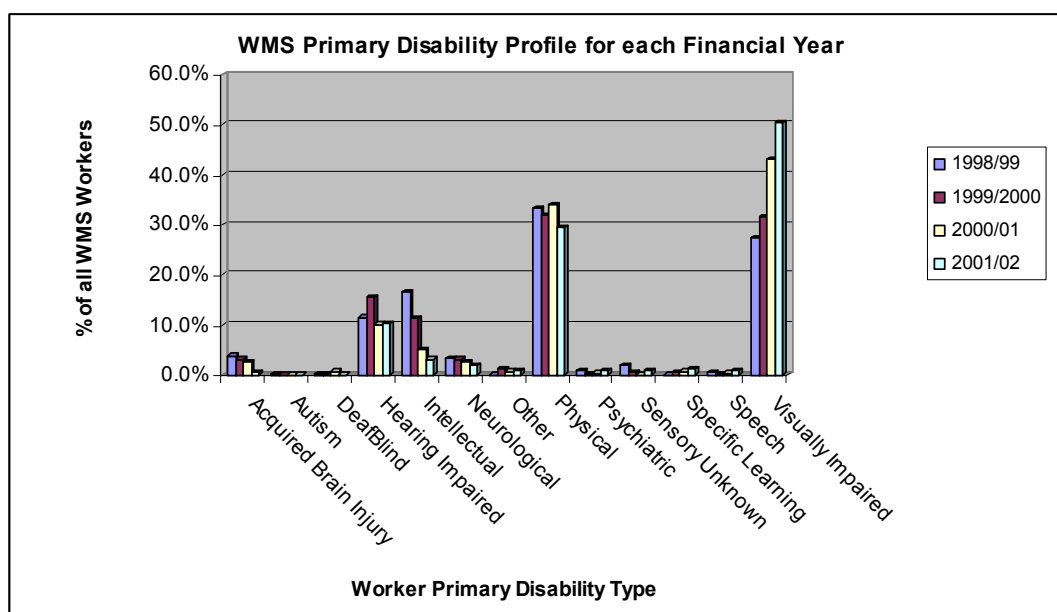


Figure 4. Primary disability profile for WMS workers

The number of approvals for workplace modifications has decreased since 1999-2000 across all measures, as Table 2 shows, including the total number of WMS applications, employers reimbursed and workers funded.

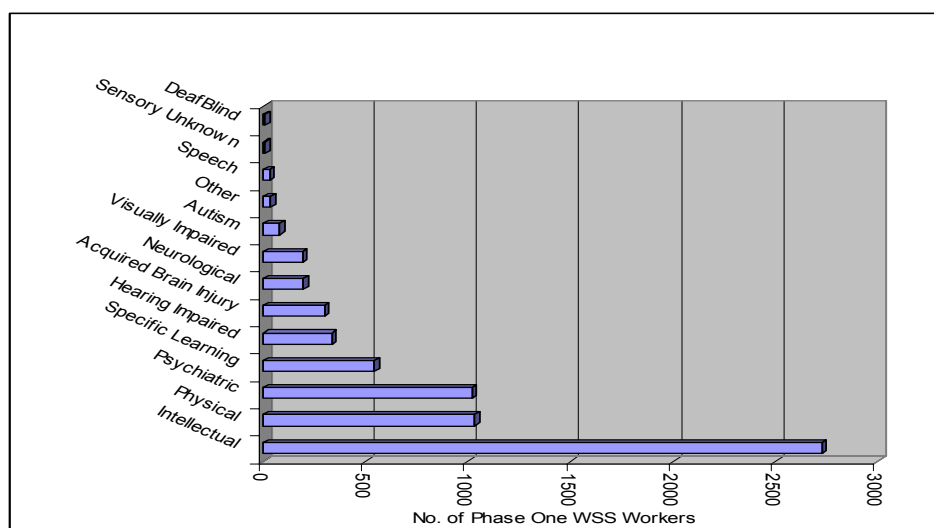
Total number	1998/99	1999/2000	2000/01	2001/02	TOTAL
WMS Approvals	331	338	296	263	1,228
WMS Employers	288	298	265	240	1,091
WMS Workers	313	317	277	252	1,159

Table 2. Number of WMS approvals, employers and workers  
Wage Subsidy Scheme

The Wage Subsidy Scheme provides financial incentives for employers to employ workers with disabilities under normal labour market conditions, with the aim of improving workers' competitiveness by increasing their skills and experience. The scheme allows for the wages of each worker with a disability to be fully or partially subsidised under the scheme for 13 weeks, up to a maximum value of \$1,500.

Around 12,400 workers have been assisted through the Wage Subsidy Scheme since it started in January 1998. Workers employed between 1998 and 2000 were on average male (70 per cent) and aged between 15 to 25 years old (51 per cent). The highest proportion of workers lived in Victoria (28 per cent), followed by NSW (27 per cent) and Queensland (23 per cent).

WSS data for 1998-2000 show that most workers had an *intellectual* disability (42 per cent), followed by *physical* disability and *psychiatric* disability (both around 16 per cent), as shown in Figure 5. (The WSS has been managed in three phases and different data sets apply to each phase. Phase One data provides data on worker age, disability type, location and background.)



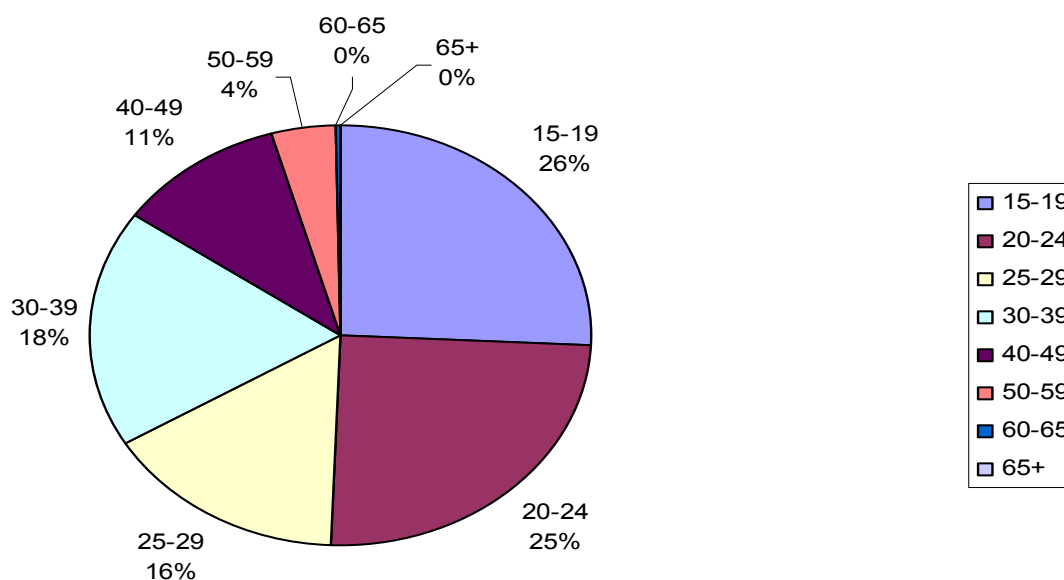
**Figure 5. Number of WSS workers by disability type, 1998-2000**

The telephone survey of employers who used the WSS in 2001-02 found that access to the scheme was distributed across all industry types, with the hospitality industry appearing to use the scheme most often. Smaller businesses, with less than 20 employees had a greater tendency to access the scheme, and a majority of employers had sought the wage subsidy after being approached by a service provider to employ a worker with a disability.

Data analysis showed that in 2001-02, an average \$1,088 was paid per worker for around 2000 job placements, with funding totalling \$2.1 million. During 1998 to 2000, the average number of weeks for which subsidies were paid for any one worker was 11.7 weeks, with the most frequent duration of payments being 13

weeks. On average the weekly subsidy payments represented about half (49 per cent) of the worker's average weekly wage.

The age profile of workers is illustrated in Figure 6. Just over half of the workers (51 per cent) were aged between 15 and 24 years. Around a quarter (24 per cent) were aged between 25 and 39 years, while only 4 per cent were aged over 50 years.



**Figure 6. Age profile of WSS workers, 1998 - 2000**

Subsidies paid over the three phases of the scheme totalled around \$15 million (with around \$4 million later recovered). Both utilisation and expenditure under the scheme have decreased over time. There were:

- 6,533 claims for workers in Phase One of the scheme between January 1998 and December 2000;
- 4,094 claims in Phase Two in 2001 (although the precise period is unclear from the data); and
- 2,009 claims in Phase Three in the financial year 2001-02.

The data analysis report noted that the drop could be possibly due to the changes in administration and reimbursement mechanisms for the scheme.

## Supported Wage System

The Supported Wage System enables people with disabilities to be paid according to their level of workplace productivity in the open workforce. The system recognises that some people cannot maintain employment at full award wages due to their disability. At June 2000, 2,340 employees were using this system.

Under the SWS eligible workers undergo an independent productivity assessment to measure their productivity in comparison to other workers in the workplace undertaking the same or a similar job. Employers pay a wage equivalent to the

assessed productivity percentage of the applicable award wage for positions expected to stabilise at eight hours per week or more.

The SWS was evaluated during 2001 by KPMG Consulting to examine the efficiency and effectiveness of the program, its appropriateness in the current workplace relations environment and its ability to meet current and future demand for services. The evaluation involved consultations with stakeholders and data analysis, and found that all stakeholders recognised the opportunities provided by the SWS. "All commented that it provides an opportunity for employment for people with disabilities that would not otherwise exist," the report said.

The evaluation also found that demand for the SWS has been steadily increasing since its inception. The profile of participants has remained relatively stable, with the majority of workers being males (66 per cent) and aged between 15 and 25 years. Around two thirds of workers have an *intellectual* disability (68 per cent), followed by 12 per cent with a *physical* disability, and 6 per cent *acquired brain injury*, as shown in Figure 7.

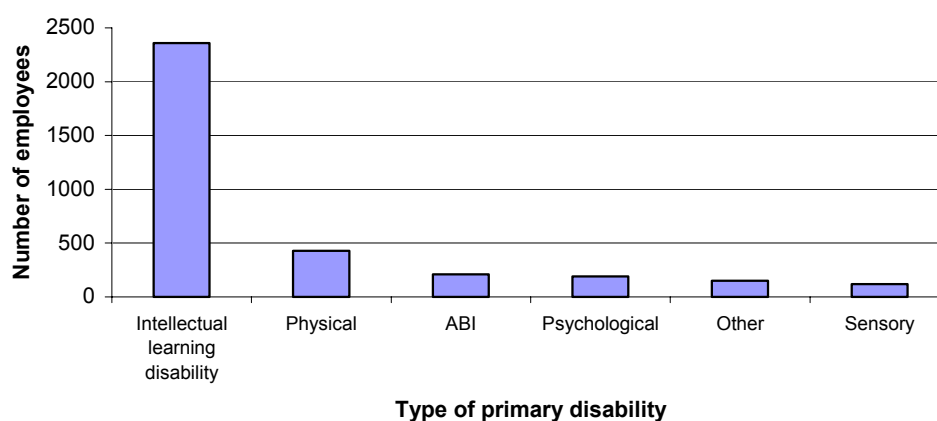


Figure 7. Type of primary disability of SWS workers to June 2002.

