



**A•S•U**  
**Australian Services Union**

**ASU Submission**  
**Disability Care and Support**  
**Productivity Commission Draft Report**

**Date:** 9 May 2011  
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## Introduction

- 1.The ASU welcomes the Productivity Commission's Draft Report and the proposal to introduce a National Disability Insurance Scheme (NDIS).
- 2.The ASU represents workers in the Social and Community Services (SACS) sector, which includes workers in Disability Services. ASU members are passionate about what they do. They are motivated to work in the sector by a desire to care, support and empower people with a disability, and vulnerable members of our community.
- 3.The ASU has received many messages of support from our members for the NDIS. The sector is excited at the prospect of the scheme, and our members are keen to see it introduced as soon as practicable.
- 4.The reason for the excitement is people see this as an initiative that will finally address the problems that beset the Disability Sector.
- 5.Those problems have been well documented;
  - a. Despite the extraordinary efforts of those working in the sector, the Disability Sector is failing to meet current demand for services. Let alone meet the predicted increase in future demand.
  - b. The workforce is in crisis. The low wages as compared to equivalent positions in the public sector means it is difficult to attract and retain skilled workers. This has ensured a high turnover of staff, which leads to a poorer service for service users.
- 6.It is encouraging to see these problems recognised in the Draft Report and a commitment to finding a solution. The ASU welcomes in particular the supportive comments in favour of the Equal Remuneration Case currently under consideration in Fair Work Australia.

7. The NDIS presents an opportunity to address these problems. A well designed scheme where Government plays an active role can meet the challenges currently faced by the sector. It is critical we get the design of the scheme right.
8. The design of the scheme as proposed in the Draft Report can be improved. This submission provides some recommendations around design issues, as they relate to the workforce and the funding model.
9. The ASU made an earlier submission to the Inquiry in response to the Issues Paper in August 2010. That submission is attached in Appendix 1.

## **Funding model**

10. The ASU strongly supports the philosophy of self determination and the objective of empowering people to exercise genuine choice in respect of service provision in the disability sector. The ASU believes this objective is better achieved by implementing a hybrid system of individualised funding and block funding. The ASU remains opposed to the cashing out of funding in whatever model is adopted.
11. The ASU canvassed the problems with an individualised funding model extensively in the original submission to this Inquiry and re-affirms these submissions.
12. The ASU is concerned about any proposal that would remove block funding and fund only on an individualised funding model.
13. Block funding has an important role to play in ensuring the sustainability of the sector. It gives providers funding security. Funding security is foundational to the provision of a highly trained, well paid, quality workforce.
14. The ASU urges the Productivity Commission to heed of the lessons of individualised funding in the child care industry and other essential human services. Where this funding model has worked, funding has been delivered through a hybrid system which continues to allocate a significant proportion of funds via the block method. The examples of individualised funding such as in Victoria and Queensland in the Disability Services Sector are in fact hybrid systems.

## **Decision making power**

15. The ASU supports people with a disability and their carers having decision making power over the nature of their care and support. As discussed in our original submission, the ASU believes that self directed planning is a more effective way of meeting the individual needs and aspirations of people with a disability. The ASU is concerned that a pure individualised funding model will actually reduce choice and the diversity of services in the Sector.

## **Funding levels**

16. It is critical to the success of the scheme, and viability of services that Government funding levels meet the full cost of service provision. The Draft Report recognises that current services are most often not fully funded.
17. Funding often falls short of the realities of quality service provision. Funding for wages is in many cases only provided for the time spent with a service user, and is only paid in accordance with the minimum rates in the Award. This limits the ability of organisations to pay workers a competitive wage and provide conditions that will enable workers to be attracted and retained by the sector. Inadequate funding can mean workers are not paid for the time that it takes to drive between service users' homes. In any other industries workers would be paid for this essential part of their job.
18. The funding shortfall is also experienced at a service level. Essential 'back of house' functions such as organisational and workforce development and maintaining financial systems are often overlooked by Government when allocating funding. This is particularly the case under individualised funding models where it is difficult to allocate these costs to an individual service user.
19. Too often, service providers sacrifice what are perceived as longer term initiatives such as workforce development in favour of more immediate funding needs. It is no wonder that the sector is facing a skills shortage.

20. Whichever funding model is adopted, it is crucial that the funding levels represent full funding for services. This is particularly important under an individualised funding model where back of house functions are less easily calculated and then charged to individuals.

21. The ASU recommends the Productivity Commission consult with service providers and unions to develop a funding formula that represents the true cost of service delivery.

## **Occupational Health and Safety**

22. The ASU also has grave concerns in relation to Occupational Health and Safety (OHS). Our members tell us that there is already pressure on workers, especially those working in service users houses, to bend OHS guidelines. One example of this is our members are often asked to undertake or approve the act of heavy lifts without equipment such as a hoist. Workers need to have protections in place that will prevent the imposition of undue pressure from an employer, service user, carer or co-worker to undertake activities that are dangerous. This is particularly important under an individualised funding model where additional pressure may be placed on an individual worker in order to secure or retain an individualised funding package.

## **Wages**

23. The ASU supports the findings of the Draft Report with respect to the need to increase the wages of workers in the Disability Sector. Increasing the wages of Disability Services workers is critical to the Sector's efforts to retain the current workforce, and attract new and more highly skilled workers to meet growing demand. The current wage levels reflect outdated notions of women's work and the value of carers are undervalued as compared to those in comparable positions in the public sector and in Queensland where and pay equity adjustments have been applied.

