



***DISABILITY, POVERTY AND
LIVING STANDARDS:
REVIEWING AUSTRALIAN
EVIDENCE AND POLICIES***

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Abstract

Despite its policy significance, the impact of disability has not featured prominently in the Australian empirical literature on household incomes and living standards. Among the many reasons for this deficiency is a lack of information on disability status in many of the data collections used to examine aspects of living standards, a lack of research on how to capture the impact of disability when adjusting for variations in need, and the problems of allowing for the variability in disability that exists among the population. Another major factor has been the attention devoted to the quality and coverage of services rather than the adequacy of income for people with disabilities. A consequence of these limitations has been that the role and impact of disability has been largely ignored in the Australian living standards literature. After providing a brief review of the Australian literature in the field, this paper then examines how disability is associated with the standard of living and its determinants (including labour force participation and the receipt of state transfers) using a range of available data. Attention focuses on how the different levels of restrictions associated with disability (to the extent possible given existing survey data) are associated with such variables as family income, income poverty, expressed poverty, financial stress/deprivation, and a range of indicators of social exclusion. The paper concludes with some broad reflections on the implications of the results and other recent trends for reform of the Australian disability support pension.

1 Introduction

The Australian economy has experienced over thirteen consecutive years of strong economic growth, following extensive deregulation of its financial, product and labour markets. Throughout this period, the Commonwealth Government has tightened its targeting of income transfers and relied increasingly on competitive tendering between government and non-government agencies to deliver its social programs, leading the world in many of its reform initiatives. The fact that the Australian welfare system has traditionally relied on an extensive array of non-government agencies has made the task of privatising welfare more manageable than some other countries have found. However, the counterpart to this is that many of Australia's welfare structures and institutions are more fragile than elsewhere, and questions are being raised about their ability to withstand current pressures. As the middle class is required to pay for services while being income-tested out of social transfers, support for the welfare state is declining, placing pressure on government to implement further program cuts and/or user charges that reinforce the problem.

Australia's pro-market reform strategy emerged under the Hawke-Keating Labor Governments of the 1980s, when the initial changes were introduced as part of an Accord between the government and the trade unions that delivered wage restraint in exchange for employment generation and a boost in the social wage. Since its election to office in 1996, the Howard Government has combined an even more radical free market approach with a conservative social agenda built on notions of personal responsibility and mutual obligation. Market deregulation has been accompanied by increased real wages, but high productivity growth has meant that growth in output has not translated into employment, and unemployment remains stuck above 5 per cent. Welfare receipt among the working-age population increased from around 11 per cent in 1965 to over 19 per cent in 1997 (Whiteford, 2000), and even though it has declined since then to below 16 per cent by 2002, government policy remains focused on getting those on welfare into work.

Against this background, this paper examines the circumstances of households that contain someone with a disability in the context of proposed reforms to the main income support program for the disabled, the Disability Support Pension (DSP). After briefly reviewing the Australian policy context in more detail in Section 2, Section 3 uses data from a range of sources to compare the economic circumstances of those who have a disability or long-term health condition with those who do not. Section 4 reviews community attitudes to mutual obligation for the unemployed and those with a disability (a major theme in the welfare reform debate), while the main conclusions are summarised in Section 5.

2 The Policy Context

The welfare system has been a central focus of policy for the last two decades, in part because of its growing size and cost, but also because of its perceived failings within policy circles. Chief among these is the combination of high effective marginal tax rates and the growing complexity that has been a direct consequence of the targeting policies pursued by successive governments. While the political rhetoric continues to stress the need to address these seemingly intractable problems, policy-makers have accepted that this cannot be achieved without a substantial increase in funding or a

significant reduction in benefits, neither of which attract anything like the necessary degree of public support. Attention has thus focused on increasing employment among the welfare dependent population, principally by requiring them to undertake activities thought to lead to this outcome.