SWS workers achieved a median productivity capacity of 50 per cent in 2000, were paid a wage of \$100 per week and worked a median of 20 hours per week. Most were employed as labourers or factory hands (52 per cent). However, there has been a move away from traditional manufacturing and labouring work to an increasing number of positions in service industries since the scheme began.

KPMG Consulting concluded that while there was overwhelming support for the SWS, there is clear capacity to improve the current arrangements and processes that support the SWS. The main areas for improvement identified by the evaluation are outlined below:

- **Establishment of clear objectives, performance indicators and operational procedures.** The operation of the SWS would benefit from the establishment of clear objectives and performance indicators by which the success of the system could be measured. The SWS is presently best suited to individuals

whose disability has a consistent impact on their productive capacity and who are in types of employment where productive capacity is easily measured. The report recommended that guidelines for the SWS should be refined, with a particular focus on “people with high support needs, those who are frail and those with episodic disabilities, eg. people with a psychiatric disability”.

- **Funding arrangements.** The decision to remove on the job support funding for SWS placements from October 1999 provided the opportunity for the system to support additional demand within the current funding cap. Some employment services had indicated the funding change made the system less attractive. The report said the full impact of the removal of the funding required ongoing monitoring.
- **Program administration and assessment process.** Capacity exists to improve the SWS administrative process. Efforts should be made to promote the adoption of the SWS model clause to industrial parties so as to simplify the administrative process and hasten the placement of employees. A more flexible approach should also be adopted to the annual review process for those in stable employment so as to simplify the process.

Stakeholders were concerned by the adequacy of the selection, training and accreditation process for the SWS, and particularly by the variable skills and competencies of assessors. The report recommended the establishment of assessor accreditation against national competency standards. It also proposed that the SWS manual, assessors handbook and data collection requirements be updated.

- **Promotion of the SWS.** An overarching theme throughout the evaluation was the general lack of awareness and understanding of the SWS by people with disabilities and DES providers. The report recommended a comprehensive marketing strategy be established to increase awareness of the SWS and to promote its benefits.

## **Disability Recruitment Coordinators**

The Disability Recruitment Coordinator service provides an efficient, cost effective recruitment mechanism to help large companies, with 100 employees or more, to employ people with disabilities. The DRCs work across several employers and link them with a number of Disability Employment Services. The main functions of the DRCs are to broadcast information about the employers’ vacancies to DES providers in their area, pool and quality check applications, and refer the applications to the employer. The DRCs enable employers with centralised recruitment processes to effectively link with service providers that operate on a localised basis.

The DRCs also negotiate agreements with employers to use the DRC services and work with mainstream recruitment providers to increase their awareness of job seekers with disabilities and seek to modify their recruitment processes.

Funding of \$2.2 million was provided to contract DRCs to secure 900 job placements during the last two years, and the services easily exceeded their contracted placements. During 2000-01, approximately 550 people with a disability were employed through DRCs at a cost of around \$2,000 per placement.

Presently, there is one DRC in each of five States - Victoria, Queensland, New South Wales, Western Australia and South Australia. They are:

- EMAD (Employers Making a Difference), NSW;
- Diversity@work, Victoria;
- Partnership with Industry, Queensland;
- Southern Success Business Enterprise Centre, South Australia; and
- EmployAbility, Edith Cowan University, Western Australia.

Data evaluation highlights that the DRCs as discreet State-based services have marked differences in the approaches and models they use and in the outcomes they are contracted to achieve.

Diversity@work in Victoria concentrates on three major types of activity: partnering closely with a targeted group of employers to source vacancies; developing and using strategies and tools to connect employers and their job vacancies to employment services and job seekers; and providing an information and education service to employers and DES providers.

Partnership with Industry in Queensland uses a model involving networking, linkages, and marketing and awareness-raising with employers and DES providers. Forums such as networking meetings have reportedly increased the understanding about service provider staff of employer requirements and expectations.

The focus for EMAD in NSW is on awareness raising and education of employers about both the benefits of employing people with disabilities and the related processes.. Unlike other DRCs, EMAD has no required deliverables in terms of identifying job opportunities or securing job placements, , although EMAD does source vacancies from employers and advertises them on the Diversity@work website (Job Central).

EmployAbility in Western Australia focuses on the development and promotion of their employment services as well as training and marketing materials. EmployAbility also undertakes networking and development activities with both DES providers and large employers.

The approach of South Australia's Southern Success Business Enterprise Centre involves extensive networking with employers and agencies providing

mainstream recruitment services to employers. They not only offer job opportunities to people with disabilities but also undertake promotional campaigns, joint training programs and funding submissions.

The data evaluation found that there were “a number of effective and innovative initiatives evident in the work of individual DRCs” and that there is potential for sharing and extending information and resources produced across the DRCs.

Several functions of the DRCs have worked particularly well and are valued by large employers. These include:

- developing ongoing, collaborative relationships with employers and DES providers;
- developing tools and technologies to support their strategies;
- playing an important role in publicising and publicly recognising employers who adopt and implement disability friendly recruitment policies;
- forming linkages with DES providers and generic recruitment agencies;
- providing a coordinated and fast-track link between employers and job seekers who have a disability; and
- providing disability training and information to human resources and recruitment personnel.

Some of the DRCs have extended their activities beyond State boundaries to work together to meet the needs of national companies. This has created some challenges for the DRCs as the different systems they have in place have made it difficult for them to meet employer expectations of services being provided nationally.

## **Special Employment Placement Officers**

The Special Employment Placement Officer initiative provided funding to establish specialist positions within major private sector and industry organisations to actively improve employment prospects for people with a disability. The program is no longer operational; the last SEPO finished in March 2002.

The individual SEPOs worked within an organisation to assist with implementing long-term attitudinal change. They aimed to:

- embed the employment of people with disabilities into the company’s normal policies and practices as part of workplace diversity; and
- identify suitable positions in the organisation’s structure in which to place eligible people with disabilities.

Organisations funded under this initiative since 1992 included Pizza Hut, Telstra, the National Australia Bank, Safeway, Westpac, Qantas, Central University Queensland, Franklins Ltd and IBM.

The data evaluation analysed the work of the Franklins SEPO and found it was well managed and achieved most of its objectives and additional initiatives, despite the project ending early due to the sale of the Franklins Ltd retail business.

The Franklin's SEPO reviewed company policy, wrote action plans and ran numerous awareness raising initiatives in-house. Within 15 months the SEPO's work led to 113 people with a wide range of disability types being interviewed for positions, and 53 people with disabilities securing jobs with Franklins.

The links established by the SEPO with the Queensland DRC and CRS Australia appeared to have assisted in achieving job placements. In addition, a work experience initiative the SEPO set up with CRS had resulted in 22 people completing work experience and training, and of these, 10 secured jobs.

For the SEPOs to be a success, they had to have the full support of the organisation, ability to disseminate information to a range of people in the organisation in a range of ways, and to develop external linkages to assist in sourcing the best applicants for the job. For instance, the Franklin's SEPO was actively supported within the organisation.

The two year contractual arrangements for SEPOs may have constrained the impact of the program. Some of the SEPOs found that although new policies had been made and agreed at head office, there might have been value in further work to have the benefits and impact of this felt at the site level or interstate.

## **Chapter 4. Key Findings of the Review**

Each stage of the consultations and each component of the review process combined to provide a comprehensive picture of the major attitudes and beliefs held by employers to hiring people with disabilities.

As a first step we summarised the core attitudes held by employers, which we "road tested" several times during the consultations to test their validity. We then developed a framework to encapsulate the way that employers make their decisions so as to highlight the key points where employers could be influenced to change their practices.

### **Attitudes of employers**

In the review process we talked to "employers who do" - those who have employed or are still employing people with disabilities, and "those who don't" - employers who have no experience and little understanding of the process or reality of hiring people with disabilities. We found there are two major perceptions constraining employers.

#### **Perceptions constraining employers**

First, employers generally view the recruitment of workers as a potential risk to their business. To reduce this risk they prefer to hire people who have known qualifications, experience, skills and abilities. Any employee who is different is seen to pose a certain risk and is therefore less attractive to the business as a potential worker. The employers who have no experience of hiring job seekers with disabilities see workers with a disability as posing a higher risk again.

Many employers view people with disabilities in traditional terms, commonly defining people with disabilities as those with a major disability. Generally the employers feel they are unfamiliar with different types of disabilities with many saying "I don't know anyone with a disability".

Lack of understanding contributes to the employers' sense of risk impacting on the likelihood of offering people with disabilities a job. Many question - "What can a person with a disability do?" The notion of viewing recruitment as a risk rather than an opportunity is consistent with research findings by the Department of Employment and Workplace Relations.<sup>6</sup>

The second area constraining employers relates to their belief that employing a person with a disability is simply too hard. A common theme throughout the consultations was that they do not know how to do it; many have not done it before; and many feel they need information and support that may not be easily

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<sup>6</sup> Department of Employment, Workplace Relations and Small Business (DEWRSB), "Employers' Use and Perceptions of Job Network: Qualitative Research on Service Quality Issues", 2001.

available. Overall, the time and effort the employers perceive to be involved acts as a significant disincentive.

Primarily the issues and concerns raised by employers centred around the costs involved, the skills of the worker and their impact on the workplace culture, and the process involved in the recruitment of the applicant.

#### *Costs*

The employers perceived there could be:

- potentially higher costs for insurance, workers' compensation and occupational, health and safety;
- the risk of facing unfair dismissal liabilities or action under the Disability Discrimination Act if a person 'did not work out' in a job; and
- the need to make expensive physical adjustments to the workplace to cater for the disability type of the worker.

#### *Culture and skills*

The employers were worried that:

- co-workers might be 'unsettled' by a worker with a disability;
- they did not know what their customers' reactions might be - some customers might not like dealing with people with disabilities; and
- people with disabilities might only be able to do a narrow range of tasks and not be able to multi-skill in their jobs.

