Employment, Unemployment and Welfare Reform

A paper by the Disability Council of NSW

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The Disability Council of New South Wales is the official advisory body to the NSW Government on issues and policy that affect people with disabilities and their families in NSW. It is also the Disability Advisory Body to the Commonwealth Government for Commonwealth issues that affect people with disabilities and their families in NSW.

The Disability Council of NSW has been involved in developing advice and lodging submissions with the Commonwealth government on the issue of welfare reform for a number of years now. A consultation with people with disabilities in Employment Services held by Council in 2001 and the roundtable consultation conducted this year with peak disability organisations in NSW on this issue, form the basis of suggestions made in this paper.

Introduction

The welfare reform debate for people with disabilities must be located within an understanding of the ‘welfare dependency’ and poverty entrapment experience of people with disabilities. Such an approach reveals that the assumptions made about the reliance of people with disabilities on the welfare system fails to recognise that people with disabilities face significant barriers to participation in society that other members of the community do not face.

The welfare system should support people with disabilities who bear extra costs as a result of their disability. Importantly, these costs often arise because of inadequate physical and social supports, and are a prime hindrance to a person achieving economic independence. Thus welfare reform should target the root cause of welfare dependency for many people with disabilities by including strategies that address broader structural and systemic barriers, rather than simply change the income support system, to bring about their full inclusion in the social and economic life of the community.
The Government articulates a commitment to ‘mutual obligations’ in reforming the welfare system. However, should it be considered too prohibitive for Government and business to create equal opportunity and participation for people with disabilities, then the Government needs to accept that they should not be expected to meet the same obligations as people who do not have disabilities, given that they cannot access the same infrastructure or social environment.

Council argues that the reform agenda should not be a cost saving exercise and equally it should not be simply about paying people with disabilities a pension as recompense for the exclusions from economic and social participation that they experience. It should include a commitment to fully resource support services for people with disabilities, such that services can then meet demand for their uptake. An effective social support system is thus one where income (financial) support and support services are provided for all those who need them.

It follows then, that to be successful, reform of the welfare system must be from a rights-based perspective and must address the current disadvantages experienced by people with disabilities.

**Who are people with disabilities?**

Council recognises that definitions which can be used to generate statistics about groups using observable and measurable criteria tend to be easier to use, and for people with disabilities it is no different. The Australian Bureau of Statistics uses such a definition of disability and has found that people with disabilities make up nearly 20 percent of the Australian population, a proportion which has continued to increase in recent decades\(^1\).

Of particular interest to this discussion, a little over 17 percent of working-age adults have a disability and the onset of disability occurred after the age of 30 in over half the population of people with disabilities\(^2\).

An alternative definition is employed by Centrelink and it is used to determine eligibility for the Disability Support Pension. This definition stipulates that a person must:

- have a disability, illness or injury which attracts an impairment rating of at least 20 points on the impairment tables (which rate a person's impairment according to the severity of their medical conditions and how they affect their ability to work) and be unable to work full-time because of their disability, illness or injury\(^3\).

What this assessment fails to take into account is whether people with disabilities can enjoy the same rewards, benefits and opportunities from work that someone who does not have a disability enjoys. Council would argue that this should be a part of the assessment when ‘work readiness’ is a consideration.

The Centrelink definition of people with disabilities uses a medical or deficit assessment which is inadequate in that it does not recognise that a person’s ability to meet their own support needs is the key to determining the impact of their condition. Using the Centrelink definition, some people are found to have a disability that is not considered severe even though it is permanent and is the reason that person needs a great deal of support on a continuing basis. Council queries whether the assumption that these people do not face the same barriers as people who receive the Disability Support Pension is a valid assumption.

The Council contends that in using a medical or deficit definition of disability, the Government’s primary agenda for reform is a reduction in the number of Disability Support Pension recipients. Should this be the primary motive for reform, then Council would argue

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that this is a short sighted view, as the cost saving for one government department will only be passed to another if people’s real needs are not met. Council is also not convinced that real cost savings for the Department of Family and Community Services would result anyway. If the aim is to make people more self-reliant then it will be necessary to provide the supports people need and the Disability Support Pension is one such support.

