

Submission to the Economic Reform Roundtable

From potential to participation: driving productivity through inclusive employment

Australia is missing out on the full skills and productivity of over 2.1 million workers with disability – a cohort with one of the lowest employment rates of any group.¹ Only 48% of working-age people with disability are employed, compared to 80% of the general population.² For people with an intellectual disability, the numbers are even more stark: just 39% are in the workforce,³ with over 16,000 people with intellectual disability working in Australian Disability Enterprises (ADEs)⁴ under subminimum wages, without clear pathways to open employment. Meanwhile, employers face labour shortages across sectors, including care, hospitality, retail, and manufacturing.

The cost of inaction is high: lower lifetime earnings, higher welfare expenditure, the cost of family caregiving commitments, and avoidable health and social costs.⁵ The economic opportunity is equally significant. Modelling by Deloitte Access Economics shows that reform of Disability Support Pension (DSP) settings alone could result in a \$400 million annual net benefit to the economy.⁶ To unlock this untapped workforce, Australia needs a strategic reform agenda that starts early and spans the full life course – reimagining how education, training, employment, and income support interact for people with disability, especially people with an intellectual disability. Included below are seven recommendations to achieve this.

Join the dots: fix transitions from school to work

Unemployment rates among our community tell a bigger story about how systems have been set up to direct people away from inclusive opportunities, long before they reach the workplace. We call this the [polished pathway](#) – a gradual build-up of barriers shaped by systems and attitudes that steer people with an intellectual disability toward limited options and away from economic inclusion. Many leave school for day programs, ADEs or unemployment – outcomes driven by disconnected systems. Siloed responsibilities and fragmented Federal–State funding create weak transitions between school, training and work, with little accountability. VET pathways are often poorly tailored: courses are generic, misaligned with industry, and not based on evidence of [what works for people with an intellectual disability](#). Early disengagement leads to long-term public cost – from avoidable over-reliance on welfare to lost lifetime earnings and poverty. But joined-up systems can turn learners into workers, unlocking economic value and reducing fiscal pressure.

RECOMMENDATION 1: Building on the National Skills Agreement, co-design with State Governments and people with an intellectual disability a new Federal Funding Agreement that drives inclusive school-to-skills-to-work pathways for students with an intellectual disability.

Make every job count: Unlocking Fair Pay and Inclusive Workforce Growth

More than 20,000 workers with intellectual disability are paid subminimum wages – 16,000 in ADEs and 4,000 in other employment via the Supported Wage System. These wage settings contribute to entrenched poverty and act as a barrier to long-term economic participation. At the same time, ADEs possess deep, specialised expertise in supporting this cohort, yet remain locked into a narrow, segregated model. Repositioning ADEs as inclusive employment enablers – supporting transitions into mainstream employment and equipping other employers – would unlock this potential. Lifting wages and expanding

¹ South Australian Centre for Economic Studies. 2021. Disability Employment Landscape Research Report. Retrieved from: <https://www.dss.gov.au/system/files/resources/disability-employment-landscape-research-report.pdf>

² Australian Institute of Health and Welfare. 2024. People with disability in Australia. Retrieved from: <https://www.aihw.gov.au/reports/disability/people-with-disability-in-australia/contents/employment/employment-rate-and-type>

³ Wilson, E. and Campaign, R. (2020) 'Fostering employment for people with an intellectual disability: the evidence to date', Hawthorn, Centre for Social Impact, Swinburne University of Technology.

⁴ National Disability Insurance Agency (NDIA) (2019). People with an intellectual disability in the NDIS. Retrieved from: <https://data.ndis.gov.au/reports-and-analyses/people-intellectual-disability-ndis>

⁵ Taylor Fry. (2022) *The economic cost of violence, abuse, neglect and exploitation of people with disability*: Research Report Commissioned by the Disability Royal Commission.

⁶ Deloitte Access Economics. 2025. Opportunities for reform to improve workforce participation of Disability Support Pension recipients.

employment options boosts household income, reduces welfare reliance, increases tax revenue, and addresses persistent labour shortages by tapping into an underutilised workforce.

RECOMMENDATION 2: Establish a [Ministerial Working Group](#) and [related Taskforce](#) to provide advice on phasing out subminimum wages per Recommendation 7.31 of the Disability Royal Commission, and on how to leverage ADE expertise to build a more inclusive, system-wide employment model.

Measure what matters: test Employment Services for real inclusion

We welcome the Government's new program, Inclusive Employment Australia, as a redesigned disability employment service. However, people with an intellectual disability have historically had poor outcomes in employment services. New services must be evaluated for their specific impact on this cohort to ensure they are effective for people with an intellectual disability. Targeted, effective services improve job matching, reduce churn, and deliver better return on public investment in employment support.

RECOMMENDATION 3: Require ongoing monitoring of the participation of people with an intellectual disability, with public metrics on their participation, and ensure that when independent evaluation is carried out that there is robust opportunity for people with an intellectual disability to participate.

Remove the risk: make trying work safe

Fear of losing the safety net of DSP stops people from trying work. People on the DSP face high effective marginal tax rates and the risk of benefit cancellation. This disincentivises part-time or gradual workforce entry. Modelling by Deloitte shows that reducing taper rates and extending suspension periods would increase employment and generate over \$400 million in net economic benefit annually. A safer transition into work reduces long-term DSP over-reliance, increases workforce participation, and encourages DSP recipients to participate in work.

RECOMMENDATION 4: Reduce DSP taper rates from 50 cents to 30 cents in the dollar and extend the eligibility retention period from two years to 10 years would make a more secure safety net and remove disincentives enabling more workers with disability to engage in work without fear of insecurity.

Lead by example: hire inclusively in government

Governments should model inclusive workforce practices. Despite being a major employer, the Commonwealth has no specific targets for the employment of people with an intellectual disability. Public sector leadership is critical to setting expectations and demonstrating what inclusive employment can look like. Setting public sector targets creates demand, builds inclusive capability in agencies, and strengthens government credibility on disability reform.

RECOMMENDATION 5: Set, publish and report on public sector employment targets for people with intellectual disability across Commonwealth Departments, including the National Disability Insurance Agency (NDIA) and NDIS Quality and Safeguards Commission.

Buy with purpose: use procurement to drive jobs

Government purchasing power can create new job markets. Social enterprises employing people with disability often struggle to scale due to limited market access. A dedicated disability-inclusive procurement policy could mirror the Indigenous Procurement Policy to drive demand. Redirecting public spending to inclusive enterprises generates employment, builds local economies, and ensures value-for-money outcomes.

RECOMMENDATION 6: Introduce a national Disability Enterprise Procurement Policy with accreditation and minimum purchasing targets.

Back what works: invest in scalable solutions

We need to invest in what works and scale it. There is limited evidence on which employment models are most effective for people with an intellectual disability. Without this, policy risks being misaligned or underperforming. Research and innovation investments de-risk reform, maximise return on spend, and ensure scaling of successful models.

RECOMMENDATION 7: Establish an Employment Innovation Fund and a national disability employment evidence base through the National Disability Data Asset, aligning with the work of the Centre for Inclusive Employment.