#### *Process*

The employers also had concerns about the complexity and uncertainties involved in the process. The businesses were:

- uncertain about where to go, what to do and what to expect;
- concerned about the time required to provide the extra support; and
- uncertain about how to hire a person with a disability because they do not apply for jobs directly with the company, therefore they are not considered.

### **Benefits encouraging employers**

Many employers were positive about the value of recruiting people with disabilities, and this was not limited only to those employers who had already done so.

The chief message from these employers is that job matching is critical. They are primarily interested in finding the right person for the job. If the best person is a worker with a disability, then that is whom they will employ.

A key factor is that employers often recruit because of a personal connection to a person with a disability - a relative or family friend either has a disability or knows someone with a disability. They talk to the business and encourage them to hire the person. Many businesses recruit without formally advertising a position.

Another important factor is that many larger corporations have diversity policies that recognise the value of employing people from all groups within the community. These companies want to build a reputation as a good corporate citizen and as an employer of choice. They believe that being close to their community - or their customer base - makes good commercial sense in the long term. However, for many of these companies their desire to hire people with disabilities is not working out in practice (the reasons for this are discussed later).

The benefits that employers see in recruiting people with a disability centre on their value as workers in doing their jobs, in strengthening the company's reputation, and in building a strong culture within the company.

#### *Strengths as workers*

The employers believe workers with disabilities can be:

- more loyal and reliable staff members;
- hard workers who often have lower rates of absenteeism; and
- more innovative, as people with disabilities look for ways around barriers.

For workers with some types of disabilities, they also:

- do not get bored as easily, and can focus on a repetitive task for longer.

#### *Corporate reputation*

The employers value the fact that:

- people with disabilities are good ambassadors for the firm; and
- customers like to see people with disabilities in the workplace.

#### *Culture*

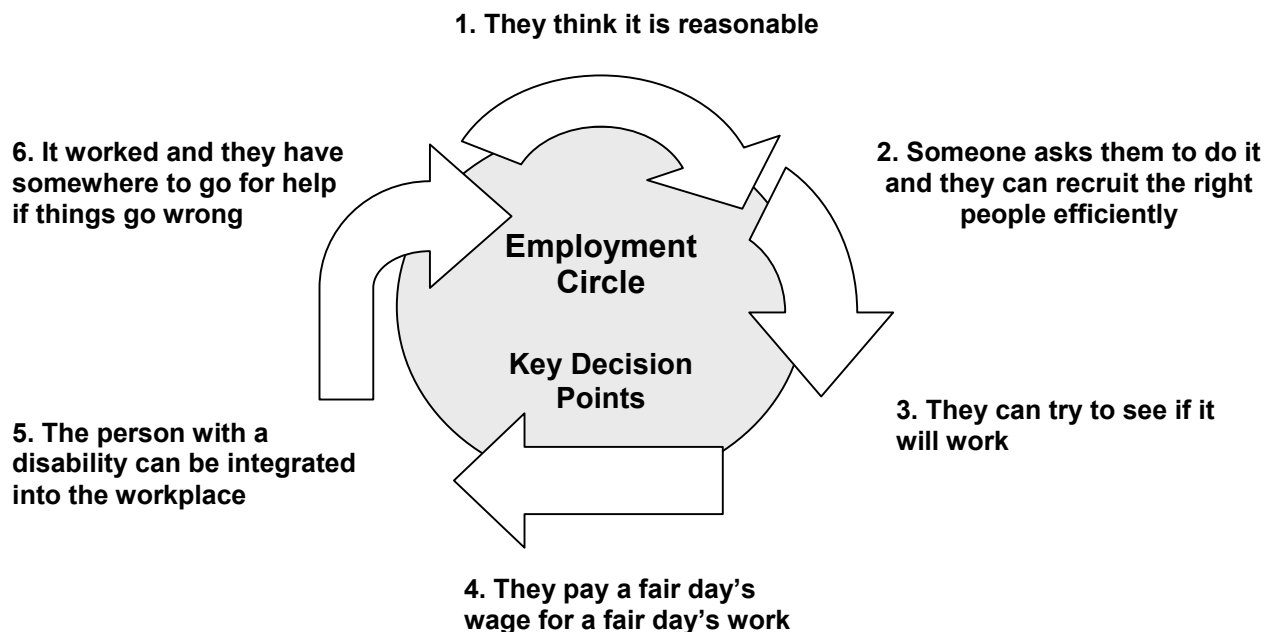
The employers believe that:

- it is "a good thing to do" - staff and management feel good about it, and
- having people with disabilities in the workplace lifts the morale and the performance of the team.

## **Model of Employment Decision Making**

Our discussions with employers during both the one-on-one meetings and focus groups led us to develop a framework to encapsulate the decision making involved when businesses recruit a person. The Model of Employer Decision Making, shown in Figure 8, identifies six critical decision points during the recruitment process.

The decision making process is illustrated as a circle, highlighting that the steps are linked in a logical sequence and that the process is iterative. If an employer follows each step, they will logically begin the employment process again at Stage 1, and continue to employ people with disabilities. The attitudes, issues and concerns expressed by the employers come into play at different points in this cycle.



**Figure 8. The Model of Employment Decision Making**

Our "road testing" of the model during the consultations found that stakeholders agreed with the presence of each decision point in the model. The consultations highlighted that different stages of the circle may be more important for different employers. Some employers may skip through certain points, while others may face particular difficulties later in the process.

Larger employers, for instance, cannot easily shift through decision points 1 and 2. They need to put in place appropriate human resource policies and procedures before they can readily start recruiting people with disabilities. For some who had no experience of workers with disabilities, it could take a long time to "think it is reasonable" - the starting point of the circle.

The importance of various points will also vary according to the size or nature of the business, or relate to the fact the employer was experienced at hiring people with disabilities and therefore may not need to go through all the steps. However, these businesses would still encounter similar issues at different stages with each new worker.

The Model of Employment Decision provides a framework for putting the views of employers into a decision-making context, showing how particular issues and concerns can have an impact on the employer's decision to hire at critical points. The model enables a more detailed discussion of the views of employers, DES providers and other stakeholders.

## **Decision Point 1. They think it is reasonable**

At the start of the recruitment cycle, employers need to think that it is reasonable for their business to employ a person with a disability. Employers will not even consider hiring a person unless they potentially could be “the right person for the job”. At this early stage, the perceptions of many employers can lead them to automatically exclude people with disabilities from their recruitment process.

The consultations with the "employers who do" hire workers with disabilities found most have already moved beyond the first point in the circle. They think it is reasonable because of the benefits listed earlier - workers with disabilities can do the job, they are loyal employees, they can build morale and lift the performance of a team, and they can add to the company's reputation. The major issue related to finding the right person for the job.

In the focus groups, employers with no experience of recruiting a person with a disability were uncomfortable with the idea. Many were wary simply because they did not know what to expect and hence were afraid of the risks involved. The majority nominated workers with the most minor of disabilities as being the most likely to be suitable for their business. Most suggested roles that precluded face-to-face contact with their customers.

The business people were less open to employing job seekers with more severe types of disabilities, as they believed they posed the highest risk in terms of potential costs and liabilities. Employers were also reluctant to consider people with psychiatric illnesses as they had little understanding of this type of disability and were concerned about what would be involved.

For the most part, many of the employers were also well intentioned. They attributed a large part of their reluctance to employing a person with a disability to fear of the unknown. They were unsure of how a person with a disability should be treated and were concerned about “doing the right thing”.

Many employers in the focus groups showed a preparedness to consider employing a person with a disability once they received information about their capabilities. After only a few hours exploring the issue, participants started to recognise that they *did* know people with disabilities or had already employed a worker with a disability successfully in the past. Some started to think about the kind of person who might fit into their business.

During the consultations, the Disability Employment Services also pointed to the need to change community attitudes to people with disabilities. The DES providers said they undertook their own education activities on a one-to-one basis with employers and this was effective once they established a long-term relationship with the employer.

However, the DES providers consistently found when approaching new employers that the business focused on "disability" rather than the capabilities of their clients. Often when "cold calling" employers, the service providers avoided using the word "disability" for as long as possible as it sparked misconceptions.

It had been easier for the DES providers to place clients with employers during times when the community was focusing on the positive attributes of people with disabilities. For instance, during the Paralympic Games and the International Year of People with a Disability employers had been far more receptive to the idea of hiring workers with disabilities. However, the impact on hiring practices had receded once the events concluded. A longer-term approach was needed to turning around employers' attitudes.

The other important aspect of employers reaching the "reasonableness" stage related to the information and support that the employers are provided. Many of the employers had no idea about how to go about hiring a person with a disability and felt they did not know where to go to find the information.

The larger companies wanted to know the business case for hiring a person with a disability - evidence of the bottom line benefits. Many employers in the focus groups also wanted to demystify the current process and find out about issues such as insurance, occupational health and safety issues, and potential adjustment costs. They wanted details of the likely financial support and assistance they would receive from the government or DES providers.

The source of the information was important to employers. They wanted an adequate, impartial information resource to be provided by a credible source. While DES providers were valued as a source of information, they sometimes also wanted the option to receive advice from a more independent source. They saw employer-to-employer communications as the most trusted - receiving information from an industry group, a similar business, or a business from their local area.

The employers also wanted information provided through a wide variety of information channels. Some wanted comprehensive written information, others preferred verbal briefings, while others wanted 24-hour online access. Local media was a popular source of information for the smaller businesses.

## **Decision Point 2. Someone asks them to do it and they can recruit the right people efficiently**

Typically, most employers need a catalyst to prompt them to consider recruiting a person with a disability. They do not think about hiring a person with a disability on their own, even if they "think it is reasonable". The catalyst is most likely to be a professional provider such as a DES provider or a DRC, or a personal contact such as a friend, relative or colleague.

At this stage in decision making, the employers want to recruit the right person efficiently, within the framework of their current human resource policies and practices. The diversity of business means that the larger and smaller companies have different recruitment processes and their diverse needs have to be met before the employer will go ahead and hire a person with a disability.

In the case of small companies, a service provider normally contacts employers to seek out possible job opportunities for a particular client. They do not usually submit their clients for a competitive process for an existing vacancy. The DES providers work closely with the employer to create a job according to the capacities of their candidate and the needs of the business.

During the consultations, the employers who had employed a job seeker through a DES provider highly valued their services. Mostly smaller and medium-sized companies, they developed close and long-term working relationships with the service providers.

This is consistent with the findings of employer consultations that took place as part of the trial of Case Based Funding, in which employers said they preferred to use DES providers in favour of other recruitment methods due to the “high quality of job matches and the continuous support provided to the employee by the service”.

