

UNITED VOICE

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Inquiry into Disability Care and Support
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

19 April 2011

Dear Commissioners

United Voice (formerly LHMU) supports the recommendations of the Productivity Commission to establish a National Disability Insurance Scheme and National Injury Insurance Scheme. United Voice (WA branch) previously lodged a submission to the inquiry. This submission, made on behalf of the national union, will address matters that have been raised in the draft report. Examples are provided by the Western Australian branch of United Voice.

The Commission's recommendations about the workforce are disappointing because they do not address the major workforce issues that have been identified and therefore do not provide lasting solutions. Uniting Voice's comments about the Commission's workforce recommendations are set out below.

Recommendation 13.1:

The Australian Government should attract further support workers into the disability sector:

- *by marketing the role and value of disability workers as part of the media campaign launching the creation of the NDIS.*

Attracting workers to the sector through marketing as a part of a media campaign to launch the NDIS may be successful however the pressing problem is how to retain the workers once they have been attracted. Using Western Australia as an example, the disability service sector experiences staff turnover of about 30% p.a., which the Commission has indicated applies Australia-wide. As noted by the Productivity Commission this implies *scope to alleviate any pressures on the labour force through better wages, conditions, career options or other measures.*

Recommendation 13.1:

The Australian Government should attract further support workers into the disability sector:

- *by providing subsidies to training of disability workers.*

The Commission has noted that the acquisition of skills and qualifications promotes career paths and job satisfaction, which are essential to attracting people to the sector. United Voice welcomes the acquisition of qualifications through training opportunities but cautions that the take-up will be low without corresponding wage increases. Given the compressed pay rates in most of our caring awards, acquiring qualifications usually returns an insignificant wage increase. If there are costs to be met by the trainee it can take months of working before those costs are recovered.

Given the high staff turnover in the sector staff training is a significant impost, particularly for rural based service providers. United Voice believes that the Commission needs to recommend that government contribute a significant amount towards staff training in its costing. Too often in the past training subsidies have been announced with great fanfare only to disappoint because of the small numbers of persons who qualify for the subsidies. An example of this is the Induction and Employment Preparation Program offered by Western Australia's Central Institute of Technology. This program was described by the Premier of Western Australia as *providing a significant level of funding for a unique direct care support worker orientation and induction program as a mechanism for attracting and fast-tracking the skill development of new employees*. In fact the program only provides government subsidised induction training for five specific disability service providers and is limited to a maximum of 22 places twice annually depending on demand.

Recommendation 13.1:

The Australian Government should attract further support workers into the disability sector:

- *through immigration of support workers, but only in the event that acute and persistent shortages occur, and drawing on the lessons from the Canadian Live-In Caregiver program and other similar programs.*

United Voice recognised that the rapid and significant expansion of the disability service sector has the potential to create significant workforce shortages that may need to be partially addressed through the use of immigration as a means of supplementing the workforce. The concerns expressed by the Commission about using imported workers are shared by Uniting Voice and it is agreed that this course of action should only be taken if acute and persistent shortages occur. Ultimately Uniting Voice believes that enhancing pay and workplace conditions will significantly increase the attraction and retention of entry level workers and that it is inappropriate to source entry level workers from overseas. The use of imported workers is not in itself a panacea however if there is no alternative then it must be managed in a way that ensures that the workforce is not de-skilled. To this end United Voice believes that imported workers must:

- be proficient in English;
- have prior relevant experience and qualifications in caring;

- be required to undertake training and skills development to ensure that they meet prevailing Australian standards; and
- attend compulsory induction to ensure that they are made aware of the industrial landscape and their rights and entitlements to ensure that they are not subject to exploitation.

Recommendation 13.2:

Australian governments should ensure that, across all jurisdictions, police check arrangements for paid workers providing services to people with a disability:

- *apply only in cases where both the person with a disability is vulnerable AND*
- *the risks associated with delivery of services are sufficiently high*
- *not include disclosure of crimes covered by spent convictions legislation*
- *cover people for a given period, rather than for a particular job.*

United Voice strongly opposed any moves to reduce the requirement to obtain full police clearance prior to working with people with a disability. With an increasing trend towards providing care in the home or overnight sleep shift care, often without supervision, there is a greater risk of abuse especially for people whose disabilities render them particularly vulnerable.

The requirement to have a full police check is expensive for workers on low rates of pay and therefore the cost should be borne by the employer. This is particularly important as the police checks are undertaken prior to employment and the cost is non-tax deductible by the employee.

Recommendations 13.3 and 13.4:

United Voice agrees with these recommendations.

United Voice does not feel that the Commission has sufficiently addressed the issues of protecting workers' rights and improving wages as recommended in this union's original submission. These are discussed below.

1. Provide sufficient funding to ensure that workers are remunerated appropriately for work of equal or comparative value.

United Voice welcomes the Commission's recommendation to double the net level of funding of disability care and support from the current \$6.2b to \$12.5b. This level of funding may address unmet need but it will not be sufficient to significantly improve the wage levels and working conditions of the workforce. Meeting unmet needs is not enough and given this unique opportunity the aim should be to achieve best

practice, which can only come about through addressing long-standing and widely acknowledged workforce issues.

