

20<sup>th</sup> November 2017

Fair Work Commission  
80 William St  
East Sydney NSW 2011

**RE: Four Yearly Review of Modern Awards - *Supported Employment Services Award 2010***

Matter No: AM2014 / 286

Dear Fair Work Commission,

I, Judi Higgin, of 15 Twin Rd, North Ryde NSW 2113, state as follows:


### **Background**




1. New Horizons Enterprises Ltd (“New Horizons”) is an employer that provides supported employment services and is covered by the Supported Employment Services Award 2010 (“the Award”).
2. The New Horizons Wage Assessment Tool is included as an approved wage assessment tool under clause 14.4 (b) (xvii) of the Award.
3. New Horizons Enterprises Ltd opposes any variation to the Award which: -
  - a. removes the New Horizons Wage Assessment Tool from the Award; and/or
  - b. determines the Supported Wages System (“SWS”) as the only wage assessment tool under clause 14 (4) of the Award.
4. New Horizons operates a number of disability enterprises employing people with disabilities who without this opportunity would unlikely otherwise find paid work.
5. New Horizons disability enterprises operate as viable businesses, operating on limited budgets. If the SWS was determined by the Fair Work Commission as the only wage assessment tool, significant rates of pay increases would more than likely force the disability enterprises to close.

### **HEAD OFFICE**

New Horizons Enterprises Limited

ABN 42 002 066 604  
15 Twin Road North Ryde NSW 2113  
P. 02 9490 0000 | F. 02 9887 2823  
E. [mywellbeing@newhorizons.net.au](mailto:mywellbeing@newhorizons.net.au)  
[newhorizons.net.au](http://newhorizons.net.au)



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## The New Horizons Wage Assessment Tool

6. The New Horizons Wage Assessment Tool (“The NH Tool”) was approved in 2001 by the Australian Industrial Relations Commission. The NH Tool was designed to provide an equitable method of reward for employees with disabilities who have medium to high support needs.
7. The NH Tool has three distinct areas of work performance that are assessed: -
  - a. Task Skills;
  - b. Work Associated Competencies; and
  - c. Productivity.
8. The NH Tool has six levels of competency and two sub levels in each Wage Band. As our tool already has a productivity component, we see no reason to move to the Supported Wages System (“SWS”).
9. We believe the NH tool is an appropriate and reasonable tool for our business and should remain as an approved wage assessment tool under clause 14 (4) of the Award.
10. The above is further supported by the findings of an independent analysis conducted in 2006, by Jenny Pearson & Associates Pty Ltd. This analysis was commissioned by the Australian Government Department of Family and Community Services, and included an analysis of the New Horizons Wage Assessment tool, along with a number of other tools used by providers. The purpose of this research was to provide an independent report on the most commonly used wage assessment tools, the way they operate and the outcomes they deliver and to make this research available to the Australian Industrial Relations Commission. The report stated the following: -

*“It is evident that flexibility is required to accommodate the diverse nature of the types of products and services produced by Business Services and the range in types of disabilities and support needs of their workforce populations. In other words, a single wage assessment tool, from those currently available, is not likely to meet the needs of all Business Services. The evidence provided by tool owners indicates that all the tools reviewed in this report satisfy the Good Practice Guide to Wage Determination criteria (FaCS, 2001)”<sup>1</sup>.*

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<sup>1</sup> Jenny Pearson and Associates (2006). *Analysis of Wage Assessment Tools used by Business Services - Final Report incorporating 22 Wage Tools: Prepared for the Commonwealth Department of Families, Community Services and Indigenous Affairs.* 12 April 2016.

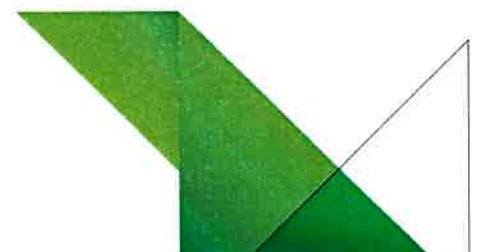


## **Implications of adopting the Supported Wage Tool Assessment (“SWS”) at New Horizons**

11. If the SWS becomes the only tool available under the Award, then it is estimated that the supported employee wages for New Horizons will increase by 63%. New Horizons operates two Australian Disability Enterprises, one in Coffs Harbour and the other in North Ryde. If the SWS was the only tool available in the SESA, then one or potentially both Disability Enterprises would more than likely need to be closed down. This would put 100 supported employees out of work and increase the social isolation of people with disability.
12. If the New Horizons Disability Enterprises were forced to close down, it would cost the Federal Government more through the NDIA, than what it currently does. This is due to the need to provide community supports to those supported employees no longer attending work at the Disability Enterprise. On average, the existing 100 supported employees cost the NDIA \$11.01 per hour for work they complete in the Disability Enterprise. If they did not attend the disability enterprise, then they would need to be supervised through the NDIS via Community Supports which is charged out at \$44.72 per hour. As a result of having supported employees engaged in a disability enterprise, the NDIS will save \$33.71 per hour for each hour they are at work rather than accessing Community Supports. This equates to a yearly saving of \$20,765 per year per NDIS participant, based on an average of two days a week for 7 hours per day for 44 weeks a year. This has the potential to increase the costs to NDIA by \$2,076,536 per year based on 100 supported employees if the Disability Enterprises did not exist.
13. At the Disability Employment Summit in Canberra on the 4<sup>th</sup> September 2017, the Deputy Secretary of the Department of Social Services, Michael Lye, indicated that the Government wants to increase the number of supported employees engaged across Australia from 20,000 to 60,000. In order to do this, there needs to be a viable financial model to do so. The KPMG study of 2015 indicated that if wages went up 40%, then 84% of Disability Enterprises would operate at a deficit<sup>2</sup>.
14. This scenario is not financially sustainable and our own evidence indicates above that if the SWS was implemented, then wages would go up 63%. This adds more weight to the need to maintain existing tools and not move to the SWS as the only tool to determine supported employees' wages.
15. The NH Tool is neither discriminatory nor is it unlawful.

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<sup>2</sup> KPMG (2015) *Assessing the Impact of Increasing Wage Costs on Australian Disability Enterprises: Prepared for the National Disability Services*. Retrieved from <https://www.fwc.gov.au/documents/documents/awardmod/var010110/am201330-corrandreports-nds-021015.pdf>



16. New Horizons asks the Fair Work Commission to continue to allow the NH Tool to remain as an approved wage assessment tool under Clause 14 (4) of the Award.

Regards,



Judi Higgin  
Chief Executive Officer