Addressing the growing problem of welfare dependency was the key task given to the Reference Group on Welfare Reform (RGWR) established in 1999 to develop a new welfare reform blueprint (RGWR, 2000). The central tenet of the RGWR approach was that ‘the nation’s social support system must be judged by its capacity to help people participate economically and socially, as well as by the adequacy of its income support arrangements’ (RGWR, 2000, p. 3). This was to be achieved through a new participation support system involving a simpler structure that encouraged participation through mutual obligation (the idea that those who receive a benefit paid for by taxpayers should be expected to ‘give something back’ in the words of Prime Minister John Howard), underpinned by a network of social obligations involving government, business, communities and individuals, and by individualised service delivery, supported by a social partnership approach also involving government, as well as the community and commercial sectors.

In practice, the reforms introduced since 2000 have tightened mutual obligation requirements on those receiving unemployment benefit in order to increase participation in employment, with some improvements in services, but has failed to grapple with the problems of complexity or disincentives.¹ Virtually no effort has been made to explore the ideas of social partnerships and social obligations, except as part of the rhetoric accompanying the ‘glossy media releases’ that represent the public face of the reform process that had, until recently, been quietly abandoned.

Specific attention has focused on reforming the unemployment benefit system in ways that link eligibility to mutual obligation activities designed to facilitate the welfare to work transition. These measures are to be extended to sole parents and people with a disability, following measures announced in the 2005 Budget (see below). The general principle underlying mutual obligation receives a high level of public support, as long as its requirements are reasonable and take account of the circumstances of those who must comply with them (Eardley, Saunders and Evans, 2000). There is also evidence from a recent study that those welfare recipients who have made a successful transition into the employment also support it, many indicating that it had helped them to find a job by increasing their motivation and promoting contact with other people and with the labour market (Saunders, Norris and Brown, 2004).

The number of people receiving the DSP increased more than five-fold between 1972 and 2004 from 138.8 thousand to 696.7 thousand, or by 5.2 per cent a year on average - well above the increase in both the disability population and the total working-age population.² DSP numbers accelerated after the introduction of the Disability Reform

¹ The government’s initial response to the RGWR report set out an agenda for implementing its main recommendations, but produced few actual reforms (Commonwealth of Australia, 2002).

² The factors contributing to the increase in numbers receiving DSP have been examined by Cai (2003) and Cai and Gregory (2003; 2004). These studies indicate that increases in the in-flow rate has contributed more to growing numbers than declines in the out-flow rate, but also that

Package in 1991, since when the numbers have more than doubled and annual growth has been closer to 6 per cent (FaCS, 2004). Relatively few of those who receive DSP are in employment or participating in an employment support program. The Australian Council of Social Service (ACOSS) has indicated that only 9 per cent of recipients have a part-time job and 6 per cent participate in an employment program (ACOSS, 2005a). Both figures are well below those prevailing in many other OECD countries (OECD, 2003).

These trends have been viewed with alarm by a government concerned not only with their budgetary consequences, but also with the harmful psychological and motivational impacts, and the adverse 'role model' effects of joblessness on children. The Secretary to the Treasury has captured these concerns in the following remarks:

There are now more people on DSP than there are in receipt of Newstart Allowance – unemployment payments ... when one in nine Australian aged between 50 and 64 is on the DSP, I think we can safely conclude that we have something other than a safety net. Indeed, we have to consider whether we haven't created a set of opportunities and incentives to institutionalise voluntary early retirement. (Henry, 2003, p. 10)

These concerns have led the government to tighten eligibility for DSP in reforms announced in the 2005 Budget, following an unsuccessful attempt to introduce them in 2002, when the legislation was rejected by the Senate. Since then, the federal election of October 2004 resulted in the government gaining control of the Senate, paving the way for the reforms to be enacted.³ The key feature of the reforms is a reduction in the capacity to work requirement from 30 to 15 hours a week that will make many recipients of DSP no longer eligible, forcing them instead onto the lower Newstart Allowance (NSA), the main benefit for the unemployed.⁴ In justifying the changes, the Minister responsible argued that:

The community feels it is a fair principle that people are asked to work in keeping with their abilities and capacity. This very simple sentiment ... is the basis of the changes in the Government's Welfare to Work package. The biggest change, in a practical sense, is that we ask people who can work part time to work part time. This group of people ... will be asked to actively look for work and meet mutual obligation activities, such as the highly successful Work for the Dole (Dutton, 2005: pp. 5-6)

unemployment has been a major factor (in combination with policy changes) in explaining the growth in numbers, although most of the growth remains unexplained.