The recruitment process is different for larger companies, who generally recruit for a specific vacancy through a formal, competitive selection process. They recruit either through a set internal process or externally through a preferred recruitment agency. A range of people can make the final hiring decision: a senior manager or human resources manager in head office or a local State manager.

The motivation to employ someone with a disability will vary in the large companies. Often a CEO or human resource manager will champion the issue because of a personal connection to a person with a disability. Alternatively, the motivation lies in delivering broader diversity policies of the company, which could be set by national or international head offices.

In the consultations, the large companies said they wanted to employ more people with disabilities, but could not find enough workers to apply for vacancies. Workers with disabilities rarely applied directly for a job with companies. Human resources managers expressed frustration that their recruitment agencies did not supply candidates, even when they asked them to do so.

Recruitment agencies consulted during the review argued they were contracted to present the best applicants to the employer and people with disabilities were often “not suitable candidates” because they did not meet the employer’s criteria.

While some mainstream agencies had expertise in disability, they were often reluctant to put candidates forward for competitive selection processes. The outcomes reported by the Victorian DRC, Diversity at Work, for 2001-02 shows that many graduates made it to the interview stage of the selection process, but ultimately did not get the job.

The employers participating in the focus groups and meetings highly valued the work of the DRCs. They liked the one-stop point of contact and the fact that the focus of the DRCs was on meeting the employer's (rather than the job candidate's) needs. The employers in different States thought their individual DRCs "know my business".

Employers said the DRCs provided a professional service and reduced their recruitment time and costs by providing an efficient link to a range of Disability Employment Services. The employers also liked that the service was free – they said they could not afford to be without the service but they were not yet ready to pay for it. Overall, DRCs made it easier for them to recruit people with disabilities.

At the same time, the larger employers had reservations about the recruitment process pursued by many of the DES providers as it was based on creating jobs for individuals. The corporations wanted to recruit staff by filling mainstream vacancies, often using preferred suppliers; they did not want to create individual jobs for specific clients of the service provider.

These employers were sometimes frustrated by receiving calls from numerous providers, many of whom competed with each other to place a worker. If an employer offered a vacancy to a particular provider, and that provider did not have a client who could do the job, the provider often did not share this vacancy with a fellow provider. In some cases, DES providers have networks, but rarely do they share vacancies.

The DES providers said they tend to work best with smaller companies because they could match the requirements of the job with the particular capacities and support needs of their client. They did not want to put their candidates up for competitive, open vacancies with large companies because this often required a large amount of time and effort, with poor results for the job seekers.

Overall, DES providers thought that large companies offered bigger dividends in terms of the potential number of jobs they could provide – the level of "repeat business". However, in practice, the investment of time and effort invested in smaller employers often resulted in more jobs, more quickly.

### **Decision Point 3. They can try to see if it will work**

At this stage of the decision making cycle employers are prepared to consider employing a person with a disability, but many, particularly smaller businesses,

are concerned about the complexities and uncertainties involved. Placing a job seeker into a workplace on a trial basis is a highly effective way of addressing these fears and helping employees to test their skills.

Temporary work placements in the form of work experience, unpaid work trials and work trials are highly successful. The majority of work placements result in the job seeker being offered a permanent job - in the case of CRS Australia, 80 per cent lead to a job. Service providers rate the work trials as invaluable in overcoming an employer's fear of the unknown and demonstrating an applicant's capacity to do a job.

The DES providers said placing job seekers with prospective employers on a temporary basis was highly valued by both employers and the job seekers. Employers could see whether the job seeker had the necessary capabilities for the job. At the same time, job seekers had the opportunity to see if they had the skills to do the job and liked the work.

For the employers, their most frequent source of questioning revolved around the employee's work capacity: "can they do the job?" The employers believed temporary work placements would be a valuable way of testing an employee's skills.

However, many were not clear about what was involved. Many wanted to clarify the requirements they would need to meet under industrial relations, occupational health and safety, and workers' compensation legislation. They were also concerned about insurance issues and potential liabilities under unfair dismissal legislation and the Disability Discrimination Act.

Currently, temporary work placements can take place in a host of different ways; sometimes they might involve wages, or partial salary, or they could involve purely voluntary work with no pay. Normally DES providers will negotiate the terms and type of placement with the employer based on the needs of their job seeker and the business. CRS Australia has a formal system of unpaid work trials, the Work Training Program.

The ultimate goal for all the work placements, regardless of type, is to secure a job for the job seeker, although increasing job readiness can be a valuable outcome. Generally, work placements follow a continuum of increasing commitment to employment by both the employer and job seeker - from work experience, to unpaid work trial to a paid work trial.

**Work experience** usually involves less than a week's unpaid work with an employer, but can comprise just a few hours. The advantage of work experience is that it can give the employer exposure to the person with a disability and remove doubts about whether the applicant 'can' do the job. At the same time, the job seeker gets the chance to improve their confidence, demonstrate their skills, and if they wish, try out a number of jobs.

Service providers, however, said in the consultations that insurance is emerging as an issue for all types of voluntary work. Increasing uncertainty about insurance liabilities was discouraging employers to continue with work experience.

**Unpaid work trials** normally last for around one week, sometimes extending to two. The advantage of unpaid work trials is that they are done with the understanding that there will be a job at the end of the placement, as long as they job seeker can do the job. However, uncertainty also exists around insurance coverage for applicants. Of all temporary work placements, unpaid work trials appear to be the most commonly used method for getting job seekers into the workplace.

Unpaid work trials held under CRS Australia's Work Training Program involve a more extended period of work, of up to 12 weeks. While the trials are unpaid, CRS pays job seekers about \$9 a day to cover incidentals. The Commonwealth also provides insurance coverage under these work trials.

**Paid work trials** are the third common form of work placement. They typically last for around four to six weeks. The advantage of the paid work trial is the job seeker is paid an appropriate wage, demonstrating a real commitment from the employer. There is normally a high expectation that the job seeker will be able to do the job and will stay past the trial period.

For both paid and unpaid work trials, the employers were uncertain of the legal ramifications if a placement did not work out, fearing the worker could take action against them for unfair dismissal or make a claim under the Disability Discrimination Act or State legislation.

#### **Decision Point 4. They pay a fair day's wage for a fair day's work**

Just as employers want to judge whether workers have the right skills and talents to carry out a job, they also want to pay their employees accordingly for work done. This principle applies to any recruitment decision, but has added complexity when the varying work capabilities of people with disabilities are taken into account.

Currently two programs in the Employment Incentives Strategy address the wage issue.

The Supported Wage System (SWS) involves workers undergoing a regular, independent productivity assessment so that they are paid according to their level of workplace productivity. The Wage Subsidy Scheme (WSS) provides a wage subsidy to employers for an initial three-month period with the aim of increasing the competitiveness of job seekers and securing employment over the longer term. Both schemes provide for employment in the mainstream labour market.

### *Supported Wage System*

Employers responded very favourably to the SWS, saying it made commercial sense that the wage paid to a person with a disability should reflect the level of output involved. Most of those who took part in focus groups and meetings agreed that paying wages based on the worker's productive capacity would encourage businesses to give people with disabilities a job.

While there was high support for the SWS among both employers and DES providers, they were also concerned about the current assessment process for the SWS, access to the program, and the efficiency of its administration. These views are consistent with the consultation findings reported by KPMG Consulting in its evaluation of the SWS, detailed in Chapter 4.

The DES providers said the SWS was critical in securing employment for their clients, but believed the scheme was out of date and needed an overhaul. They said the assessors' wages and travel allowances, as well as the scheme's tools, information brochures, guidelines and accreditation systems, had not been updated for eight years.

Both employers and services providers were also concerned about the consistency and quality of productivity assessments made under the scheme. Service providers said some assessors would spend a day with a person with a disability, while others would conduct their assessment over the telephone. The variation in assessments meant that quality could not be assured.

Participants in the consultations wanted to see a consistent competency system put in place for the assessors. They said there was no practical "test" for the assessors, no retraining or updating of skills, and nothing to ensure that standards were being met. There was also no feedback mechanism for DES providers or employers to relay their views to FaCS.

The DES providers were also concerned about the scope and coverage of the workplace productivity assessments. Many said the assessment system was best suited for those with a stable level of disability who were in jobs where their productivity could be easily measured.

This did not take account of the quality of work undertaken for jobs in knowledge-based industries. The capacity of people with episodic disabilities was also not readily assessed. Some DES providers believed the assessment method could be adapted, but it depended on the assessor. The consistency problems highlighted the need for the assessment method to be reviewed.

### *Wage Subsidy Scheme*

Employers in the focus groups and meetings were mixed in their view of the usefulness of financial support, including wage subsidies, for employing a person with a disability. They emphasised financial incentives would not be the critical factor in whether they hired a person - the deciding factor was always whether the candidate was the right person for the job. The primary role of current incentives was to *support* their decision to hire.

The telephone survey of employers who had used the WSS found that government subsidies were the least influential rationale for employing a person with a disability. They ranked the job seeker's skills and qualifications as highest in importance.

Some employers in the focus groups felt wage subsidies acted as a disincentive rather than an incentive as the subsidies reinforced the fear that they might not hire the right person for the job. These employers regarded the upfront offering of subsidies with suspicion, believing the particular worker would have "x" amount of problems to match the "x" amount of dollars. No wage subsidy could compensate for hiring the wrong worker.

Generally, DES providers reported in the consultations that wage subsidies were used largely as a last resort when they thought it was needed to "get the client over the line" or were necessary to "clinch the deal". Wage subsidies served a purpose in providing a financial incentive for the first 13 weeks of a person's employment.

As with other Employer Incentives Strategy programs, the Wage Subsidy Scheme supported an employer's decision to recruit a person with a disability rather than created a job opportunity.

### **Decision Point 5. The person with a disability can be integrated into the workplace**

The successful integration of a person with a disability into a workplace is critical to whether the job is sustainable over the longer term. While securing a job may appear to be the 'end' of the recruitment cycle, it is the start of the integration process.

There are two major aspects to integration. Workers with disabilities sometimes need adjustments to their physical workplace so that they can work as productively as possible. Employers also often need ongoing post-placement support to ensure the new employee is integrated into the workplace and work team over the longer term.

#### *Workplace Modifications Scheme*

During the consultations the employers were supportive of the WMS, saying it provided practical assistance with the real cost of employing a person with a

disability. However, the business people said the financial assistance was not the deciding factor in whether to recruit. Instead, it supported their decision to hire.

The telephone survey of employers is consistent with this view. The primary motivator for employing the person with a disability was the worker's skills and qualifications; subsidies were the least important factor in the decision.