24. The ASU welcomes the Productivity Commission's statements in the Draft Report in favour of the Equal Remuneration Case in Fair Work Australia. However it is

important to note that the Federal Government and some State Governments have expressed concern about funding the outcome of the case. This funding is essential to translate any increases awarded by Fair Work Australia, into reality for workers in the sector.

25. Even in light of a successful case, and commensurate Government funding to implement it, there will still be a need for ongoing vigilance to ensure wages keep pace with CPI and collective bargaining outcomes in comparable sectors. The case only deals with a 'one off' increase to recognise historical undervaluation of the sector. Ongoing attention and action is needed to ensure wage value is maintained over time.
26. The Draft Report is light on detail about how wages will increase independent of a favourable decision in the Equal Remuneration Case. The Draft Report seems to suggest that wages will be set initially by the NDIA, but will be eventually be subject to market forces. If this is the intention, the ASU can foresee some problems with this approach. The market has failed to provide decent wages in this sector, as evidenced by the current low wages across all classifications. Why would this be any different in the future? If anything the 'free market' in this circumstance will depress wages and exacerbate the workforce crisis currently experienced by the sector.

## **The role of the market in wage setting in the sector**

### *Market structure of the SACS sector*

27. The ability of the market to deliver fair wages for workers in the Social and Community Services sector was the subject of significant argument in hearings for the Equal Remuneration Case in Fair Work Australia.
28. Patricia Lowson, counsel for the ASU and other unions, cross examined Professor Cobb Clark, Director and Ronald Henderson Chair at the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne on the nature of the market in the SACS sector.

29. Cobb Clark explained that the SACS market is a monopsony. Monopsony's occur when there is a single purchaser of services. Cobb Clark explained that "In the standard economic model, there is an assumption that there are multiple employers and multiple workers and the issue of differential bargaining power effectively doesn't arise because workers are free to move to other employers.

30. On the face of it the SACS sector and the subsector of disability services appears to have a thriving labour market. There are a multitude of employers and workers regularly move between them. In fact this is a market mirage. Behind the many service providers sits one funder, the Government.

#### *'Competitive segments of the market'*

31. The Draft Report foresees that the NDIA will retain price control in the short term but in the longer term the "NDIA may be able to give up price controls for the competitive segments of the specialized disability services sector."

32. The ASU is skeptical that such competitive segments exist. Even if they do it is unclear how they will increase wages. Even under an individualised funding model where consumers can 'cash out' their funding, the pool of funding for wages remains constant. All that changes is who pays the wages to the worker. The actual amount allocated by the Government to the worker's wages remains the same. The monopsony is maintained.

#### *The 'cash out' option*

33. The Draft Report conceives of situations under an individualized funding model where a consumer will forgo the length of time they receive support in favour of a paying higher wages to attract someone more skilled. This appears to be the basis of the claim that market forces will increase wages.

34. The ASU believes these situations are the exception, not the rule. These exceptional instances may allow a minority of workers, with highly specialised skills in high demand areas, to receive higher wages. However it does not address the systematic issue of low wages for the great majority of workers in the sector.

### *Consumers topping up government funding*

35. Maybe what is actually being suggested is that consumers top up government funding to attract better skilled workers. As a strategy for lifting wages in the sector, this is equally flawed.
36. While some families may have the capacity to pay, many will not. The vast majority of consumers will still rely on the government funding to pay the wages of their supporting workers.
37. Those consumers should not receive a lesser quality care than what is offered to those with the capacity to pay.
38. The workforce should not rely on the exceptional cases of wealthy consumers to lift the market rates. Ultimately Government will still determine the vast majority of worker's wages in the sector, and those wages should reflect the value of the work being undertaken.

### **Role of government in wage setting in the sector**

39. What is clear in each of these scenarios is regardless of the funding model used the responsibility will fall to the ultimate funder, Government, to ensure workers in the sector receive fair wages. The market cannot bring about this outcome.
  40. The ASU recommends a number of principles which should be incorporated into Government funding decisions and agreements with providers. The principles are essential to the success of the NDIS.
- **Funding increased to reflect the outcome of the Equal Remuneration Case in Fair Work Australia**
41. This is the most important principle that must be adopted if Government is serious about addressing the workforce crisis currently facing the sector, and supporting a sustainable workforce in Disability Services.



42. As mentioned above, the ASU is still waiting on a decision by all levels of Government on whether they will fund the outcome of the case.

- **Ongoing funding increases to reflect cost of living increases and the needs of the sector**

43. The Draft Report claims that “wages in the disability sector will probably rise in line with average weekly earnings over the longer run.” However there is no detail about how this will occur. Given the history in the sector there is no guarantee that this will occur naturally.

44. One of the reasons that wages are so low in the sector is because of long term deterioration of wages in real terms. Workers in the sector have been unable to secure increases to their wages for a number of reasons. The first is that government funding to providers has in many cases not been increased annually to reflect CPI. This effectively denies workers a pay rise as the money isn’t available to fund increases. The second reason is workers have been unable to collectively bargain to secure increases, as they do in other industries.

45. The first problem is one created by Government. In many cases Government funding increases are discretionary and even those increases that seek to maintain current funding in real terms are contentious. Service providers must therefore negotiate to obtain increases and these negotiations do not always secure an outcome.

46. Without an increase in funding it is difficult for providers to increase the wages of their employees. Over time this sort of funding method leads to reduction in worker’s wages in real terms.

47. The second problem is the inability to collectively bargain. This is also a creature of the funding model applied by Government. The Draft Report recognises this problem when it states “the way government contracts are organised makes it very difficult to pay staff more than the award wage.” Of course it’s not so much an issue of the way the contracts are organised, but the simple reality that Government funds according to Award rates.