The Commission has correctly identified paying higher wages as a major strategy for attracting workers into the sector. Using Western Australia direct care and support workers' wages in the non-government sector as an example, wage rates are about 30% lower than the wages paid to workers in the government sector for work of equal or comparable value. The Commission's preliminary costing of the scheme allows for an hourly rate ranging from \$36 to \$45 per hour, with the later amount allowing for a possible increase which may be awarded by Fair Work Australia in the current equal remuneration case. United Voice believes that the hourly rates used by the Commission are inadequate. The Western Australian Disability Service Commission's benchmarked hourly rate currently applied in the non-government service providers' contracts is \$35.12 per hour. This amount is woefully inadequate and consequently a significant number of service providers are financially unsustainable, resulting in poor wages and high staff turnover rates. United Voice believes that to address inequities and the low level of wages paid the Commission should be applying an hourly rate of \$45 to \$56 in its costing.

RECOMMENDATION: Quarantine the component of funding for wages and pay it to those providers who demonstrate through registered industrial agreements that the benchmark rates of pay are being paid to workers.

The Western Australian Government is currently reviewing its contractual and funding arrangements with the non-government disability service sector through a process known as the Partnership Forum. As part of this process PriceWaterhouseCoopers was commissioned to determine the non-government sector's funding shortfall, which it found to be in the range 20% to 30%. Given that about 80% of funding is applied to wages, and that wages in the non-government sector are about 30% below wages in the government sector, it can be concluded that the workers in the non-government sector are effectively funding the shortfall through their inadequate remuneration.

It is widely anticipated in the non-government sector that the funding shortfall identified by PriceWaterhouseCoopers will be addressed to some degree in the next State Budget. United Voice has approached the larger service providers to determine whether they intend to pass on any of the anticipated funding increase to their workers through better wages and conditions. Disappointingly, none of the service providers have committed to passing any funding windfall in full to their workers. This kind of response is all too familiar to this union. Although lip service is paid to the need to remunerate workers fairly, including by the Productivity Commission, it is always the case that other priorities takes precedence over actually delivering improved wages and conditions unless the providers are specifically required to do so as a condition of the funding.

United Voice's recommendation to quarantine the wages component of funding comes from experience. This union has concluded that to simply rely on the good intentions of employers is unrealistic and that a mechanism must be put into place to ensure that fair wages and conditions are prioritised and delivered.

The unacceptable alternative to putting in place mechanisms to ensure that workers are fairly and adequately remunerated is to allow a free market where supply and demand determines workers' rates of pay, such as occurs in the resource and mining sectors. If the free market logic is applied then, with the anticipated demand growth in the human services sector, it follows that the supply and demand for labour should eventually correct the current inadequate wage levels. This alternative is unacceptable for numerous reasons including:

- the composition of the workforce and the history of bargaining informs us that even if there is a significant shortage of workers market forces alone will not correct the long standing under-valuation of workers in the sector; and
- surprisingly, the Commission seems to be suggesting that wages will need to be contained through price controls, at least in the short-term, to avoid so called 'sticky wages.'

It is disappointing that the Productivity Commission has not made any specific recommendations addressing workers' remuneration in its draft report. This is consistently identified as the predominant workforce issue and accordingly the Commission is strongly urged to formulate a funding mechanism that ensures workers' remuneration is fair and reasonable. As an example of the kind of mechanism that ought to be considered the Commission's attention is drawn to United Voice's post draft report submission to the Caring for Older Australian's inquiry.

RECOMMENDATION: Standardise workers' conditions of employment, other than wages, nationally across the sector.

In the union's original submission concern was expressed about the consequences to the workforce of self-directed funding. Although it is accepted that this form of service delivery will only suit a relatively small proportion of people with a disability United Voice reiterates its concerns about the potential adverse consequences to workers under this kind of arrangement.

The only recommendation that the Commission makes directly concerning arms-length workers employed under this arrangement is Draft Recommendation 6.8 requiring workers to be covered by workers' compensation. The Commission has not adequately addressed the other consequences raised, including:

- Employment arrangements that exempt the employer from the provisions of industrial legislation including minimum rates of pay, annual leave and other award conditions;

- Exemption from unfair dismissal regulations and the consequential loss of job security;
- The loss of superannuation benefits;
- Restricted access to industrial advocates, such as through unions' right of entry;
- Loss of salary sacrificing benefits; and
- Inadequate training or lack of access to appropriate training.

United Voice believes that the Commission needs to address these issues more fully in its final report.

Similarly, United Voice believes that the direct employment of family members by people with a disability needs to be approached with extreme caution. Quite apart from the numerous issues identified by the Commission United Voice is concerned that, as with the use of volunteers, it has the potential to de-professionalise the workforce. The matters raised above are also equally relevant to the paid employment of family members.

Yours faithfully

Dave Kelly
Secretary