Of the respondents who had been rejected for WMS funding, 89 per cent still gave the person with a disability a job. Seven out of ten of the employers financed the modification themselves, with the employee, service provider or other government schemes each providing 10 per cent of funding. Around 30 per cent of the modifications cost more than \$5,000 and 24 per cent between \$500 and \$5,000.

Some employers acknowledged that they would not employ a person if they did not receive some assistance with up-front costs, as employing a person with a disability "should not cost an employer more". One employer had terminated two workers because the applications for workplace adjustments had been rejected on the grounds they were not sufficiently specific to the workers' needs.

Overall, the concerns expressed most often by employers and DES providers in the consultations related to certainty of funding, efficiency in the program's administration and the suitability of its eligibility criteria. Many wanted a range of improvements in these areas.

#### *Service provider support*

Most employers highly valued ongoing and responsive service from a service provider, and rated service quality as more important than any single program.

While most DES providers were good at understanding the needs of, and focusing on, their clients, we also heard about some variation in the level of service to employers. Many providers met their expectations, however some employers reported experiences with DES providers who had not sufficiently considered their needs or understood the drivers of their business.

The employers said they were more likely to employ a person with a disability and offer the DES future vacancies when they provided professional, quality service. Most wanted to work in a partnership with a single DES provider and establish a long-term relationship.

DES providers in the consultations said the level and extent of support they offered to employers would vary from case to case, depending on the needs of the worker and the employer. While the major focus was normally on their clients, they sought good working relationships with employers as they were the key to securing job opportunities and sustaining them.

## **Decision Point 6. It worked and they have somewhere to go for help if things go wrong**

At this final stage of employment decision making, businesses decide whether their recruitment of a worker with a disability has been a success. The employers will have completed the worker's early integration and received post-placement support. At this stage, peer support and recognition, together with confidence in the recruitment process, are critical to the business being prepared to "do it all again".

For these employers who successfully employ people with disabilities, they nominated access to further information, advice and support from local networks, professional associations, and fellow employers as potential ways for encouraging ongoing recruitment. Those without support networks found it difficult to deal with post-placement issues. However, those with ongoing relationships with their DES providers believed the providers delivered strong support.

Businesses valued being "connected" to their peers so that they could share their experiences, learn how others were gaining benefits or resolving problems, and generally to tap into the enthusiasm and support of like-minded employers. This applied not only to business owners, but also to the human resources managers and business unit managers who were also involved in employment decision making.

The employers said they valued the Prime Minister's Employer of the Year awards, but many wanted to see more recognition mechanisms set up, including local rewards and more innovative approaches.

Victoria had its own reward system for employers, the Diversity@work's "disability friendly" recognition program. Leading DES providers were also active in developing their own system of rewards for their local employers. Employers wanted these types of initiatives encouraged.

Most particularly, employers and DES providers wanted rewards to reflect exceptional achievements in employing people with disabilities, rather than simply for providing jobs to the same groups of people with disabilities.

Many employers had existing business networks, both formal and informal. However, disability issues rarely featured in these forums, except for regular human resource conferences. Most employers of people with disabilities had to take the initiative themselves if they wished to harness the support of others.

## **Chapter 5. Key Areas for Action**

In this review of the Employer Incentives Strategy, we have gone back to basics to investigate what Australian employers really require to encourage them to hire more people with disabilities – today and into the future. We have also looked closely at international experience to ensure we consider any strategies that have proved effective in other places.

Our proposed key areas of action are grounded in the substantial knowledge we have gained from the employers, Disability Employment Services, Disability Recruitment Coordinators and many peak groups who took part in our consultations. Their insight has provided direction on the issues of highest priority - current activities that need to be expanded and areas where new approaches are required.

The incentives and tools proposed here have been specifically designed to work as an integrated package. Together, they are intended to address the issues that influence employer action throughout their decision making cycle.

Clearly there is much to be done across a range of areas – detailed recommendations need to be developed and changes delivered over a number of years in a way that ensures that each area of action builds on, and reinforces, the others. The areas of action provide both an initial way forward for encouraging greater employment of people with disabilities into the future and a blueprint for a longer term response.

### **Action 1. Undertake a collaborative policy development and implementation process involving stakeholders**

For measures to work as an integrated suite, it is critical at the outset to further develop policy and plan implementation carefully in collaboration with all stakeholders. People with disabilities are one of the more vulnerable groups of Australians and it is essential that policy is developed through ongoing consultation and that gaps in service and unnecessary disruption to the sector are avoided.

Most importantly, changes to current arrangements should be implemented in a staged approach. It is essential that the necessary supports and structures need to be established *before* any broader awareness raising begins, so that we are ready to harness the expected increase in demand from employers.

A staged approach will allow further work to take account of the other major reforms that are occurring simultaneously in the disability sector. The proposed areas of action are complex and any changes made would need to be carefully integrated with other reforms.

Changes should be made in a way that builds on the most successful components of the current Employer Incentives Strategy so that momentum can be maintained in the transition to a new strategy.

A key aspect of further work will be to build on the collaboration that has been established through the review process. We will work with stakeholders to ensure they continue to add value to the Employer Incentives Strategy.

FaCS has been engaged in discussions with industry bodies and employers to test and explore possible support for the establishment of an employers' forum on disability. This forum, if and when established, could assist in oversighting the further development of strategies for encouraging employers to hire people with disabilities.

In further work, a whole-of government view must be taken. Some of the areas of action, such as the campaign to raise employer awareness of the benefits of employing people with disabilities, should be coordinated across all portfolios and agencies that have similar goals in improving opportunities for people with disabilities.

## **Action 2. Build employer awareness of the contribution people with disabilities can and do make**

In the first stage of employment decision making, employers need to "think that it is reasonable" to employ a person with a disability before they will begin the recruitment process. However, the consultations showed many employers were a long way from this point.

Many employers were wary of hiring people with disabilities - or did not even consider the possibility - simply because they knew little about them and were fearful of the risks they perceived could be involved. Such perceptions do not belong only to employers: employer attitudes reflect the broader attitudes of the community. Broader attitudinal research shows the community is similarly unsure of the work capacities of people with disabilities.

The employers also displayed a willingness to change during the focus groups once they were provided with information about the positive aspects of employing people with disabilities. This suggests the potential power of information and communication in changing their perceptions and influencing their subsequent recruitment behaviour.

Service providers and DRCs currently communicate with employers on a one-to-one basis, and do so with varying degrees of success. By its nature, this type of communication is highly personal and individually targeted. It is also very resource intensive, given the time DES providers must spend in promoting workers with disabilities before they begin to market their own services.

During the consultations, the DES providers called for a national campaign to raise employer awareness of the capacity of people with disabilities to add value in the workforce as a way of complementing and supporting their own awareness-raising activities.

This view was shared by businesses participating in the consultations. Most of them already did employ people with disabilities and they believed that a national campaign could have a real impact on other businesses not yet doing so.

In total, there are more than 600,000 businesses in Australia. Within those companies, many people make decisions about recruitment – business owners, human resources managers, and branch managers. In turn, businesses considering whether to employ or retain people with a disability are influenced by their staff, their shareholders, and their customers as well as by groups such as unions and industry associations.

Therefore, any awareness raising campaign could have a dual focus. Employers themselves would be the primary target, but there might also be value in running all or part of any campaign in the mainstream media so that other stakeholders such as fellow employees, shareholders and customers would be exposed to its positive messages and employers would be conscious of potential support from these quarters if they were to change their approach to employing people with disabilities.

Most people in the consultations explicitly identified television as the prime medium to reach and influence the general community, while recognising the significant expense of any large scale television campaign.

An awareness raising campaign could be designed to show the *abilities* of workers with disabilities, highlighting their value as workers and addressing employer preconceptions about their work capacities. The campaign should aim to:

- present a positive image of people with a disability as employees;
- show people with a disability as ‘ordinary people’ in the workforce and as being capable of doing high quality work in the same way as their fellow workers; and
- show working people with many types of disabilities, including people with no obvious disability.

To maximise the potential for sustainable results, awareness activities should be carefully timed. Firstly, the necessary supports should be in place prior to undertaking awareness activities., and secondly they should be complemented by other elements of the package and by activities undertaken as part of the government’s broader participation agenda.

### **Action 3. Provide targeted information, advice and support to employers about employing people with disabilities**

The consultations highlighted the need for employers to access concrete, consistent information both at the critical early stage of recruitment and throughout the recruitment process. They wanted the information to be credible and available through a variety of channels.

Many employers who had not employed people with disabilities previously said they had limited understanding of how to recruit job seekers with disabilities and had no idea of where to look for information if they needed to. Generally, they received diverse information from government and wanted a single, easy-to-access information source.

An “information bank” could be set up to give employers access to a single information point on employing people with disabilities, combining the information normally supplied by government, industry associations and DES providers.

An information bank would provide consistent, accurate, credible and up-to-date information to employers about issues that they have identified as important. Examples include the business case for employing people with disabilities and the operation of the Disability Discrimination Act. It could also supply questions and answers on key issues and fact sheets on areas such as “how to set up an interview” or “how to conduct a work trial”

Industry associations would be able to use the information bank, or rebadge information from it, as a resource to help their member companies to employ people with disabilities. Disability Employment Service providers could use it in the same way.

In addition the information bank could include facilities such as printed information, a website for online access to information with an email question and answer facility, and a telephone help line to provide a one-stop source of information and referral.

Employers overwhelmingly supported a help facility, saying it would assist them to find answers to questions arising during recruitment. A help line would be particularly important for employers who did not have a relationship with a service provider and would support people with disabilities who had found jobs through their own initiative.

Another important support for employers was in being able to access information and support from their peers. Many of the businesses preferred disability issues to be raised through their current networks and forums. They wanted information from businesses like theirs. This suggests that information and advice to employers could be targeted through existing forums, including channels

provided by industry associations, chambers of commerce or local informal networks.

#### **Action 4. Identify mechanisms to recognise employers' performance and encourage ongoing improvement in employers' efforts to recruit people with disabilities**

The consultation findings highlighted that companies already employing people with disabilities want to see more recognition of their achievements in employing people with disabilities, and of their willingness to do more.

Recognition is important as it reinforces the employer's decision to hire a person with a disability. It provides tangible evidence of their achievements, enabling managers, co-workers and customers to share in the public spotlight.

Australian industry has a good record on voluntary action and responds best to calls for, and government recognition of voluntary, industry-sponsored action, rather than regulatory approaches. International evidence also suggests that regulatory methods for increasing the employment of people with disabilities have not always been entirely successful.

Many of the larger businesses said gaining recognition enhances their reputation both as a good corporate citizen and an employer of choice. Importantly, external recognition can create "a new bar of achievement" for the company, with customers, suppliers and staff expecting it to maintain, if not exceed, its high standard of employment practice.