48. It is difficult for providers to pay above the Award rate because funding is only provided by the Government at this base rate. Only the big providers in the SACS sector, such as Mission Australia and the Salvation Army, who have alternative sources of income can afford to pay Agreement rates, and even these rates are restricted by the tight funding environment.
49. The right to collectively bargain is a right recognised by various international conventions, and is central to the Fair Work Act. It is a right that is not realistically available to many workers in the SACS sector because Government refuses to fund the outcome of any wage agreements that are negotiated between the workers and their employers.
50. Award wages are supposed to be a safety net, not the normal sector wide rate of payment. The objectives of the Fair Work Act clearly provide that modern awards (along with the NES and national minimum wage orders) exist to ensure 'a guaranteed safety net of fair, relevant and enforceable *minimum* terms and conditions'. It also says that 'enterprise level collective bargaining' is to be encouraged in order to achieve 'productivity and fairness'. The Governments funding arrangements in this sector effectively preclude workers from gaining access to wages that reflect productivity and fairness via an enterprise agreement.
51. The ASU recommends that Government fund Disability Service providers to a level that is based on Agreement rates rather than Award rates.
- **Government must require providers pass on any funding increases to workers.**
52. Even when Government increases funding in accordance with CPI the providers don't always pass these increases on to workers. The most glaring example of this sort of conduct was raised in the hearings for the Equal Remuneration Case in Fair Work Australia. This situation involved the funding increases awarded by the Queensland Government to SACS providers in accordance with the successful 2009 Equal Remuneration Case in the Queensland Industrial Relations Commission.
53. Mission Australia received the QLD Government funding to enable it to increase wages to its QLD workers. However Mission Australia is a constitutional corporation

and therefore employs its workers under the Federal system and so it was legally unaffected by the decision of the state tribunal. Its obligation to pass on the funding increase to its QLD workers was a moral obligation, rather than legal one.

54. The transcript of proceedings explains the relevant conduct:

TRANSCRIPT OF PROCEEDINGS  
Fair Work Act 2009 38719-1  
JUSTICE GIUDICE, PRESIDENT  
VICE PRESIDENT WATSON  
SENIOR DEPUTY PRESIDENT ACTON  
COMMISSIONER HARRISON  
COMMISSIONER CARGILL  
C2010/3131

s.302 - Application for an equal remuneration order Application by Australian Municipal, Administrative, Clerical and Services Union & Health Services Union and Others (C2010/3131) Social, Community, Home Care and Disability Services Industry Award 2010 (ODN AM2008/79) [MA000100 Print PR991066]]

Melbourne 10.09AM, THURSDAY, 10 FEBRUARY 2011, PN4693 - PN4695

**MS LOWSON (COUNSEL)** Mr Hopper, you indicated that you received funding from the Queensland government in respect of the equal remuneration order increase in Queensland to the tune of some half a million dollars. Do you recollect that?

**LINCOLN HOWARD HOPPER (MISSION AUSTRALIA)** I do.

**MS LOWSON (COUNSEL)** You also have a certified agreement which guarantees the payment of 1 per cent above, according to Mr Davidson, whatever the highest rates of pay are under an award which he says is currently the New South Wales - what I think is now a transitional 2B instrument - it's a NAPSA? Sorry, the NAPSA. Queensland employees who are subject to the state jurisdiction, or who were subject to the state jurisdiction, received an order - came under the order of the Queensland Industrial Relations Commission, but Mission Australia wasn't affected by that directly. Is that right?

**LINCOLN HOWARD HOPPER (MISSION AUSTRALIA)** That's correct.

**MS LOWSON (COUNSEL)** In Queensland then, the rates that are paid are the New South Wales NAPSA rates plus 1 per cent. Is that right? Is that correct?

**LINCOLN HOWARD HOPPER (MISSION AUSTRALIA)** That's correct.

**MS LOWSON (COUNSEL)** And the funding that Mission Australia received from the Queensland government of some half a million dollars - what has Mission Australia done with that?

**LINCOLN HOWARD HOPPER (MISSION AUSTRALIA)** Invested it in Queensland services.

55. The relevant conduct is evident in Mr Hopper's response to the last question. He admits that Mission Australia used the QLD Government funding that was intended

to increase wages for its QLD workers and address the undervaluation of QLD SACS workers. It was instead 'invested in Queensland Services'.

56. Mission Australia workers in Queensland did not receive any funding increase as a result of the successful Equal Remuneration Case in that state. Despite the fact the extra Government funding was clearly intended for this purpose. The QLD Mission Australia workers continued to be paid on NSW rates.

57. This highlights why Government must include in funding agreements a requirement that any funding increases be passed on to workers. This revelation by one of Australia's largest charitable institution's shows that the Government cannot rely on the good will of providers to increase the wages of their employees.

- **Funding must reflect the true cost of service provision.**

58. As discussed earlier, funding must take account of the full cost of wages in addition to the full cost of service delivery. This includes travel time, resources to undertake compliance tasks, quality assurance measures, and training.

- **Government funds must be linked to the real skills needs**

59. Another practice that became evident during the Equal Remuneration Case has been that of the government funding a position at a base level rather than the real skill level that is required.

60. In many cases this is where government underestimates the real cost of a service and funds a position at increment level 1, where in reality the worker in that position is paid at a higher increment. In these cases the provider must find funds from elsewhere to top up that position. These cases are often small differences, but amount to a real cost on the organisation when accumulated across a number of positions.

