

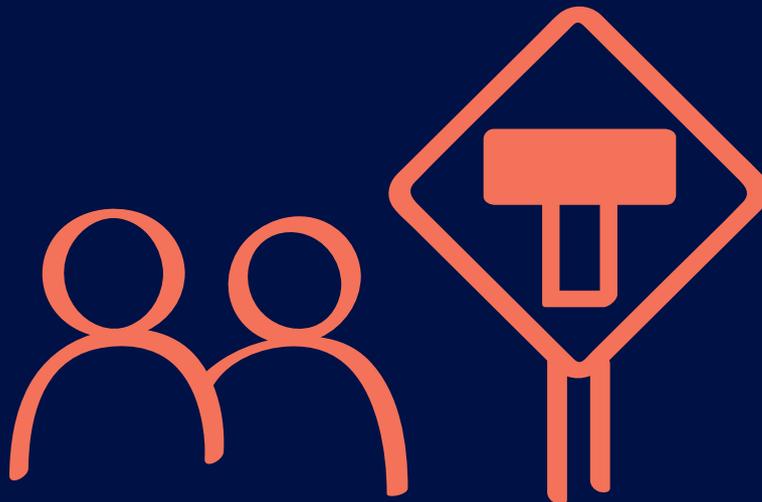
Research and Policy Centre

Dead ends

How our social security system is failing people with partial capacity to work

Karen Soldatic, Dina Bowman, Maria Mupanemunda & Patrick McGee

2021



Brotherhood of St Laurence
Working for an Australia free of poverty



Australian Federation of
Disability Organisations

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Since 2003, the Australian Federation of Disability Organisations (AFDO) has been the recognised national peak organisation in the disability sector. Our member organisations represent disability specific communities with a total reach of over 3.8 million Australians. AFDO works to develop a community where people with disability can participate in all aspects of social, economic, political and cultural life. This includes the development of respectful and valued relationships, and the opportunity to contribute as valued citizens.

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Glossary

Age Pension (AP): the main income support payment for older people

Disability Employment Service (DES): employment service providers that support people with disability in finding work

Disability Medical Assessment: an assessment conducted by a government-contracted doctor to determine whether an individual qualifies for the Disability Support Pension

Disability Support Pension (DSP): an income support payment for people aged over 16 (but under Age Pension age) who are unable to work due to permanent physical, intellectual or psychiatric impairment

Employment service providers: agencies contracted by the Australian Government to assist individuals in finding employment

Functional impairment: a loss of functional capacity affecting a person's ability to work that results from the person's medical condition

Fully diagnosed, treated, and stabilised: Assessment of a medical condition must consider

- whether there is corroborating evidence from an appropriate medical practitioner
- what treatment or rehabilitation has occurred, and
- whether treatment is continuing or is planned and can be expected to result in significant functional improvement. in the next 2 years

Government-contracted doctor: registered and licensed medical practitioner contracted by Services Australia to conduct Disability Medical Assessments.

Impairment Tables: a set of tables that assign ratings to the severity of the impairment's impact on function as it relates to work

Job Capacity Assessment: an assessment of an individual's functional impairment and work capacity

JobSeeker Payment (JSP): working age payment that replaced Newstart Allowance (NSA) from 20 March 2020 and provides financial assistance to people aged 22 years to Age Pension age who have capacity to work now or in the near future

jobactive: network of organisations contracted by the Department of Education, Skills and Employment to deliver employment services to jobseekers receiving income support

Mutual obligations: tasks that individuals must undertake while receiving income support

National Disability Insurance Scheme (NDIS): scheme that provides support to eligible people with intellectual, physical, sensory, cognitive, and psychosocial disability

Partial capacity to work (PCW): assessment that a person's physical, intellectual or psychiatric impairment prevents them from working at least 30 hours per week within the next two years [but does not meet requirements for Disability Support Pension]

Program of support (POS): a program delivered through an employment service provider, designed to help people to prepare for, find and retain employment

Services Australia: formerly the Department of Human Services, an executive agency of the Australian Government that is responsible for providing income support

Treating Doctor's Report (TDR): (until 2015) a guided questionnaire that a treating doctor could complete to address all the eligibility requirements for the DSP. Time spent was claimable by a doctor under Medicare as a double appointment, not as a separate item number

Youth Allowance: an income support payment for individuals aged 24 or younger who are students or completing an apprenticeship; or those aged 21 or younger looking for work (Youth Allowance (Other))

Summary

People deemed to have ‘partial capacity to work’ are an overlooked but growing group of those receiving JobSeeker Payment. The growth in this category reflects a decade of changes in eligibility and assessment for other types of income support, especially the Disability Support Pension. For many people with disabilities and/or chronic health conditions the impact has been severe.

The partial capacity to work (PCW) category illustrates how the social security system is failing many vulnerable individuals due to design faults that create poverty traps.

This paper examines the development of this classification and its impact on the lives of individuals and their households. It recommends urgent policy change to enable those who are unable to work full-time due to disability or ill health to live with dignity.