Currently, the Prime Minister's Employer of the Year awards is the Commonwealth's major vehicle for recognising the achievements of businesses. These are high-profile awards, providing practical examples of companies who are successfully hiring people with disabilities.

Other recognition schemes have also been set up by DES providers and DRCs. Diversity@work's "disability friendly" recognition program in Victoria covers a cross-section of industry sectors and recruitment activities. Edge Employment Solutions in Western Australia has also developed its own system of rewards.

There is room to build on the success of these existing awards and particularly to ensure there is a mechanism to "raise the bar" of expectation, providing an impetus for ongoing improvement in employing *more* people with disabilities and employing people with a *broader range* of disabilities.

A number of models for a recognition scheme are possible, including schemes operating overseas, and these should be explored with employers, DES providers and the disability community. Any new recognition scheme should be set up as a partnership between government and business in order to build industry "ownership" and commitment.

## **Action 5. Improve job matching services to increase mainstream recruitment of people with disabilities**

A potential source of many future jobs for workers with disabilities is Australia's larger national companies. Many of these organisations are already committed to employing people with disabilities, but they wish to recruit through mainstream recruitment processes.

The consultations showed that large employers wanted to recruit on a national basis and to choose from a pool of job seekers. The employers felt that the Disability Employment Services could not meet their needs as they were focused on creating tailored jobs for individual candidates.

Overwhelmingly, the employers were positive about the way DRCs provided their services. They liked the way DRCs provided a single point of contact for job referrals and valued the specialist skills of the DRCs in disability issues as well as their understanding of the employer's business. However, employers also wanted a single process to recruit nationally.

While many DRCs are trying to respond to large employers by partnering with each other in certain areas, they are constrained from meeting the companies' needs by several factors. The five DRCs are State-based and hence have a State focus. As outlined in Chapter 4, each DRC has its own model of operation and adopts individual strategies and approaches to meet its specific objectives.

The DRCs are also contracted to deliver a specific number of placements each year (around 500 placements per year in total) but they are not funded in a way that rewards them for exceeding this number of vacancies. Alternative models for delivering a job matching service could provide incentives to find more vacancies and encourage innovative approaches such as partnering with DES providers or mainstream recruitment agencies to secure more placements.

The consultations highlight the need to build on the strong foundations laid by the DRCs, while also addressing the requirements of large companies in order to expand job opportunities.

In considering the best ways to achieve this, there is a need to explore the scope for a more streamlined interaction between the Job Network and FaCS funded Disability Employment Services.

There might also be a need for Government to seek tenders for the provision of a new service or new services not specified in existing contracts, with an expectation that a range of current players might be interested in tendering, including Job Network Providers, Disability Employment Assistance Service providers and DRCs.

## **Action 6. Develop a robust platform for work trials**

Work trials were rated in the consultations as the most important mechanism for overcoming employer fears, testing job seeker skills and building confidence, and getting people with disabilities into a job. However, there are complex issues surrounding the operation of work trials.

Generally, employers want clear and consistent information about what would be involved in a work trial. However, current arrangements for work placements vary depending on whether a job seeker goes through CRS Australia or a non government service provider, who would normally arrange a trial for a particular job seeker. Different States also have varying legislative requirements that have an impact on work trials.

There was uncertainty among both employers and DES providers over the issue of insurance coverage for work experience and unpaid work trials. Many were experiencing increases in their insurance premiums, while some were receiving conflicting advice about the extent of coverage needed. The lack of clarity was discouraging the use of work trials.

Service providers during the consultations were concerned with ensuring that work trials are used as a tool for finding long-term jobs for workers. They were worried that work trials could result in temporary placements becoming a de facto employment outcome. The goal always should be permanent work for the job seeker.

Employers were also uncertain about the legal implications of deciding not to employ a person with a disability after giving them a work trial. They thought that even if the person did not turn out to be a suitable employee, they might be open to claims for unfair dismissal or discrimination if they terminated the placement.

Clearly, many complex issues need to be addressed before work placements can take place with more certainty for the employers, job seekers and DES providers involved. The CRS Australia work trial model cannot be simply expanded and adopted for all work placements, as its significant costs are met under the different funding arrangements that apply to vocational rehabilitation.

Clear information should be provided around what is involved in work experience, unpaid and paid work trials. The information could be made available through the information bank proposed in Action 3.

Developing consistent information for employers on work placements would not hinder the capability of DES providers to design trials that fit individual circumstances. Service providers would still have the flexibility to pursue creative, tailored options, but could do so on the basis of a clear understanding of the implications of their undertaking.

This approach to developing a robust platform for work trials would ensure some of the more complex issues surrounding insurance and legislative liabilities could be analysed over the next two years. There might also be value in developing a range of standard agreements to ensure a common understanding of the rights and responsibilities of all participants in different kinds of work placement.

Clarifying these complex issues and developing clear information for employers and service providers would require further discussions with the Human Rights and Equal Opportunities Commission and the ACTU. It would also require investigation and analysis of the legislative framework including Commonwealth and State legislation relating to both discrimination and employment.

### **Action 7. Improve productivity based wage assessments**

The consultations highlighted that stakeholders regard the Supported Wage System positively because of the way it provides a fair wage for the work undertaken. However, they thought that quality of workplace assessments, administration and access to the system are areas that could be improved.

The method of workplace productivity assessment currently works best for people with a stable level of disability and for workers in jobs, such as in manufacturing, where productivity is easily measured and compared. Although some DES providers said the assessment system was flexible enough to deal with more complex cases, they agreed that it was less suitable for workers who had episodic conditions and who were doing work involving varying skill levels, such as in knowledge-based jobs.

The DES providers and assessors believed assessment would be more effective if it better reflected the quality of the work undertaken, particularly given the growth in employment opportunities in service industries. The current approach was potentially restricting access to people with particular types of disabilities.

To improve workplace assessments, the current method for assessing pro rata wages under the SWS could be enhanced so that it can accommodate a broader range of characteristics of an employee's work and help to ensure that people with more complex types of disability have access to the scheme.

Account could be taken of the work already being done to develop a new wage assessment tool for supported employment. The proposed model for the new tool, including the scope of what it assesses, would provide important input in enhancing the SWS process.

A second area for improvement related to the competency standards of workplace assessors. Employers and DES providers were concerned that quality and consistency should be assured. The SWS evaluation also recommended that assessor accreditation should be established against nationally agreed competency standards.

The review of the workplace assessments could therefore look closely at the accreditation, training and monitoring of workplace assessors with the aim of establishing consistent national standards.

To accommodate any administrative changes, the guidelines for the SWS could be reviewed and updated following the enhancement of workplace assessments. The implementation of the new process could be integrated with the introduction of the new productivity assessment tool being developed for supported employment.

### **Action 8. Monitor usage of wage subsidies for people with disabilities in case based funding**

The mixed view of the value of the Wage Subsidy Scheme found in the consultations and the review process, centred around the fact that employers regarded finding the “right person for the job” as the chief motivator for employing a person with a disability.

The DES providers were reserved about the effectiveness of wage subsidies, saying they used them primarily as a last resort in negotiations with employers. Some employers believed subsidies acted as disincentives because of the negative perceptions they generated.

The views of employers and DES providers largely reflect the findings of the literature review. In a number of countries, wage subsidies were accepted as an incentive for employers as they could provide an employer with a positive experience of hiring a person with a disability.

However, wage subsidies were a relatively “blunt” instrument. Little research existed into employment outcomes after the subsidy was removed, whether over-subsidisation could be occurring, or if existing workers were being displaced. One analysis of programs between 1976 and 1986 showed that 75 to 85 per cent of placements would have taken place without subsidies.<sup>7</sup>

The Productivity Commission’s “Independent Review of Job Network” (2002) effectively argued for the retention of subsidies for hardest to help groups of people, but recommended such subsidies should also be tightly targeted.

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<sup>7</sup> Thornton, Patricia and Lunt, Neil. (1997a) “Employment Policies for Disabled People in Eighteen Countries – A Review”. Social Policy Research Unit, University of York.

The data analysis of the Wage Subsidy Scheme showed that in 2001-02, \$2.1 million was paid in total subsidies for around 2,000 job placements. Overall, subsidies seemed to be paid in 14 per cent of placements, with the average subsidy being \$1,100 per worker.

It appears that the overall funding used for wage subsidies has declined in the last few years, largely due to a decrease in usage by DES providers and employers. There are several possible explanations for the lower demand, although limitations in the data make these difficult to confirm.

The reasons include: the move away from block grant funding for DES providers to a reimbursement model in 2001-02; the introduction of a cap for any one individual to the current level of \$1,500 per placement; or the preference of DES providers to restrict the use of the subsidy, utilising it only as a last resort measure.

The potential introduction of case based funding, where wage subsidies could be “cashed out” and rolled into total funding, could also have an impact on the use of wage subsidies.

In the consultations, the providers liked the *flexibility* that cashing out wage subsidies gave them, but they were concerned about whether the amount of funding would be sufficient once cashed out. Cashing out of wage subsidies into case based funding seems to be compatible with the ways the Wage Subsidy Scheme has tended to be used in practice.

The use and impact of wage subsidies could be monitored as part of the implementation of case based funding.

## **Action 9. Improve the administration of the Workplace Modifications Scheme to make it easier to access**

The Workplace Modifications Scheme was highly supported by employers and DES providers. While a small program, with funding under \$1 million per year, it is pivotal in securing successful job outcomes for those job seekers needing a physical modification in the workplace.

During the consultations, employers and DES providers nominated certainty of funding for modifications, administration of the program, and eligibility criteria as areas for improvement in the scheme.

Funding was an issue as funds allocated to the Workplace Modifications Scheme within FaCS ran short before the end of the 2001-02 financial year. This led to some tightening of eligibility criteria and delays in processing applications, with consequent uncertainty for both DES providers and employers as to whether assistance would be available.

In the short term, internal funding allocations in FaCS could be adjusted to address this issue. The long-term funding needs for the scheme could be considered in the context of strategies for addressing increased demand for the full range of disability services within the portfolio.

Administration of the Workplace Modifications Scheme emerged as an issue due to the scheme's relatively high administrative costs. Currently the same processing procedure is followed regardless of the size of the application. A risk management process could be adopted to minimise the administrative costs of dealing with small claims below a nominated threshold. These small claims could have a streamlined approvals process.

In a similar way, the compliance costs for DES providers are also high because they must fulfil the same guidelines regardless of the amount of funds being sought. Guidelines could be reviewed so that procedural requirements are proportional to the size of the funding.