61. There are other cases where the difference in funding and the real skill level required are more pronounced. In these scenarios the government provides funding at the lowest entry level, when what is actually required is a much higher skill level and therefore a higher classification level. This can be a significant cost for providers. A cost they cannot afford.

## **Training**

62. The ASU has received some feedback from our membership regarding the discussion on training in the Draft Report. There is some concern that not enough detail or thought has been included about specialised positions within Disability Services.

63. The role of Case Manager is a specialised role that requires a high level of skills. The typical case manager is required to have a tertiary qualification, advanced case management skills, knowledge of legislation, high-level communication, planning and analytical skills, conflict resolution and negotiation skills. Despite these requirements these positions are still relatively low paid as compared to other industries, and there is little support for skills attainment.

## **Conclusion**

64. The ASU strongly supports the proposal to introduce a National Disability Insurance Scheme. There are some aspects of the design of the proposed scheme that need further attention, and in some cases reconsideration. Individualised funding and particularly the cash out option cannot deliver the objective of giving consumers greater choice and power in the delivery of their care and support. If anything this sort of funding model reduces choice for the consumer. The ASU believes a hybrid model would be preferable, where block funding is retained to ensure essential costs such as back of house functions, and workforce development are funded. Block funding is essential to sustainable services, and a quality workforce. In addition, the Draft Report places too much reliance on the market to address workforce issues. The market has not, and will not deliver an increase to wages. This responsibility will always rest with Government, and they must take an active role in increasing wages in this sector. In the short term this means funding the outcome of the Equal Remuneration Case in Fair Work Australia. In the longer term it requires that Government factor in cost of living increase and collective bargaining outcomes into its funding decisions, and require service providers pass on funding increases to their workers.

## **Appendix 1**

**ASU Submission to the Disability Care and Support Issues Paper  
August 2010**



**ASU Submission**

**Disability Care and Support**

**Productivity Commission Issues Paper**

**May 2010**

**Date:** 16<sup>th</sup> August 2010

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## About the Australian Services Union

1. The Australian Services Union (ASU) is one of Australia's largest Unions, representing approximately 120,000 employees.
2. The ASU was created in 1993. It brought together three large unions – the Federated Clerks Union, the Municipal Officers Association and the Municipal Employees Union, as well as a number of smaller organisations representing social welfare, information technology workers and transport workers.
3. Today, the ASU's members work in a wide variety of industries and occupations and especially in the following industries and occupations:
  - Local government (both blue and white collar employment)
  - Social and community services, including employment services
  - Transport, including passenger air and rail transport, road, rail and air freight transport
  - Clerical and administrative employees in commerce and industry generally
  - Call centres
  - Electricity generation, transmission and distribution
  - Water industry
  - Higher education (Queensland and South Australia)
4. The ASU has members in every State and Territory of Australia, as well as in most regional centres as well.
5. The ASU is the largest union of workers in the social and community services (SACS) sector, which includes workers in disability care and support services. The ASU covers workers in what is commonly termed the "non-government social and community services industry". The term non-government can be misleading as most organisations or services receive funding from the government; however, workers are not employed by the government. Workers are generally employed by community based management committees, boards or collectives. These employers administer government funds and oversee the management of an organisation or service.



## Introduction

6. The ASU welcomes the opportunity to make a submission to the Productivity Commission on the important issue of disability care and support. Our submission covers three of the key areas in the Issues Paper; the funding model, workforce issues and how we can involve and empower people with a disability in the scheme.
7. The ASU also supports the views put forward in the submission of the Australian Council of Trade Unions to this inquiry.
8. The ASU strongly opposes an individualised funding model. Our experience with individualised funding in the child care industry has reinforced to us the damaging effects of this funding model on the effective delivery of essential human services and maintenance of a sustainable workforce. Individualised funding depresses wages and conditions, and erodes the quality of services. We advocate a direct funding model for disability care and support services that provides funding to organisations to a level that adequately remunerates workers and sustains a quality service.
9. The ASU is concerned about how consumers of disability services are involved in and empowered to make decisions about their own care and support. We warn against using the individualised funding model as a way of encouraging consumer empowerment. Our experience with this funding model is it actually leads to less choice for consumers as it reduces government funding for smaller specialised providers and promotes the growth of large homogenous providers. Real consumer empowerment is achieved through resourcing organisations to work one-on-one with each client to develop their own care and support plan. Individualised plans, not individualised funding models are the answer to consumer choice and empowerment. We have suggested that the Commission investigate the UK Care Quality Commission as an example of how consumer feedback can be built into an accreditation system that monitors quality standards.
10. Finally the workforce issues in the disability sector, and social and community services more broadly have been well documented. These workers are undervalued as compared to their public sector counterparts, are low paid, have experienced significant work intensification, and lack training and career opportunities. The sector is finding it very difficult to attract and retain skilled workers, and as a result is finding it difficult to grow to meet community demand. The ASU and other unions are currently running a case in Fair Work Australia to remedy the pay inequity between social and community services and other sectors such as the public service and local government. If this is successful this will go some way to addressing the issue of pay. However more attention by government is needed on the issue of how careers in disability services are structured and the lack of opportunities to progress through what is a relatively shallow classification structure.