Background

Australian social security payments have undergone extensive review and changes since the late 1990s. The aims of these changes have been to:

- streamline payment types across the social security system
- increase the rate and speed of labour market attachment for social security recipients to diminish long-term payment dependence
- contain and control the ongoing growth of government expenditure on social security payments.

Partial capacity to work (JobSeeker Payment)

A person with a physical, intellectual or psychiatric impairment has a partial capacity to work if the impairment prevents them from working at least 30 hours per week at the relevant minimum wage or above, independently of a program of support, within the next 2 years.

In determining whether a person has a partial capacity to work, all impairments that impact on a person’s capacity to work within the next 2 years will be taken into account, regardless of whether the condition/s giving rise to the impairment/s are fully treated and stabilised and the Secretary must be satisfied that no training activity is likely, because of the impairment, to enable the person to work at least 30 hours per week at the relevant minimum wage or above, independently of a program of support, within the next 2 years. (DSS Guide to social security law 2021)

The partial capacity to work (PCW) category illustrates how the social security system is failing many vulnerable individuals due to design faults that create poverty traps.

Tightened eligibility and onerous assessment for Disability Support Pension

The Disability Support Pension has been acutely affected by changes that have tightened eligibility and introduced onerous assessment processes. Conditions must now be ‘fully diagnosed, treated and stabilised’ and claimants must provide detailed medical evidence of their conditions, often at their own cost. Applicants must prove that their disability/condition results in a functional impairment that meets a threshold of 20 points or more on a single Impairment Table. For people with multiple disabilities and/or conditions this means impairments are assessed separately against the 20-point threshold, which obscures the cumulative effects of multiple conditions.

The number of people receiving DSP has fallen from 815,251 in April 2011 to 752,274 in April 2021.¹ Importantly, the success rate of applications has fallen from 63% in 2011 to just 41% in April 2021.²

As a result of the tightened eligibility criteria, a new class of social security recipients living with disability and/or chronic health conditions have to rely on the lower unemployment payment, JobSeeker Payment.³

JobSeeker Payment and partial capacity to work

In March 2021, an estimated 376,287 people receiving JobSeeker Payment (JSP) were defined as having partial capacity to work. Those living with a psychological or psychiatric disability or a musculoskeletal or connective tissue condition together account for almost 80% of this group.

Over 60% of these people were aged over 45. Most were on JobSeeker Payment long term: 82% had been on JSP for one year or more, and over half for five years or more. Of those with partial capacity, most had an assessed capacity of between 15

and 22 hours work per week (Senate Community Affairs Legislation Committee 2021).

Negative impacts and structural barriers

Australia continues to have very low rates of employment of people with disability. Only 48% of people with disability are employed, compared to 80% without disability (AIHW 2020).

Just because an individual is deemed to have a partial capacity to work does not mean that they will find suitable work. Indeed, only 16% of people assessed with a partial capacity to work have earnings from employment.⁴

Many with partial capacity to work are left to languish on an inadequate JobSeeker Payment, living below the poverty line with little reasonable prospect of getting work. For a single person the JobSeeker Payment is \$247.50 per fortnight less than the Disability Support Pension.

Obligations and exemptions

Depending on the person’s assessed capacity to work, their payment may carry conditions relating to job search and employment. Most must comply with activity requirements or risk suspension of payments. Data provided to a Senate Estimates hearing shows that just 17% of those with partial capacity to work have exemptions.⁵ Those with fluctuating medical conditions can find it difficult to meet their mutual obligations, and this can lead to suspension or cancellation of payments.

On the other hand, service delivery experience suggests that mature-age people defined as having partial capacity to work are frequently granted repeated short-term exemptions from mutual obligations, in tacit recognition that they will be unable to find suitable employment. Still, they are condemned to subsist on a lower payment than DSP until they reach pension age.⁶

1 Data provided to stakeholder engagement meeting by DSS, July 2021, Table 1.

2 Data provided to stakeholder engagement meeting by DSS, July 2021, Table 2.

3 In March 2020 JobSeeker Payment replaced Newstart Allowance and incorporated seven other payments. See <https://www.dss.gov.au/benefits-payments/jobseeker-payment>

4 Senate Community Affairs Legislation Committee Additional Estimates – 25 March 2021, Question reference number: DSS SQ21-000008

5 Senate Community Affairs Legislation Committee Additional Estimates Supplementary Budget Estimates – 24 October 2019, Question reference number: SQ19-000307

6 Even for those aged 60+, after nine continuous months on JobSeeker Payment, the rate is only \$667.50 compared with DSP \$868.30, in July 2021 <https://www.servicesaustralia.gov.au/sites/default/files/co029-2107.pdf>

No real employment assistance

The limitations of the jobactive employment services system are well known and widely acknowledged. An overemphasis on compliance, competition between contracted services and little employer engagement result in those most disadvantaged in the labour market being parked rather than helped.

There is also a disconnect between people with partial capacity to work on JobSeeker Payment and the operation of Disability Employment Services, especially for those who have had their mutual obligations waived but are assessed with capacity to work below 15 hours per week. Indeed, the mid-term review of Disability Employment Services found the current model has created disincentives for DES providers to provide employment opportunities that are less than 15 hours.