A final administrative issue related to the consistency of the Workplace Modifications Scheme with other Commonwealth schemes and any State-based programs. A whole-of-government approach needs to be taken to minimise any duplications, remove gaps in service and learn from the experience of other Commonwealth and State programs.

The consultations also highlighted that employers and DES providers were concerned that the program's eligibility criteria were too restrictive. For instance, the scheme targets funds to "new workers" in an organisation or an existing worker if their job is placed in jeopardy by the need for a modification. People qualify as "new workers" when they move from unemployment into a particular job.

This definition effectively excludes existing workers (whose jobs are not in jeopardy), who are promoted or change jobs but need a modification before they can carry out their new role. It excludes employers who wish to provide an adjustment for an independent job seeker who is not supported by a FaCS-funded service provider or a Job Network Intensive Assistance provider. Job seekers participating in the Supported Wage System or who are self-employed and not a current participant in New Enterprise Incentives Scheme (NEIS) are also excluded.

Consideration could further be given to the eligibility of the scheme to those groups of people with disabilities who currently cannot access the scheme. Issues that should be investigated include:

- expanding the eligibility to all people with a disability;
- reviewing the current grounds for rejection, particularly 'not new worker' and 'reasonable adjustment' reasons; and
- extending the scheme to people who are self employed (and not current participants in NEIS) and investigating the implications of doing this.

## **Action 10. Encourage and support best practice among Disability Employment Service providers**

Employer consultations during the review showed job opportunities for people with disabilities are more likely to come from employers whose expectations of a quality service are being met. Therefore, DES providers will maximise their chances to secure jobs for their clients if they can meet employer expectations.

The two main areas where DES providers can provide good practice to employers is in recruitment and post-placement support – the early and late stages of the employing decision making cycle. While most services providers already have a strong client focus, the quality of the providers' relationship with employers varies widely.

Useful information about ways for improving service provider performance will be forthcoming from the "Research into Open Employment" study that FaCS has commissioned to identify performance indicators for the sector.

The research will analyse sector performance and develop suitable performance indicators as part of an ongoing continuous improvement framework. The project will undertake an employee and employer satisfaction survey, as well as identify good practice in areas of service management and service provision.

Many DES providers are demonstrating best practice in providing service to employers and the opportunity exists to build on their example and encourage best practice across all providers. Aspects of service that the employers valued most highly include:

- **Understanding of the employer's business.** Employers value DES providers who understand their recruitment processes, current staff profile, business objectives, and how a person with a disability would fit into and add value to their business.
- **Upfront disclosure of the person's disability.** Employers respond favourably to DES providers who explain the extent of a worker's disability and any potential issues or risks that could arise as a result of the disability and who offer possible solutions if these risks arise.
- **Implications of the potential business risks for employers.** DES providers win the confidence of employers by explaining requirements under occupational, health and safety, industrial relations and disability discrimination legislation, and by helping them to understand the likely insurance implications of taking on a worker with a disability.
- **Focus on employer needs.** Employers respond favourably to DES providers who put high priority on any issue or need that arises after a worker starts a job, especially in the early stages of placement. Such providers understand the need to assure the employer that they are always available should they be needed.

- **Clear processes for recruitment and integration.** DES providers can add value from an employer perspective by facilitating applications for government funding, helping with the selection of candidates and assisting with on-the-job and co-worker training.
- **Supporting evidence for employment.** Employers value DES providers who know how to clearly articulate the business case for employing people with disabilities. Providers also “showcase” their clients to employers, such as through employer testimonials or photos of a job seeker in the workplace.
- **Networking and promotion.** Employers value DES providers facilitating functions and networking opportunities between employers, workers and the community. They also value providers who promote their placement successes and reach employers through a variety of sources such as local media, local council and Chambers of Commerce.

FaCS has been working with the disability sector to establish a continuous improvement framework for DES providers. Among other things, it encourages strong and effective relationships with employers and sensitivity to their needs and perspectives.

FaCS has also introduced a new quality assurance system for DES providers that measures quality against a set of disability service standards. Service providers who meet the standards will be certified and eligible to continue receiving Commonwealth funding.

Developing a recognition mechanism for DES providers could also encourage best practice. One option could be to create a separate category for DES providers in the Prime Minister’s Employer of the Year Awards. Alternative options could also be investigated.

## **Chapter 6. Conclusion**

This review of the Employer Incentives Strategy has investigated how to meet the substantial challenge of improving employment opportunities for people with disabilities.

We have looked at international experience, analysed the data for existing components of the strategy, and worked with all stakeholders to identify and address the issues and challenges that surround the employment of people with disabilities.

Our proposal for linked areas of action is designed to influence employer decision making throughout the recruitment process.

Changes based on this approach would need to be delivered in a staged way that maintains and builds on the considerable effort to date to support and encourage the recruitment of people with disabilities. The approach also lends itself to being further enhanced over the longer term to meet increasing demand for job opportunities for people with disabilities.

The integrated nature and breadth of the approach, underpinned by Australia's existing legislative base relating to employment and disability, means Australia would have an employment package that covers all areas identified internationally as key to improving job opportunities for people with disabilities.

We want to thank the many people who contributed through the consultations and in the formulation of this report and look forward to building upon this collaborative approach in developing more detailed implementation plans.

The proposed approach developed collaboratively through this review now provides a way forward for encouraging greater employment of people with disabilities into the future.

## **Attachment A – The Review Process**

The review process placed employers at the centre of the investigation. Understanding the attitudes of Australia's broad mix of employers - their beliefs and what drives them - is critical to motivating them to change their recruitment practices.

Disability employment assistance services and disability recruitment coordinators were also key information sources for the review because of their experience in working with employers to recruit people with disabilities. The services provided an additional dimension to the employers' views of the barriers and issues involved.

Peak groups, industry and consumer associations, and other Commonwealth agencies, were also consulted.

### **Review objectives**

The objectives of the review were to:

- evaluate existing programs for effectiveness and appropriateness;
- identify strategies to encourage and support employers to employ people with disabilities;
- encourage greater participation by all businesses – small, medium and large;
- take account of the future need for services; and
- be consistent with other business-focused initiatives.

### **Terms of reference**

The terms of reference for the review are as follows:

“The review will identify strategies to provide better encouragement and support to employers. It will be a consultative process involving all relevant stakeholders, including industry associations, business users and non-users, people with disabilities and service providers.

“The Government is committed to a long-term process of welfare reform. Welfare Reform elements, which will inform the outcomes of this review include:

- Restructuring income support payments to focus more on economic and social participation;
- Individualised service delivery customised to people’s needs; and
- Further business engagement in contributing to the reform process.

“In particular the review will: Evaluate the existing Employer Incentives Strategy, including the Workplace Modifications Scheme, the Wage Subsidy Scheme, the Disability Recruitment Coordinator services and the Special Employment Placement Officer programs, by collecting and analysing information on the effectiveness (including cost-effectiveness) of the programs. The review will also incorporate the findings of the Supported Wage System Evaluation.

“Based on these findings and the welfare reform framework, recommendations will be made to encourage employment opportunities for people with disabilities and other disadvantaged groups. These recommendations will:

- encourage greater participation by all businesses, including small to medium sized enterprises;
- take account of future demand for services;
- take a whole of government approach; and
- be consistent with other business-focussed initiatives, such as the PM’s Community Business Partnerships and the proposed employer forum.”

## **A comprehensive, iterative process**

The review process operated in an iterative way, so that at each stage of the review the learnings gained from different sources and methodologies were used to inform the next stage of investigation. As issues or information gaps emerged, we adjusted the process to ensure all issues were examined.

The building blocks for the review were: national consultations with stakeholders; focus groups with employers and disability employment assistance services; a national telephone survey of employers; an international literature review; and a data analysis of existing components of the Employer Incentive Strategy.

### **Stage 1: Scoping and early consultations**

At the outset, it was essential that we understood the scope of the task and the key issues involved. Key peak groups including ACROD, ACE and the National Diversity Think Tank were consulted on the terms of reference of the review to assist in ensuring the boundaries were appropriate and the process would achieve the specific objectives.

The peak groups assisted in identifying the full cross section of disability employment assistance services to include in the consultations. They also helped in providing information to the disability employment assistance services about the review and in coordinating attendance at meetings and focus groups.

In this first phase of consultations, we met individually with a broad cross-section of employers, DRCs, disability employment assistance services, and State and local governments. The prime focus was learning about the major attitudes of employers to employing people with disabilities, as well as identifying the key barriers and benefits that were important to employers. This formed the basis for the next stage of consultations.

At the same time, a **literature review** was conducted to gain an up-to-date understanding of what is and is not working in other countries, including any potential models for employer support that should be considered in the review. The literature review identified seven broad groupings of employer incentives, each of which covered a number of specific programs or models. The groupings were:

- **Leadership** - initiatives that establish a clear and coherent direction for employer incentives and inspire employers to adopt specific employment practices (such as employer incentive strategies; government task forces; and industry forums);
- **Employment regulations** - regulations that require employers to comply with certain employment standards and practices in relation to specified groups of employees (anti-discrimination legislation; return-to-work regulations; quotas);
- **Information and marketing** - initiatives to persuade and encourage employers to adopt certain employment standards and practices (awareness raising campaigns; employer recognition schemes; incentive marketing programs);
- **Financial inducements** - initiatives that create a direct competitive advantage for an employer to hire a person from a specified group (payments for work experience; wage subsidies; tax credits; supported wage systems);
- **Removal of financial disincentives** - initiatives that remove any competitive disadvantage of hiring a person from a specified group (cost reimbursements; supported employment);
- **Recruitment assistance** – initiatives that facilitate employers’ access to pools of appropriately qualified job seekers from a specified group; and

- **Employment creation** - initiatives aimed at creating new jobs or additional employment opportunities (temporary community and public employment jobs; self-employment).

The literature review provided an analysis each of these models, giving examples of various programs and the challenges they faced, and identified key factors that made particular models successful. These are summarised in Chapter 3 of the Report.

In this early stage, a **data analysis** was also commissioned to review the qualitative and quantitative data available for four components of the Employer Incentives Strategy, the:

- Workplace Modifications Scheme;
- Wage Subsidy Scheme;
- Special Employment Placement Officer (SEPO) initiative; and
- Disability Recruitment Coordinator service.

The data analysis enabled profiles to be drawn up for customers, employers and disability employment assistance services for the SEPOs and DRCs and user trends to be detailed for WMS and WSS. The data findings assisted in seeking out further information from subsequent focus groups.

The analysis highlighted where improved management data systems needed to be put in place to provide a better basis for program evaluation and continuous improvement.