## Who makes the decisions?

11. The issues paper asks a number of questions about the appropriateness of an individualised funding model for the provision of disability care and support services. This submission seeks to respond to the following questions:
  - *How can people with disability and their carers have more decision- making power in a national disability scheme?*
  - *What have been the experiences overseas and in Australia with individualised funding, including their impacts on outcomes and costs? What lessons do these experiences provide for adopting this approach as an element in a national disability scheme?*
  - *What are the risks of individualised funding and how can they be managed? What guidelines would be appropriate? How would any accountability measures be designed so as not to be burdensome for those using and overseeing the funding?*
12. The Issues Paper entertains the possibility of an individualised funding model for disability services on the basis that it empowers consumers by giving them choice about which service providers they use. The ASU strongly opposes individualised funding models for the delivery of essential human services. Our experience in the child care industry is it does not deliver choice for the consumer and erodes service quality, wages and conditions. We support a direct funding model where government funding takes account of the real cost of delivering a quality service.
13. The ASU agrees that the empowerment of consumers should be a priority for a scheme for disability support and care services, but this should be achieved through individual support plans not an individualised funding model. We need to resource workers and organisations to work one-on-one with each client to develop their own care and support plan. That is real empowerment of the consumer, and gives them a real voice in the nature and quality of their care. Individualised funding merely throws money at the consumer on the false promise that they will be able to exercise choice in a complex system with limited places.
14. We have suggested later in this submission that an accreditation system similar to the UK Care Quality Commission might be a useful tool for collecting consumer's feedback about services and feeding it into a direct funding model.

## Individualised funding

15. While an individualised funding approach to disability services may initially appear to increase flexibility and individual choice, it has many harmful impacts that make it ineffective as a model of funding essential human services.

16. Individual funding arrangements in Australia were proven to be detrimental to the provision of high quality care in the child care industry. The voucher system for child care that was introduced in 2000 (replacing an existing system of directly funding services) by the Howard Government resulted in enormous growth in private for-profit centres, and combined with a significant reduction in government regulation, lead to the provision of child care of an unacceptably low standard of quality.
17. There are a number of reasons that an individualised funding model is inappropriate for the delivery of essential human services. It has been proven to undermine service quality, generally results in a decrease in the diversity of service providers and relies on consumers to determine the allocation of government funding.

**a. Service quality**

- i. Individualised funding models leave funding allocation decisions to the market instead of government. Consumers 'choose' which service provider they want to use and the government allocates funding to support that 'choice'. In most cases however the consumer still needs to provide part of the funding, and so more likely than not they will choose which service they use on the basis of price. This inevitably leads to a low quality service and deterioration of wages for workers. Service providers learn quickly that in order to attract clients and therefore government funding, they must offer the cheapest product. Inevitably this means they employ lower skilled workers, who have less time to spend on each client, and have bigger workloads.

**b. Diversity in service providers.**

- i. Big organisations with recognisable brands thrive in an individual funding environment. They have the advertising budgets and economies of scale to market their service to consumers. It is the small not-for-profit community based organisations that rely solely on government funding to operate who lose out<sup>i</sup>. Unable to compete on price as they lack the economies of scale, and without a recognisable brand they are viewed by consumers as less attractive, even though more often than not they provide a better quality product.
- ii. Disability Services is a sector that needs diversity. The experiences of people with a disability vary enormously and care and support services need to be reflexive and able to support varying levels of need. Big organisations will suit some people, smaller specialized organisations will better support others. The funding model adopted needs to support a diversity of providers. Individualised funding promotes homogeneity and a one size fits all approach to disability support.

**c. Consumer decision making**

- i. The success of individualised funding in essential human services relies on informed consumers making choices on the basis of service quality. The theory goes that a consumer dissatisfied with a service will change service

providers, and their government funding will follow. This will send a market signal to the deserted service that they need to improve their service. It also sends a signal to the sector that consumers want a quality service.

- ii. This perfect world does not exist in disability services. The Issues Paper raised a number of complex issues around how people with disabilities that affect cognitive functioning will exercise choice. We do not seek to make comment on that issue. Our contention is that *all* consumers regardless of ability are unable make this choice. The simple fact is consumers are not informed. We saw it in the child care industry. Time and time again they chose ABC Learning over not for profit providers because it was close to home, cheap and had a big advertising budget.
- iii. Yet evidence showed that ABC Learning was a deeply deficient product. Workers reported that often centres were only allocated around \$1.50 per child per day for food.<sup>ii</sup> Even where a parent was concerned about the quality of the service offered by ABC Learning the company had run so many other providers out of business that parents had no other choices left.
- iv. The ASU believes consumers of disability services will face the same issues as parents in the child care system. Currently, comprehensive and accessible information about services and the various options for care are not made available to people with a disability, and their families or carer. Because of this individualised funding arrangements would not allow service users to fully utilise their abilities to make well informed decisions regarding the purchase of services.
- v. Further consumers of disability services face an even more impossible situation (and 'choice' mirage) than that which exists in child care. Parents really don't have a choice in child care because child care places are in such short supply you take whatever place you can secure. In disability services places are even scarcer. In 2005 The Australian Institute of Health and Welfare estimated unmet demand for respite and accommodation services, and community access services (such as day programs) to be 27,800 and 5,900 people respectively<sup>iii</sup>. Since then demand has only increased.
- vi. There are currently not enough places within disability organisations to service all the people who require support. A service user cannot 'choose' a provider that is unable to offer them a place. Choice, in this case, will only be extended to those lucky enough to secure a place with their first choice provider. For the rest, it will become nothing more than a false promise.
- vii. A new disability scheme needs to focus on building and expanding services to reduce and eventually eliminate the extensive unmet needs of people with a disability.