³ Following the 2004 election, those sections of the Department of Family and Community Services (FaCS) that deal with programs and benefits for working-age people have been moved into the Department of Employment and Workplace Relations (DEWR), in an attempt to overcome the departmental (and Ministerial) rivalries on which earlier reforms had foundered. It has also shifted the balance of bureaucratic power away from the more socially-liberal mindset within FaCS to the more hard-nosed economic mindset of DEWR.

⁴ ACOSS (2005b) estimates that up to 60,000 DSP recipients will be affected by these changes.

The fair-minded language and apparently light-hearted approach conceals a darker reality in which those on DSP will not be ‘asked’ to look for work but required to if they are to remain eligible for benefit. The Minister’s confidence in the public’s acceptance of the changes can also be challenged (see below), as can the claim that the Work for the dole scheme has been ‘highly successful’.⁵ Although the requirements will only apply to new applicants (including existing recipients who go off payment and then return) they will divert those deemed eligible to work for between 15 and 30 hours a week from DSP onto NSA, which is paid at a lower rate and indexed to prices not earnings.⁶ In addition, NSA is subject to a harsher income test than DSP and a far more demanding set of mutual obligation requirements. There are also a number of programs that support job search and employment participation that are tied to receipt of NSA.

One of the most striking aspects of this whole debate is the lack of attention given to the adequacy of payments for those with a disability. This reflects the absence of research on the relationship between poverty and other living standards indicators and disability status that can be traced back to the 1970s when the Poverty Commission reported (Commission of Inquiry into Poverty, 1975). This can be explained in part by the emphasis given to meeting needs through service rather than income support, although both are important. Attempts to examine the adequacy issue have also been thwarted by lack of data, including on how needs vary with disability status (the equivalence scale issue). It is, however, possible to overcome some of these problems with new data on the incidence of financial stress or hardship (both synonyms for poverty, a word not used by the current government) and these are used in the remainder of the paper to estimate the impact of disability.

3 Comparing Living Standards

Reflecting its emphasis on the income targeting of benefits and heavy reliance on income taxation as a revenue source (even after the introduction of a Goods and Services Tax in 2000), Australian research on living standards has focused on comparing the disposable incomes of different groups and monitoring how these have changed over time (Bradbury, Doyle and Whiteford, 1990).⁷ Mainstream poverty research in Australia has also been dominated by the use of income-based measures. The Poverty Commission has been described as a ‘landmark in the long pursuit of justice for disabled Australians’ in part because it ‘insisted on a relatively broad view that included deprivation of items other than income, such as public services ... highlighted the special costs faced by disabled people, and pointed out repeatedly how

⁵ A recent evaluation of the Work for the Dole (WfD) program concludes that ‘there appear to be quite large significant adverse effects of participation in WfD’ (Borland and Tseng, 2005; p. 23), mainly as a result of the reduced job search activity among those who are required to participate in the program.

⁶ In August 2005, the single adult (over 21 years) rate of NSA was A\$199.65 a week, 16.2 per cent below the corresponding DSP rate of A\$238.15.

⁷ Several studies have estimated the impact of the social wage by imputing as income the cost to government of providing national education, health and welfare services, although this has been done at a high level of aggregation, focusing on the impact on the relative positions of households defined by size, type, age or source of income (Australian Bureau of Statistics, ABS, 2001; Harding, 1996).

these reduced employment chances' (Gleeson, 1998; p. 323). The Commission estimated that the poverty rate among the 'sick and invalid' was more than twice the national rate of 10.2 per cent in 1972-73. By 1996, disability poverty had increased to 26.7 per cent, although the national rate increased even faster, to 16.7 per cent, implying that the relative picture for those with a disability had improved (even more markedly after taking account of housing costs) (King, 1998; Table 4.2).

Although poverty studies provide a valuable benchmark for assessing the income risks facing different groups in the population, the failure to allow for the costs of disability in the equivalence adjustment and the reliance on cash income as an indicator of the standard of living are major weaknesses.⁸ Increasing recognition of the role played by factors other than income have raised more general challenges for the income poverty approach, as Lister (2004) and Saunders (2005) have argued. There are sound reasons to be concerned about the relevance of income poverty in a world where economic well-being and autonomy are increasingly conditioned by such factors as wealth holdings, time pressures, caring responsibilities, access to services, and the freedom to make choices and realize one's potential that constitutes Sen's notion of capability (Sen, 1999).