It is known that Disability Support Pension recipient numbers have increased as a proportion of the Australian population, and as a result Government expenditure on Disability Support Pensions has increased. In June 2000, 4 percent of Australians (600,000 people) were receiving the Disability Support Pension compared with 2.4 percent ten years earlier.\(^4\)

The Australian Council of Social Services last year released an analysis where it found that the rise in receipt of the Disability Support Pension in the 1990’s was probably attributable to:

*Government policy changes which closed off or restricted access to other social security payments, …… increases in the overall population of people with a disability (for example, due to population ageing), ……. and other factors — including the increased difficulty faced by many jobless people with disabilities (and related workforce barriers such as age and limited skills) in securing jobs following the recession of the early 1990s*\(^5\).

The Disability Council also supports the Australian Council of Social Services’ position that eligibility for any future disability support payment, and hence definition of ‘profound’ or significant disability should not be reduced to include even fewer people than are presently eligible.\(^6\)

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3 Centrelink Fact Sheet (website) ‘How do I qualify for Disability Support Pension?’; Centrelink, Canberra.
Council considers it important that the system has capacity to respond to real need and not be seeking to manage costs through limiting eligibility. Such a move would create an unacceptable divide among people with disabilities, of a small group who are considered entitled to support from those who are not entitled to any support. Such a system would also result in a majority of people with disabilities who have support needs, not having these needs recognised when they are seeking employment, which would serve only to entrench their welfare dependency further.

**Australia’s economic situation**

Australia has experienced strong economic growth in the past decade, yet employment growth has been disappointing and the number of people who receive income support has increased\(^7\). In 1998, people with disabilities participated less in the workforce and had a higher rate of unemployment when in the workforce, than people who did not have disabilities\(^8\). The reliance of people with disabilities on income support as their primary source of income between 1993 and 1998 actually increased\(^9\). It seems reasonable to conclude that in recent times a person having a disability has become a more important determinant of their lesser workforce participation and the associated negative consequences of this.

It remains of significant concern that by and large, people with disabilities have not benefited from Australia having a strong economic position in the last decade. Council emphasises that although the Government continues to identify strategies to support people from disadvantaged groups including people with disabilities, largely through extra training and job readiness schemes, the barriers are still present. Council would suggest that substantially more still needs to be done and that perhaps greater attention is needed in other areas beyond the individual’s work readiness. Council calls for the Government to develop strategies that address the social and economic realities of people with disabilities and implemented these as a matter of urgency.

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Participation

Council recognises that it is a complex matter to identify the key elements to promoting and supporting the full participation of people with disabilities in society. However, it is important that Government policies and initiatives recognise and promote the strong desire of people with disabilities to reach their full potential, to achieve independence and self-reliance.

There are multiple barriers to the participation of people with disabilities in society. These include: inappropriate housing options; inaccessible transport; inaccessible built environment, lack of access to education and training (to gain skills, raise expectations and reach their potential); and inadequate support services. It is important that Government and business acknowledge their responsibility for providing greater access in these areas. This is fundamental to achieving the objective of the greater participation of people with disabilities in their communities and in workplaces. The whole-of-life inclusion of people with disabilities should be seen by government and the wider community as a necessary precondition to the full participation of people with disabilities.

Not only do more opportunities for participation need to be made available to people with disabilities but community attitudes need to change to be more supportive of their full participation. People with disabilities face barriers to economic and social participation, one of which may be low expectations of participation by family, other community members, teachers, and employers. There continues to be practices that clearly exclude people with disabilities in all aspects of social, economic and political life. An effective response would be to progressively and systemically identify and remove these barriers.

Council supports the call for recognition that there must be more incentives for participation and in particular that strategies need to be put in place that actively engage people with disabilities in social and economic life in a positive way.

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9 R. Wilkins, op cit., p. 5.
Some examples of strategies the Government may want to consider to promote the full participation of people with disabilities are:

- Enforcement, and ongoing development and improvement of performance measurement, of the objectives and outcomes of the Commonwealth Disability Strategy and the Disability Discrimination Act, 1993 including successful systemic change and Action Plan implementation;
- Similar performance measurement objectives for all State and Local Governments;
- Ensuring community information is readily available and accessible to people with a variety of disabilities;
- Awareness-raising campaigns which espouse the benefits of the inclusion of people with disabilities in society; and
- Recognition that each person with a disability has different strengths, abilities and wants and so strategies and supports must be designed to target their individual needs.