## Case study: individualised funding in Queensland

18. The Queensland State Government has utilised a form of individualised funding for disability care and support services since the 1990s. Government funding for disability services in Queensland is a mix of block funding for organisations, and individualised funding that is designed to cover additional costs and support consumer choice. Whilst a very small group of people (primarily with a physical, rather than intellectual disability) receive payments directly to pay for services or employ care or support staff in an 'open market'<sup>iv</sup>, individualised funding packages are primarily managed by a nominated service provider. For example, *Mamre* is a disability service provider in Queensland that manages several of its client's individualised funding packages. The client and their family meet twice a year with staff in the organisation to determine how they wish to use their package for the following six months<sup>v</sup>.
19. A 2004 qualitative study of 31 people with a disability and 32 carers in Queensland that had their disability service funded through an individualised funding arrangement found that individualised funding arrangements provided 'no particular benefit to service users'<sup>vi</sup>. The researchers reported that very few of those interviewed felt that they had been personally delivered the option of choice that such a scheme was supposed to encourage because 'the quasi-market does not address adequacy of supply'<sup>vii</sup>. Individualised funding arrangements were also found to 'raise issues around equity and entitlement'<sup>viii</sup>, which does not ensure that the needs of all people with a disability are met.
20. Whatever mechanism is used to deliver funding what is clear is that funding needs to be increased to adequately remunerate workers in the sector and to meet the unmet demand in the community.
21. In the 2008-9 financial year, \$5.2 billion was spent on specialist disability services, with a majority (71.1%) being provided by State and Territory governments. Although this was a 5.6 % increase from 2007-8 spending, these funding levels are in no way adequate to address all of the financial needs of disability care and support service providers.

## Empowering consumers through minimum legislated quality standards

22. One alternative way to empower consumers in the provision of disability services is a method of accreditation, or legislating of minimum standards that builds a consumer evaluation into the quality monitoring process. The Care Quality Commission in the UK provides an interesting example as to how this could be done.
  - a. **Care Quality Commission, UK**
    - i. The United Kingdom has a set of legislated National Minimum Standards for care homes for adults, care homes for older people, domiciliary (home) care, adult placement schemes, and nurses agencies. Somewhat similar to Australia's current standards for childcare, this legislation regulates conditions and quality of care, as well as sets minimum staff ratios and qualification standards for staff in these workforces.

- ii. Care Quality Commission assesses services against the legislative quality standards described above and can impose fines, issue public warnings and apply sanctions for services that do not meet standards.
  - iii. The CQC also provides a publicly accessible information system on their website. The website contains detailed information about different organisations, both public and private, and uses a star rating system to rank providers. There is an e-mail feedback feature that allows service users to add their experience of a service provider to the CQC's database. In addition, they offer advice on how to complain about services they are unhappy with. This feedback feeds into the public rankings and assessments for accreditation.
23. A similar set of legislated standards could be implemented for disability care and support services in Australia. A set of minimum standards addresses two of the problems identified in this submission. It guarantees a basic level of quality for all consumers ensuring that if the Commission does go down the individualised funding path that quality can't drop below a certain level. It also addresses the workforce issues discussed in the next section. By setting minimum staff qualifications, and ratios, consumers and the community can be assured that workloads, staffing levels, and skill levels are appropriate to support client needs.
24. The regulation of quality standards is essential to any funding model. Legislating a set of minimum standards, and regulating service providers compliance of those standards is the best way we can guarantee people with a disability a decent level of care.

## Workforce Issues

25. The Issues Paper asks a range of questions in relation to workforce issues in the sector. We have sought in this submission to identify the major issues experienced by our members in the social and community services sector. We would be pleased to provide further comment on the specific questions raised in the Issues Paper in future submissions and public hearings.
26. The Social and Community Services (SACS) sector of which disability care and support workers are a significant sub set is in the midst of a workforce crisis. Low wages, undervaluation and pay inequity, skills atrophy and lack of career paths has limited the sectors ability to deliver a quality service that keeps pace with growing demand and increasing complexity of client needs.
27. The existing workforce works incredibly hard to try and hold the whole system together and deliver for their clients but the present situation is untenable. The sector is finding it increasingly hard to retain and attract skilled and experienced workers in the industry and inevitably this affects the quality of the service delivered. The simple reality is these workers employed in disability and other community support services can get paid many thousands of dollars more a year if they are employed by the public service.
28. Workers stay in the sector because they love the work and care about their clients but that passion only goes so far. Many SACS workers leave the sector feeling burned out and undervalued by a system of care that is built on exploiting people's (primarily women's) commitment and passion for supporting our communities' most vulnerable people. Things need to change. To this end the ASU and other unions in the sector have launched a case in Fair Work Australia that seeks to remedy the pay inequity between workers in the SACS sector and workers in similar or the same classifications in the public sector.
29. The following problems relating to wages, skills, staff attraction and retention and career paths need to be addressed in the development of a new scheme for the provision of disability care and support services:

### **a. Wages**

- i. The most significant workforce issue facing the disability care and support services sector is low wages. Low wages make it difficult to attract and retain staff. This is particularly the case where the organisation is a not for profit provider and is competing for labour with the public sector who offer significantly higher wages for the same job classifications.
- ii. The extent of the wage inequity between the public sector and SACS sector is evidenced in the following statistics from NSW.
  - A disability support worker on the SACS industry is classified at Grade 2 on the NSW SACS Award they earn between \$660.18 and \$747.62 per week depending on years of service and experience. In the public sector a worker employed as a disability support worker by the NSW

Department of Disability, Ageing and HomeCare earns between \$815.36 and \$1003.89. That's a difference of between \$115.18 and \$256.27 a week, or 24 to 34%!