Recent theoretical and empirical developments in the international poverty literature have specific relevance for people with a disability, who have not been well served by the standard income poverty approach. The great benefit of identifying disadvantage in terms of observed deprivation, or as processes or actions that produce exclusion, or as a failure of capabilities is that it directs attention to the *demonstrated* outcomes associated with particular characteristics or conditions, rather than focusing on how inadequate income (or access to resources more generally) is *presumed* to create poverty by restricting the ability to meet basic needs. Direct observation of living conditions also avoids the need to make an equivalence adjustment, since the ability to meet actual needs from available resources is evident from the observed levels of deprivation or functioning.

But Australia is currently a long way from implementing these kinds of measures to support policy. In 2004, the Senate Community Affairs References Committee (CARC) undertook a major inquiry into poverty and its *Report on Poverty and Financial Hardship* documented evidence of widespread poverty, which it considered to be 'unacceptable and unsustainable' (CARC, 2004, p. xv). However, the Inquiry was seen as overtly political and the Committee was unable to achieve a bipartisan approach, splitting along party lines. The government dismissed the report's recommendations (which included the setting and monitoring of poverty reduction targets) on the grounds that poverty targets have no real benefit and would involve extra bureaucracy when 'practical programs' are what is needed.⁹

⁸ In Britain, Zaidi and Burchardt (2003) estimate that if the special needs of the disabled are taken onto account, the disability poverty rate increases from around 50 per cent above that for people without a disability to almost three times higher (cited in Hills, 2004: Table 2.3).

⁹ The Senate Inquiry recommended that a new disability allowance be introduced to meet the additional costs associated with disability, that payments to carers be reviewed and improved, and that a range of measures be introduced to increase employment and education among those with a disability. These recommendations have had no impact.

Lack of data is another obstacle. There is no Australian counterpart to the British *Poverty and Social Exclusion* (PSE) survey, nor have there been any systematic attempts to plot the national profile of deprivation, despite a successful pilot survey of the approach in the mid-1990s (Travers and Robertson, 1996). Some information has been collected in a series of recent surveys, including in the latest *Household Expenditure Survey* (HES), the new longitudinal survey the *Household Income and Labour Dynamics in Australia* (HILDA) and the *General Social Survey* (GSS) introduced for the first time in 2002.

Data from the first of these sources (HES) can be used to classify aspects of the living standards of households according to their disability status. In addition to including a series of questions on hardship and financial stress (described and analysed by Bray, 2001 and McColl, Pietsch and Gatenby, 2001), the 1998-99 HES asked respondents to indicate whether or not they (or other household members, including children) had a disability or suffered from a long-term health condition.¹⁰ In using the HES data, the aim is not to produce a definitive account of how economic and social circumstances relate to the presence of a disability, but to provide a broad overview of the association between the presence of disability in a household and a variety of indicators of its standard of living. The results compare the value of each indicator between households that contain no individuals with a reported disability or long-term health condition (hereafter ‘disability’ for short), households with at least one adult with a reported disability, and households with no adults but at least one child with a disability. Households containing an adult aged 65 or over have been excluded. Household income has been adjusted to reflect differences in household need using the ‘modified’ OECD equivalence scale that assigns a value of 1.0 to the first adult, 0.5 to each subsequent adult and 0.3 to each child.

4 Income Levels and Poverty

Table 1 compares the after-tax (disposable) incomes of households by their disability status, as defined above. The median income of disability households is 14.9 per cent lower than that for non-disability households, the gap being greater where there are adults with a disability than where disability affects only children. The mean income relativities are slightly larger than those based on the median, although the patterns are the same. These relative income differences increase considerably after the equivalence adjustment. The median income of households with a disabled adult is over 23 per cent below that of household with no disability and the gap for households with a disabled child is even larger, at 36 per cent.