Mutual obligation

The Disability Council agrees that mutual obligations or more specifically shared reciprocity exists between government, business and individuals. However, the focus of mutual obligation must be just that, mutual. Equal consideration should be given to identifying opportunities for business and Government to fulfil their side of the mutual obligation equation by doing more in creating the sort of environment that enables the participation of people with disabilities. The Government needs to articulate how it plans to fulfil its full set of obligations.

The development of Accessible Public Transport Standards under the Commonwealth Disability Discrimination Act, 1992 (DDA) is an example of a process that involved identifying Government and community obligations to people with disabilities. However, the actual Standards developed, are not mandatory and have no clear monitoring mechanism to track how these 'obligations' are being met. They also retain provision for transport providers, including government and private sector providers to avoid complying with the Standard if they can make a case of unjustifiable hardship to justify their non-compliance. The result has
created tiers of exemption to obligations and responsibilities for business and government that are not afforded people with disabilities.

As mentioned earlier, community education is an important obligation of government and business. It is a necessary mechanism to reduce the stigma that can be associated with the participation of people with disabilities. Specifically, the benefits of employing people with disabilities must be promoted to encourage more businesses to employ people with disabilities.

It is vital that the community is encouraged to value the advantages to all citizens of a more inclusive society, rather than mistakenly believing that the inclusion of people with disabilities is an additional cost or burden on the community.

Some other examples of strategies the Government may want to consider to meet its mutual obligation responsibilities in relation to people with disabilities are:

- Strengthening the Commonwealth *Disability Discrimination Act, 1993* to ensure that all people with disabilities receive equal pay within flexible working conditions;
- Setting benchmarks using Equal Employment Opportunity principles and/ or providing incentives for employment of people with disabilities in all workplaces;
- System of Award Wages for people working at Business Services, and;
- Offering tax incentives, technical assistance, and other recognised industry assistance tools to business if they need to meet extra costs associated with employing a person with a disability who is not with an Employment Support Service.

Council also believes that this support should extend to all Australian citizens and residents. At present migrants with disabilities, who acquire their disability before entering Australia, must be a permanent resident in Australia for 10 years before they are eligible for the Disability Support Pension. However if a person acquires a disability after citizenship is granted they are not required to wait.
This restriction should be removed not only because as Australian citizens and residents they should be afforded all the rights of citizenship, but also because it restricts their access to many support services, including employment support services as the Disability Support Pension is used as a criterion for eligibility. To apply different regulations to a person according to where and when they acquired a disability sends a disturbing and contradictory message to Australians about the value and contribution of people with disabilities in our society.

Migrants with disabilities and their partners and families face significant barriers in successfully settling in Australia. They should be entitled to greater rather than less support to participate fully in all aspects of society.

**Unemployment**

People with disabilities also face greater disadvantage in the labour market than people who do not have disabilities. In 1998 the unemployment rate for people with disabilities was 11.2% which is substantially higher than the rate for people who do not report a disability (7.9%)\(^{10}\). And although in the past decade the unemployment rate has been steadily dropping, people with disabilities are not seeing the benefits from this. As a direct result people with disabilities as a group largely rely on income support as their primary source of income.

The income support system should be there for those in need and who are unable to meet their own costs of daily living. This includes people who do not have an income and people who are on a low income wage. The poverty line is a good tool for identifying a reasonable income support base rate payment to provide people with an adequate income and the security they require to get on with living their lives. Care needs to be taken when using such a tool however as it relies on normative standards and as such does not take into account disability related factors.

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\(^{10}\) Australian Institute of Health and Welfare, op. cit., p. 311.
As previously identified, the costs of living are significantly different for a person with a disability to those of a person without. Council would support a change to the income support system if a standard base payment for all people was complemented by a cost of disability payment, to recompense for the extra costs faced by people with disabilities. However Council would not support additional participation requirements being placed on people with disabilities as the significant barriers people with disabilities are already facing need to be recognised.

Thus for such changes to bring about real improvements for people with disabilities Council recommends an income support system where people are streamed into different levels of assistance based on individual (not categorical) needs, capacities and circumstances. Such needs, capacities and skills should be identified using high quality independent assessment staff and a sophisticated assessment or profiling tool that takes account of the risk factors associated with likely long-term joblessness and missed opportunities.