## **Stage 2: Key findings and analysis**

In the second phase, the information from the scoping phase was collated into key findings and tested in **national consultations** with employers, DRCs, disability employment assistance services, CRS Australia, and State and Territory offices of FaCS. The consultations comprised both one-on-one meetings and **focus groups**. At this stage we looked at the detailed processes and issues relating to employing people with disabilities.

The consultations with employers focused on ‘unpacking’ both their general recruitment process, and their specific recruitment of people with disabilities, to determine the major factors that influenced their hiring decisions. Groups of employers were selected on the basis of “those who do” and those with no experience of hiring a worker with a disability.

Throughout the consultations, we met with a diversity of employers: large international businesses, national employers, and medium- and small-sized businesses. They were located in major capital cities, regional areas and remote areas, and operating in a mix of industry sectors, from primary and manufacturing industries through to services. The consultation schedule is set out below.

## Schedule of Consultations

### Stage 1. Scoping and early consultation

**4 - 15 June 2002**

#### **Meetings with:**

Coles, Telstra, Partnership With Industry, Employers Making a Difference, Diversity@work, Southern Success Business Enterprise Centre DRC, Westgate Community Initiatives Group, Interwork Ltd, Heta Inc, CRS Australia, Bayside Gate Employment Services, EPIC Employment Service, Network Employment Services, Key-Employment, The National Employment & Psychological Service Centre, WorkVenture Queensland, Queensland Department of Premier & Cabinet, Queensland Department of Employment and Training, Queensland Health, Brisbane City Council, FaCS State Offices (Queensland, NSW, Victoria, South Australia).

### Stage 2. Key findings and analysis

**27 June 02 - 1 July 2002**

#### **Employer Focus Groups**

*Adelaide* - seven employers, six from small business (less than 10 employees) and one from large national company all with some experience in employing people with disabilities.

*Mt Gambier* - six employers from small business (less than 20 employees) with limited experience in employing people with a disability.

*Melbourne* - five employers, three from small business (less than 10 employees) and 2 from large business (more than 100 employees) with limited experience in employing people with a disability.

*Geelong* - seven employers, six from small business (less than 20 employees) and one from medium business (less than 50 employees) with no experience in employing people with a disability.

**27 June - 8 August 2002**

#### **Service Provider Focus Groups** - Melbourne, Adelaide, Brisbane, and Perth.

Dandenong Job Support, Search Employment Options, Interact Jobplus, Workforce Placement Service, Geelong EmployAbility, Workbridge, Melbourne Employment Services, Yes Personnel, Royal Victorian Blind Society, SA Career, Career Systems, Personnel Employment, Barossa Joblink, Minda Job Placement, HETA, Interwork, Multiple Solutions, Royal Society of the Blind, Port Adelaide Central Mission, Link, JobMatch, PQ Employment, EPIC, Network, Bayside Gate, Workright Metro, Emtech Metro, Rocky Bay Metro, Intework Metro, Choice Metro, Forrest Personnel, Essential Personnel, Warren Blackwood Personnel, Good Samaritan Industries Metro, Edge Personnel.

## **27 June - 9 August 2002**

### **Meetings with:**

BiLo, Party Hire, Digiplus, Lush Cosmetics, IBM, TPM Worldwide, Westpac, Fleece Products, Western Mining Company, University of Western Australia, John Holland, the National Diversity Think Tank, Chamber of Commerce and Industry Western Australia, The Law Society of NSW, Council Of Small Business Organisations of Australia (COSBOA), Employers Making a Difference, Partnership With Industry, EmployAbility, CRS Australia, SA State Government, NSW Department of Education and Training, Brisbane City Council (phone call), FaCS State Offices (Western Australia), WISE Employment.

## **Stage 3. Road testing of framework and potential areas of action**

### **8 - 28 September 2002**

**Road testing with discussion groups:** Gympie, Brisbane, Newcastle, Parramatta, Darling Harbour (Sydney), Canberra, Bendigo, Melbourne, Launceston, Hobart, Adelaide, Whyalla, Perth.

### **Employer meetings**

\* Gympie - Madill's Holden, Smith & Sons, Suncoast Gold Macadamias, IGA Supermarket, Grevillia Gardens, Nestle, Pizza Hut, Cooloola Shire Council  
Brisbane - Brisbane City Council, Logan City Council, Commerce Qld, Griffith University, Apprenticeships Qld  
Newcastle - Newcastle Bus and Ferry Services, Newcastle Permanent,  
Parramatta - Cumberland Frank Commercial Lawyers, Tresmine, University of Sydney,  
Darling Harbour - COSBOA, Telstra,  
Canberra - Home Based Business Association (HBBA), FrontierIt Recruitment Consulting, Canberra Technology Park,  
Bendigo - Underwood Cleaning Service, Altor Windows, Wool Exporters,  
\* Melbourne - EJ&EM Martin, Mobility Plus Wheelchairs, Bakers Delight, Victorian Police, Eurest, Telstra, Quest Apartments, Davidson Trahaire  
\* Launceston - Country Club Resort, Drake Personnel, Chubb Security, Tasmanian Business Enterprise Centre, Northern Group Training,  
\* Hobart - Cancer Council of Tasmania, Royal Hobart Hospital, Department of Infrastructure Energy and Resources,  
\* Adelaide - Australia Post, Business SA, BiLo  
Whyalla - Point Pirie Community Bridging Services, Port Augusta Bridging Services, Industrial Marine Blasting  
Perth - Keygroup, Eurest, Murdoch University,

### **Service provider meetings**

JobMatch, CRS-Sunshine Coast, CRS-Gympie, PQ Employment, Bayside Gate Employment Services, Link Personnel, EPIC, CRS Australia – Newcastle, The MaiWel Group, Hunter LabourForce Solutions, Castle Personnel, House With No Steps, CRS Australia – Parramatta, Jobmatch, CRS Australia – Sydney, Workskills, Royal Blind Society, Centacare Employment, Special Training & Employment Placement Service (STEPS), First Contact, Royal Blind Society, Advance Personnel, Job Solve, Highlands Personnel, Royal Victorian Institute for the Blind, PEP Employment Inc, Search Inc, WISE Employment, Search Employment Services, Melbourne Employment Services, Job Connections, Echo Employment, Employment Options

\* Launceston – National Job Link, North West Support Services, Equity Personnel, Into Work, CRS Australia – Launceston,

\* Hobart – Supported Housing, CRS Australia – Hobart, Anglicare, Job Match,

Career Systems, MJP, PACM, Interwork, Personnel Employment, Royal Society for the Blind, HETA Inc, MS Society, Job Network, Intework North Western Region, CRS Australia – Whyalla, Emtech, Options Employment, Warren Blackwood Personnel, Intework, Workright, Rocky Bay, Forrest Personnel, Essential Personnel, Choice Personnel, CRS Australia - WA, Sound Works, South Metropolitan Personnel.

### **8 - 27 September 2002**

#### **Meetings with:**

National Diversity Think Tank (National Australia Bank, Qantas, Lend Lease, Council of Equal Opportunity in Employment Ltd, Commonwealth Bank, AMP, IBM, Equal Employment Opportunities Trust NZ), Coles, BP Australia, Council for Equal Opportunity in Employment, Human Rights and Equal Opportunity Commission, ACTU, Law Society of New South Wales, Victorian Employers' Chamber of Commerce and Industry,

National Disability Advisory Council (NDAC), Blind Citizens Australia, Deafness Forum of Australia, Edge Employment, Westgate Community Initiative Group, and DRCs - EmployAbility, Southern Success Business Enterprise Centre, Diversity@work, Partnership With Industry, Employers Making A Difference.

### **Final road test with peak groups and DRCs**

#### **15 - 22 October 2002**

ACE National, ACROD, National Diversity Think Tank, and DRCs - Partnership With Industry, Employers Making a Difference, Diversity@work, Southern Success Business Enterprise Centre, and EmployAbility.

The consultations with the disability employment assistance services also covered different types of providers - from the larger organisations that offered other employment services to the smaller specialised providers; from those who provided services to people with a diversity of disability types to those who

specialised in people with a single type of disability; and from those in major cities to those in remote and regional areas.

In meetings and focus groups with the disability employment assistance services, the discussions concentrated on the practices they use to approach prospective employers and “sell” people with disabilities, and cross-checked what the employers had been saying about employer motivation and behaviour. The extent and nature of job matching and the level of post-placement support were also canvassed.

We also covered major issues and findings with the DRCs, the large employer group the NDTT, and with other industry and consumer associations, and Commonwealth Government agencies.

At the end of this stage, we conducted a **telephone survey** of 80 employers to ensure we captured the views of those who had had direct involvement in the Workplace Modifications and Wage Subsidy schemes. Most importantly, views were sought on the impact and effectiveness of these programs.

The telephone survey canvassed two main groups of employers – those who had used the two schemes in 2001-02 and those who had been unsuccessful in securing funding under Workplace Modifications. To get a full cross-section of participants, a diversity of employers were selected for the survey, based on their size, location and industry. The survey covered a series of questions about the employer’s business, their decision process for employing a person with a disability, and their views on the Commonwealth assistance available.

For instance, the employers were questioned about whether they had received assistance to hire a job seeker with a disability, and of what type. If they had been rejected for modifications funding, they were asked if they had gone ahead with the recruitment. Those who had been successful, were questioned about the importance of the funding and if they would use the programs again.

The telephone survey confirmed comments from the earlier consultations.

### **Stage 3. Road testing of framework and potential areas of action**

The key output from the second stage was a model that summarised what employers and disability employment assistance services told us are the key steps involved in the decision to recruit a person with a disability. We tested the draft Model of Employment Decision Making, which is described in detail in Chapter 5, and again presented the major findings of earlier consultations to a new series of focus groups.

Three teams conducted the focus groups over three weeks, investigating the views of employers and providers. At the end of each week, the model was

refined based on the focus group sessions and by the end of the third week a final version had emerged. Potential areas of action were developed on the basis of the framework.

The model and areas for action were road tested with peak disability groups, employer bodies, DRCs, peak advisory bodies and the State and Territory offices of FaCS. We also met with the Council for Equal Opportunity in Employment, the Human Rights and Equal Opportunity Commission and the ACTU.

In addition to the stages outlined above, we ensured throughout the review process that we were open to all employers, disability employment assistance services, individuals and groups who wanted to contribute to the review. People took up our invitation to make informal submissions via email, telephone, or letter. The informal process was important in gaining the input of people who may not have been able to attend formal meetings or focus groups and were outside existing networks.

As a last step, we fine-tuned the Model of Employment Decision Making and the areas for action and went back to key advisory bodies and other stakeholders for final comments.