¹⁰ The disability conditions referred to in the question are: sight problems not corrected by glasses or contact lenses; hearing problems; speech problems; blackouts, fits or loss of consciousness; slowness at learning or understanding; limited use of arms or fingers; difficulty gripping things; limited use of legs or feet; and condition that restricts physical activity or physical work (e.g. back problem); and a disfigurement or deformity. Long-term health conditions include the following (each experienced for at least six months): shortness of breath, or difficulty breathing; chronic or recurring pain; a nervous or emotional condition; and mental illness which requires help or supervision; long-term effects as a result of a head injury, stroke or other brain damage; a long-term condition that requires treatment or medication; and any other long-term condition such as arthritis, asthma, heart disease, Alzheimer’s disease, dementia etc.

Table 1: Mean Household Income, by Disability Status (A\$1998-99)

Household type	Percentage of all households	Median income		Mean income	
		Unadjusted	Adjusted ^(a)	Unadjusted	Adjusted ^(a)
No member with a disability ^(b)	55.1	752	464	824	495
At least one adult with a disability	42.3	626	354	713	404
No adults but at least one child with a disability	2.6	678	297	759	337
All with a disability	44.9	640	340	729	391
All households	100.0	696	408	782	449

Notes: (a) Incomes have been adjusted using the revised OECD equivalence scale; (b) Disability includes a long-term health condition (see text).

The income differences shown in Table 1 are reflected in the patterns of income poverty shown in Table 2, which are based on poverty lines set at different percentages of median (adjusted) income. The use of a range of poverty lines allows the sensitivity of results to be assessed. On the basis of the 50 per cent line, disability is associated with a 2 percentage point increase in the risk of poverty where it affects an adult, and a 5 percentage point increase where it affects children. These differences virtually disappear at the 40 per cent benchmark, but are substantially larger at the 60 per cent of median income poverty line. The findings are consistent with the view that the welfare system provides a comprehensive but modest income safety net that protects most people from extreme income poverty, but income from other sources (primarily earnings) have an increasing impact as the poverty line is shifted up the income distribution.¹¹

Table 2: Patterns of Income Poverty by Disability Status (percentages)

Household type	Poverty rate:		
	40% median income	50% median income	60% median income
No member with a disability	4.5	7.4	12.1
At least one adult with a disability	5.0	9.4	22.6
No adults but at least one child with a disability	5.6	12.3	24.9
All with a disability	5.0	9.5	22.8
All households	4.8	8.4	16.9

Table 3 examines the employment patterns of households classified by their disability status. Joblessness is about two-and-a-half times higher among disability households than among households generally. Household employment rates are lower where there

¹¹ Other information not presented indicates that those with a disability have a much higher propensity (27.2 per cent) to have income from government benefits as their principal source of income than households unaffected by disability (10.2 per cent). This means that the level of benefits relative to the poverty line is a more critical issue for those with a disability.

is an adult with a disability, particularly the incidence of full-time employment. In contrast, where there is a child with a disability, although the incidence of employment is again lower, the incidence of full-time employment is higher than for other households. This is consistent with these households needing one adult to remain at home to care for the child, leaving only a single breadwinner who is more likely to work full-time.

Table 3: Joblessness Households by Disability Status (percentages)

Household type	Jobless households	One employed person	One person employed full-time
No member with a disability	10.3	38.7	52.6
At least one adult with a disability	25.6	31.2	38.6
No adults but at least one child with a disability	23.0	34.6	58.5
All with a disability	25.4	31.4	39.8
All households	17.1	35.4	46.9

5 Hardship, Deprivation and Exclusion

As noted earlier, the indicators examined below are relatively new in Australia and cannot be claimed to provide as clear a picture of the profile of deprivation and social exclusion than the more sophisticated indicators common in the UK and Europe. But they overlap to some degree with data generated in the PSE survey (Gordon et al., 2000) and have been used to examine the extent of financial hardship and deprivation in Australia (Bray, 2001; Saunders, 2003) and to compare the deprivation profiles of Australia and Britain (Saunders and Adelman, 2004).