- iii. There are a number of reasons why the sector has low wages. Our contention is first and foremost it is because the SACS sector is a feminized industry and as with other industries dominated by women such as nursing and teaching the work is considered 'women's' or 'caring' work that has been historically undervalued. Women comprise 79.5% of the SACS sector<sup>ix</sup>. National figures are not available for the disability sub sector, but estimates for Victoria are that 75% of workers are female.<sup>x</sup>
- iv. Caring roles have traditionally been seen to be outside the productive economy and therefore have been undervalued as a form of meaningful work. Disability workers make a significant contribution to the Australian community, and for this they need to be recognised. Their work is challenging, often involves a degree of risk and is both intellectually and emotionally demanding. The value placed on this work needs to be reconsidered.
- v. The primary reason the wages are so low is because workers in this sector are Award reliant and have limited capacity to collectively bargain. Their counterparts in local government and the public sector can collectively bargain and so have much higher wages. This is for a number of reasons;
  - The disability sector has historically had low rates of unionisation (a feature of many female dominated industries) whereas local government and the public service has very strong unionisation (because they have historically been dominated by men) giving them the strength to collectively bargain for pay increases.
  - Much of the work in the SACS sector is outsourced by state governments through competitive tendering arrangements and via funding agreements that assess labour costs on the basis of the Award rates. Disability services may be funded by the government but they are delivered by organisations such as St Vincent De Paul, the Salvation Army, and Anglicare. In order for these organisations to procure government funding they have to show government that they can deliver a service cheaper than other tendering organisations (this is known as competitive tendering). This puts a downward pressure on wages and conditions as labour is a significant cost to any service delivery tender. In addition government funding arrangements are based on Award rates. This means that even if workers and their employer wanted to collectively bargain they would need to find another source of revenue to fund the differential between the Award and enterprise agreement. Most disability services do not have access to such a funding source.



- Finally the work is outsourced to a number of disparate organisations which makes it difficult to collectively organize to improve wages and conditions.
- vi. These issues are currently under consideration by Fair Work Australia as part of an application for an equal remuneration order. We believe the workers in this sector have been taken for granted, are undervalued and underpaid.
- vii. These issues also need to be considered in the question of how a National Disability Scheme should be funded. Low levels of funding, competitive tendering and award based funding evaluations have depressed wages in this industry. We believe that an individualised funding model for disability will have the same effect it had on child care, as has been previously discussed. Individualised funding creates a competitive dynamic between service providers that seeks to attract consumers (and their government funding) on the basis of who can offer the cheapest service. In order to offer that service organisations make a number of cuts backs, one of those is the wages and conditions of its workforce.

#### **b. Skills**

- i. Disability support work demands physical and interpersonal skills and high level communication skills. The range of cases one worker will deal with on a daily basis are diverse and complex. The 2009 Environmental Scan by the Community Services and Health Industry Skills Council made a number of observations about the skills demands of the disability workforce:

In common with the aged care sector, the shift towards home based care is changing skills requirements and placing greater demands on staff in terms of responsibility, decision making and occupational health and safety.<sup>xi</sup>

- ii. Yet despite these demands, training and development opportunities are limited because of the chronic under funding of the sector. Training beyond what might be required for professional accreditation is viewed as discretionary which actually means in an organization of scarce funds that is never occurs. Not only do workers miss out on new developments and approaches, without ongoing training workers can suffer skills atrophy.
- iii. This problem is compounded by the high use of casual, part-time and agency or labor hire workers. Studies have shown that these types of work are less likely to involve training, as they are viewed by employers as temporary<sup>xii</sup>. In reality they are not temporary, and casuals often stay for long periods, or the organization employees a succession of 'temporary' employees in the place of a permanent employee. In either scenario the workers and clients suffer.
- iv. The demanding and complex nature of disability care and support work also plays a role in the ability and willingness of staff to engage in additional training or study outside the workplace. Work intensification and non-standard hours (such as split- and night shifts) means workers cannot

undertake voluntary training outside work hours to make up for the lack of on the job training.

- v. The reluctance of employers to invest in their workforce is not just about the primary cost of the training, it is also an issue of workers taking time off and backfilling positions. Research has shown that more than one-third of employees in the community services sector seeking to undertake training were unable to do so because of their workload, or an inability for the organization to provide replacement staff during this time<sup>xiii</sup>.
- vi. A new scheme for the provision of disability care and support services needs to address the sectors need for skilled workers by providing organisations with adequate training funds. This is critically important to ensure high quality care and support for people with a disability.

**c. Staff attraction and retention**

- i. The representation of disability care and support work as a low-paid sector creates a barrier to recruiting adequate numbers of staff. This is a leading cause of insufficient service provision. Population projections suggest that the number of people with a disability in Australia will continue to grow, as it steadily has over the last decade. Furthermore it has been predicted that the level of measurable unmet need in disability services will rise from 25% (as recorded in 2004) to around 48% in 2031 for those requiring regular support if there is not significant growth in the sector<sup>xiv</sup>. This makes attracting and supporting workers in this sector of the utmost importance.
- ii. The level of unmet need for disability care and support services in Australia is unacceptably high and an increase in workers in the sector is needed to tackle this problem. Many organisations have reported difficulties in attempting to fill jobs as the wages offered do not reflect the challenging and often demanding nature of the work. The difficulties finding qualified workers that will work for such low pay often results in agencies creating low-skill positions that allow them to hire less qualified staff.<sup>xv</sup>
- iii. Poor wages are also largely responsible for the low retention rate of disability workers with 75% of managers reporting it to be the main cause of staff leaving positions in the SACS sector<sup>xvi</sup>. This highlights the importance of adequate wages in promoting jobs in essential human services, particularly those in the disability sector.