**Employment**

Council argues that people with disabilities do not require incentives to work as many of the difficulties they experience in finding and accessing employment and training have more to do with structural barriers that limit their opportunities to achieving economic independence, than to a lack of motivation. Additionally, it is entirely justified that people with disabilities may experience some residual loss in motivation given the difficulties and barriers to achieving participation, self-reliance and inclusion that exist in the current environment.

The Government should demonstrate more flexible thinking about work, as there are other sources of income and ways of being self-reliant than just those gained through paid employment. It would be advantageous if the Government recognised and supported people with disabilities deriving income from alternative income sources and valued the contributions they make which are not always derived from paid employment. It is not always possible, and probably not desirable to draw a clear line between those activities that could be classed as economic participation and those that constitute social participation.
Economic participation should not be a requirement for all people, especially for people who are marginalised from accessing everyday community activities and facilities. It follows that expectations and requirements should not be used to blame individuals for the circumstances that they find themselves in nor to stigmatise them as people who are not trying hard enough or not meeting their obligations as recipients of income support.

Barriers to participation and discriminatory practices have a very real impact on the employment of people with disabilities. Employers are often unwilling to bear the significant costs that may be required to modify workplaces that assure accessibility to all people regardless of their type of disability. They are also then reluctant to employ people who cannot use their facilities as they are. Similarly there can be a reluctance to employ people who have significant, but not visible disabilities who may require modified or more flexible working arrangements in order to manage or control their disability. This limits the range of job and career opportunities available to people with disabilities, which is not alleviated by the significant barriers to the education and training system.

Thus it is difficult to define who can work, in that almost all people with disabilities, given the right circumstances and supports, could work. However, for most people with disabilities the right circumstances and supports are not available. In fact it would seem more appropriate to conduct a workability assessment of the employment market to decide if it is reasonable to expect a person to be employed.

Participation also relies on the necessary support services being available to people with disabilities, however often the supports are not available. As an indicator, 5,400 people with disabilities were conservatively estimated to be seeking an employment support service in 2001, but were unable to find a service to provide this support\(^\text{11}\). In summary, it is unrealistic, and hence unfair, to expect people with disabilities to meet the same participation requirements as those who do not face similar barriers.

The McClure report identifies that sometimes there are financial disincentives to employment and recommends that these are addressed in the short term to improve the viability of employment as an alternative to receiving income support.

Council maintains that the financial disincentives to employment for people with disabilities are more complex than just the additional costs that people who do not have disabilities face. These include:

- Additional (sometimes short term) costs associated with getting and keeping a job, such as purchasing a uniform,
- Loss of eligibility for funding for aides and equipment when working,
- Loss of eligibility for services, such as attendant care,
- Loss of subsidies and concessions, which are tied to receipt of the Disability, Support Pension, when working, and
- Penalties and anomalies in the system, when for example a person on the Disability Support Pension takes on part time work and the reduction in the pension is disproportionate to the increased income arising from the employment.

The financial disincentives to employment also arise in the form of an unwillingness to risk the loss of the Disability Support Pension because of inflexibilities of the income support system. For example, a person with an episodic condition may fear that they may find it difficult to demonstrate eligibility for the Disability Support Pension in the future, and so may be reluctant to accept a job with limited security.

Alternatively, the employment situation may not offer the level of flexibility required by a person with a disability, and so the person may be reluctant to relinquish a regular income support payment for income that is derived from employment that does not adjust to their needs. Job flexibility can include the need for reduced working hours on a regular basis, changeable working hours when a person has an episodic or deteriorating condition, and adaptable roles to suit the skills of the worker.
In recent years the Government has called on people to become more self-reliant where they do more to help themselves. After having just briefly considered the implications of the structural and systemic barriers that people with disabilities face, Council recommends that care should be taken in how this philosophy is applied to people with disabilities.

Regardless of the specific mechanism used to support the economic and social participation of people with disabilities, Council argues that genuine encouragement demonstrated by positive incentives rather than penalties and real and tangible opportunities not requirements should be the basis for any mechanisms aimed at supporting the economic independence and/or employment participation of people with disabilities.

**Conclusion**

The goal of welfare reform should be to produce a system that assists all Australians including people with disabilities to overcome structural or systemic barriers to participation, including discrimination and access.

Income support reform as one component of this, should it provide people with disabilities with greater financial resources to participate in the community whether it be in employment, education and training or leisure, would be welcomed.

Council would like to see any changes to the income support system, co-occurring with changes to the broader social support system, because without these changes there will not be real improvements for people with disabilities.