The indicators used to explore how deprivation and exclusion are associated with disability are shown in Table 4.¹² The fourteen indicators have been combined into five separate exploratory dimensions of hardship:

- *Financial hardship* – based on experiencing at least five of the indicators;
- *Restricted social participation* – based on experiencing at least two of indicators H₁ to H₆;
- *Severe financial stress* – based on experiencing any one of the indicators H₇, H₈, H₁₀ and H₁₁;
- *Expressed need* – based on experiencing at least one of indicators H₉, H₁₂ and H₁₃; and
- *Lack of support* – the inability to raise money in an emergency, based on indicator H₁₄.

Although these definitions embody arbitrary decisions about how many conditions constitute each domain of hardship, the fact that we are primarily interested in

¹² The HES questions on which this information is based first asked respondents if they had undertaken each activity, and then for those who had not, whether or not this was due to a shortage of many (or lack of affordability).

comparing the indicators by disability status makes this less of an issue than might otherwise be the case. Having said this, it needs to be emphasised that the results are primarily exploratory and should thus be treated with a degree of caution.

Table 4: Indicators of Hardship and Financial Stress

Hardship Indicator	Definition
H ₁	Cannot afford a week's holiday away from home each year
H ₂	Cannot afford a night out once a fortnight
H ₃	Cannot afford to have friends/family over for a meal once a month
H ₄	Cannot afford a special meal once a week
H ₅	Cannot afford brand new clothes (usually but second-hand)
H ₆	Cannot afford leisure or hobby activities
In the last year due to shortage of money:	
H ₇	Could not pay gas, electricity or telephone on time
H ₈	Could not pay car registration or insurance on time
H ₉	Pawned or sold something
H ₁₀	Went without meals
H ₁₁	Unable to heat home
H ₁₂	Sought assistance from a welfare or community agency
H ₁₃	Sought financial help from friends or family
H ₁₄	Could not raise \$2000 in a week if had to

Source: *Household Expenditure Survey, User Guide 1998-99*, ABS Catalogue No. 6527.0.

The incidence of each of the five indicators of hardship among households categorised by their disability status is shown in Table 5. These results indicate that the presence of disability has greater negative consequences than was implied in the earlier comparisons of income levels (Table 1) or poverty rates (Table 2). In overall terms, the comparisons are more similar to those based on the 60 per cent of median income poverty line than the more commonly used 50 per cent benchmark. Having a household member with a disability is associated with a substantial increase in the incidence of financial hardship, a higher probability of experiencing severe financial stress and is more likely to result in having to sell or pawn things, or seeking help from others. Disability also leads to less social participation, while those with a disability are more likely to report not having access to external financial support if it is needed. Households with a disabled member are thus not only more deprived, but are also at greater risk of becoming so in times of crisis.

Table 5: The Incidence of Different Indicators of Hardship by Disability Status (percentages)

Household type	Financial hardship	Restricted participation	Severe financial stress	Expressed need	Lack of support
No member with a disability	7.8	16.8	16.0	11.0	15.4
At least one adult with a disability	18.1	28.4	27.4	19.0	25.7
No adults but at least one child with a disability	26.5	37.5	37.4	25.5	32.6
All with a disability	19.7	31.3	29.0	20.3	27.7
All households	13.2	23.3	21.8	15.2	20.9

6 Attitudes to Mutual Obligation

The earlier policy discussion identified mutual obligation as a major theme in the current government's welfare reform agenda. Table 6 presents a range of the results on support for imposing mutual obligation requirements (MOR) on three groups of the unemployed – those aged under-25, those aged 50 and over, and those with a disability. They are derived from the *Coping With Economic and Social Change* survey conducted by the Social Policy Research Centre in 1999 (see Saunders, 2002 for details). The results differentiate between the views of all respondents (shown in the left hand columns for each group) and those of respondents who share the characteristics of each group, in terms of their age and disability status (shown in the right hand columns).¹³

For the CESC sample as a whole, there is a high level of support for applying almost all forms of MOR to the young unemployed, with almost half agreeing that the young unemployed should even be required to 'get on their bikes' and move to another town in order to find work. In contrast, support for MOR for those aged 50 and over is much lower, with only three requirements receiving majority support: look for work; engage in training/re-training; and undertake useful community work. Support is lower again when it comes to applying MOR to the unemployed who have a disability, where the level of support among the population is below 50 per cent in all but one case (training/re-training) and is often below one-quarter.¹⁴