**d. Lack of career paths**

- i. The lack of potential career paths in the disability sector is another factor influencing low retention and high staff turnover rates. There are very few avenues for promotion and career development. The shallow nature of the disability worker classification system means that there is often very little incentive for workers to undertake additional or specialized training. Workers in disability services have very limited opportunities to progress within organisations other than to supervisory or managerial roles that

involve additional responsibilities but lack financial incentives. Combined with low wages, this has resulted in a very high turn over rate for human services, with non-government disability services in Queensland reporting turnover rates of between 30 and 50%<sup>xvii</sup>, compared with approximately 13 % for the economy as a whole.

- ii. The lack of incentive for workers to take on supervisory and managerial roles creates further issues in the workforce, as those in such roles report difficulties when requesting leave, as other staff are unable or unwilling to fill the role during such time<sup>xviii</sup>. This places unnecessary burden on staff members in these roles, who have a right to take time off whilst their workload is covered sufficiently.
- iii. Encouraging staff to grow professionally within the disability sector is of great importance in retaining quality staff, as well as making jobs more attractive to prospective workers. This can be done through training opportunities and better recognition and remuneration of skill levels. This would address issues of attraction and retention, as well as encouraging staff to involve themselves in training programs to increase their classification, and remuneration. Such a process would also make managerial and supervisory roles more attractive and remove much of the burden on those currently in these roles.

## Conclusion

- 30. The remuneration and conditions of the disability sector has a direct correlation with the quality of the service offered to people with a disability. Poorly paid workers with few training opportunities and big client caseloads cannot give each client the attention or quality care they deserve. If we are to achieve a long lasting funding solution and improve the provision of disability care and support services in this country we need to start with addressing the workforce issues. The pay equity case in Fair Work Australia is the first step in redressing decades of undervaluation. Going down the individualised funding path will be a retrograde step.
- 31. We urge the Productivity Commission and the Government to work with unions to address these issues to ensure that people with disability are supported with the decent services and quality care.

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- <sup>i</sup> This view is also held by the local government organization of the City of Port Adelaide Enfield, and was expressed similarly in their submission.
- <sup>ii</sup> Ibid, p 22
- <sup>iii</sup> Australian Institute of Health and Welfare, 2007, *Current and future demands for disability services*, AIHW, Canberra.
- <sup>iv</sup> Fisher, K., Gleeson, R., Edwards, R., Purcal, C., Sitek, T., Dinning, B., Laragy, C., D'Aegher, L., and Thompson, D, 2010, *Effectiveness of individualised funding approaches for disability support*, Occasional paper, no. 29, Disability Studies and Research Centre, University of New South Wales, p 19-20.
- <sup>v</sup> Ibid, p 66.
- <sup>vi</sup> Spall, P., McDonald, C., Zetlin, D., 2004, 'Fixing the system? The experience of service users of the quasi-market in disability services in Australia', *Health and Social; Care in the Community*, 13(1), 56-63.
- <sup>vii</sup> Ibid, p 59
- <sup>viii</sup> Ibid, p 62
- <sup>ix</sup> Skills Info, 2009, *employment Outlook for Health Care and Social Assistance*, Department of Education, Employment and Workplace Relations.
- <sup>x</sup> Lime Management Group, 2006, *a Regional Approach to Enhancing the Disability Workforce*, Port Melbourne, p 3. Available at <http://www.limegroup.net.au/USERIMAGES/smrdisabilityworkforceproject.pdf>
- <sup>xi</sup> Community Services and Health Industry Skills Council, 2009, *Environmental Scan 2009*, Industry Skills Council, Strawberry Hills, NSW, p11
- <sup>xii</sup> See Hall, R., Bretherton, T., & Buchanan, J., (2000) 'It's Not My Problem': *The Growth of Non-standard Work and its Impact on Vocational Education and Training in Australia*, National Centre for Vocation and Education and Research, Leabrook, South Australia; Watson, I., (2008). *Skills in Use: Labour Market and Workplace Trends in Skill Usage in Australia*, NSW Department of Education and Training.
- <sup>xiii</sup> Community Services Health Industry Skills Council, 2008, *Identifying paths to skills growth or skills recession: Decisions for workforce development in the community services and health industries*, Strawberry Hills, p 43, Appendix D in Community Services and Health Industry Skills Council, 2009, *Environmental Scan 2009*, Industry Skills Council, Strawberry Hills, NSW.
- <sup>xiv</sup> FaHCSIA, 2009, *The way Forward: A New Disability Policy Framework for Australia: Part 3 Establishing a New National Disability Insurance Scheme*. Available at [http://www.fahcsia.gov.au/sa/disability/pubs/policy/way\\_forward/Documents/part3.htm](http://www.fahcsia.gov.au/sa/disability/pubs/policy/way_forward/Documents/part3.htm)
- <sup>xv</sup> Fattore, T., Rbrddon, J., Monested, M., and Jakbauskas, M., (2010). *An Examination of Workforce Capacity Issues in the Disability Services workforce: Increasing workforce Capacity*, Community Services Health Industry Skills Council, Strawberry Hills, p 64
- <sup>xvi</sup> Australian Services Union, 2007, *building social Inclusion in Australia. Priorities for the social and community services sector workforce*, ASU.
- <sup>xvii</sup> Cortis, et. Al. 2009, p 14.
- <sup>xviii</sup> Community Services and Health Industry Skills Council, *An Examination of Workforce Capacity Issues in the Disability Services Workforce, Draft Final Report*, April 2010