Table 6: Attitudes to Mutual Obligation, by Recipient and Respondent Characteristics (percentages)

Requirement	Young unemployed (under-25)		Older unemployed (50+)		Unemployed with a disability	
	All respondents	Under-25s only	All respondents	50+ only	All respondents	Those with a disability only
Look for work	92.8	94.6	53.7	48.5	33.5	19.3
Complete a dole diary	79.9	80.0	40.9	35.2	25.7	14.6
Work for the dole scheme	82.5	80.3	38.2	35.7	24.6	16.3
Training/re-training	81.8	86.3	61.5	51.3	51.8	33.1
Useful community work	78.4	77.9	62.8	57.8	46.3	30.4
Accept any job	64.9	56.5	32.8	62.2	18.1	14.7
Move to another town	49.1	49.9	9.4	90.5	5.3	3.5
Change their appearance	71.2	72.8	33.8	71.6	25.4	18.2
Improve reading & writing skills	83.9	82.9	41.1	62.4	45.4	32.1

Source: CESC Survey (see main text).

¹³ Small numbers prevent a breakdown of the views of respondents by personal characteristics and whether or not they themselves were unemployed at the time of the survey.

¹⁴ These results thus suggest that the public has a less sanguine view of mutual obligation than Minister Dutton implies in the remarks attributed to him earlier.

The results shown in columns two, four and six of Table 6 compare the MOR responses of those who share the characteristics of the unemployed to whom mutual obligation would apply. What is striking about these results is that there is no strong tendency for those who share characteristics to be more sympathetic than the population at large when it comes to the treatment of the unemployed. Thus, support for applying MOR to the young unemployed is slightly *higher* among those who are themselves under-25 than among the general population. The level of support for applying MOR to those aged over 50 is lower among the over-50 group, although the differences are generally rather small. In relation to those with a disability, the already low level of general support for MOR declines even further among those who have a disability themselves, but the level of support for mutual obligation is generally below 20 per cent and nowhere exceeds one-third.

The main policy challenge in relation to disability income support is how to introduce work-oriented mutual obligation (or activation) requirements on those who receive DSP to assist those who can, with support, get into work without penalising those who cannot. This involves confronting the kinds of dilemmas that Overbye (2005) has described in the Scandinavian context: knowing when to stop so that those who are realistically unable to get a job do not end up ‘with a self-image as secondary citizens’. Deciding who should be subjected to activation programs also raises acute trade-offs between responsibilities and rights, and between cost-effectiveness and equity, as Thornton and Corden (2005) have emphasised. Programs that target only those who are most likely to benefit run the risk of further alienating others, while making participation compulsory would require a sophisticated process for identifying those too ill to work and/or a complex and potentially very damaging system of penalties for those unwilling to be involved.

7 Conclusions

The above discussion indicates that the presence of disability is associated with low levels of income and high exposure to income poverty, and it is difficult to imagine that this association does not reflect causality. Disability also reduces the ability to participate in employment for many, unless support is provided the disabled to find and keep a job. The evidence on living conditions paints an even bleaker picture of the impact of disability, revealing larger gaps between the circumstances of those with and without disability.

Notwithstanding this, considerable attention has been placed on the design and impact of the income support system for people with a disability, because of the rapid growth in numbers, but also because this is the gateway to other assistance. The recently announced DSP reforms are designed to encourage more recipients into part-time work, but their success will depend critically on the kinds of enabling measures that accompany the more stringent eligibility requirements (not to mention the availability of suitable jobs). In order to be successful, the reforms will need to be accompanied by measures designed to assist the disabled to overcome the very serious barriers (including employer discrimination and a lack of appropriate counselling services) that currently prevent them from joining the labour force – an outcome that many of them already aspire to (Morris and Abello, 2004).

Employment support will be particularly critical if increased employment participation among those receiving DSP is going to achieve anything beyond

improving the budget bottom line. While there are major uncertainties surrounding their longer-term impact, the short-run consequences of the reforms are more predictable. They will reduce the incomes of the many DSP recipients who are already reliant on a poverty-level income and produce increased pressures to comply with new mutual obligation requirements. This will only add to the financial and other pressures already known to exist among this vulnerable group.

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