There is no independent broker to assist employers, people with disability placed in jobs and DES providers to ensure the lasting success of placements by resolving any issues between the parties or providing relevant information and support. Lacking suitable employment and support, people living with disability or chronic health conditions are subject to additional stress, undermining their wellbeing.

Need for investment in inclusive employment

The changes to eligibility that were introduced in 2014 were intended to ‘help young people with disability enter the workforce if they are able to do so’ (Australian Government 2014, p. 24). However, tightened eligibility criteria for DSP and support through employment services were ‘unlikely to lead to a general improvement in the workforce participation and self-support of people with disabilities’ (Buckmaster 2014).

In 2021, the challenges remain, and a national ambition to support inclusive employment is also required, informed by the social model of disability which recognises the physical, social and economic environments that create barriers for people with disability. This is fundamental to recognising and promoting the human rights of people with disability, including the rights to social security and social protection (United Nations General Assembly 2015).

Recommendations

Urgent reform is required to create a strong social safety net to support the most vulnerable and create community resilience in uncertain times. Current income support, employment assistance and other policies intersect and overlap but fail to keep people out of poverty and support a pathway to suitable work and economic security. To address the identified issues facing people living with disability and/or chronic health conditions, we recommend that the federal government act in the following areas:

Adopt a social model of disability that recognises human rights obligations

- Ensure that the Department of Social Services and Services Australia adopt the social model of disability in line with Australia’s obligations under the Convention on the Rights of Persons with Disabilities.
- Review and revise policy objectives across the income support, employment services and NDIS systems to ensure they work together to advance the economic and social empowerment of all people living with physical, intellectual or psychiatric impairment in line with Australia’s obligations under the International Covenant on Economic, Social and Cultural Rights (arts: 9 and 11) and the Convention on the Rights of Persons with Disabilities (art: 28).

The limitations of the jobactive employment services system are well known and widely acknowledged.

- Revisit consultative and advisory mechanisms to ensure that people with lived experience of disability and/or chronic health conditions and their representative organisations are actively and regularly involved in the co-design of social security policy and operations that will address their needs.

Renovate and repair the social security system for the twenty-first century

- Establish an independent body to regularly review the structure and rates of social security payments to ensure that these are not subject to political cycles. Payments should be set at levels that enable people to live with dignity and fully participate in community, social and economic life.

Urgently review DSP application and assessment processes

- Review the DSP application and assessment process, particularly as it relates to applicants having to demonstrate their condition is fully diagnosed, treated and stabilised. The process should be based on principles of equity, minimal cost to participants, accessible information, transparency and timeliness. The following urgent steps are needed:
 - Remove Fully Diagnosed, Treated and Stabilised criteria, as part of a comprehensive review of the eligibility requirements.
 - Reinstate the Treating Doctor’s report and introduce a Medicare item number to cover the cost of these consultations.
 - Develop more extensive community outreach and information dissemination strategies about the DSP to ensure that service providers, medical practitioners and health care providers can support high-quality applications.
 - Ensure that all applicants have timely, accessible information, and coordinate communication pathways and support during the application process for individual applicants and their support networks.

- Implement a timeframe of 3 months maximum to determine DSP eligibility.
- Exempt individuals applying for the DSP from JobSeeker Payment reporting and work activities during the process and while awaiting determination.
- Offer comprehensive outcome information and support for applicants following an unsuccessful DSP claim.

Ensure JobSeeker Payment is adequate

- Take immediate steps to increase JobSeeker Payment to accurately reflect the costs of living and of jobseeking activities, including for people classified as having partial capacity to work.

Provide employment support that enables rather than punishes or parks

- Invest in best practice, evidence-informed mainstream and disability employment services to better support jobseekers, including those with a partial capacity to work. This new model should focus more on personalised support, skills development and employer engagement rather than on compliance.

Promote inclusive employment policies and practices

- Promote policies such as social procurement to create more employment opportunities for people with disability and/or chronic health conditions.

1 Introduction

A growing number of people on JobSeeker Payment are defined as having partial capacity to work (PCW). This paper examines the development of this category and the impact of this definition on the lives of individuals. It recommends urgent policy changes to provide people with disability and/or chronic health conditions with appropriate support to open a genuine pathway to employment, and enable all those unable to work due to disability or ill health to live with dignity.

We provide an overview of the key changes to the Disability Support Pension (DSP) and the Age Pension (AP). We then illustrate the social, economic and emotional impact on individual and household wellbeing of people who have to rely on the much lower JobSeeker Payment because they are deemed to have partial capacity to work. We consider the structural barriers to employment for people with disability and/or chronic health conditions. We conclude with some recommendations for policy reform.

First, it is important to consider some wider principles that are relevant to the way in which the partial capacity to work category operates.

Understanding disability

The now widely accepted social model of disability advanced by experts like Oliver (1983) and others shifts focus from an individual's impairments to the physical, social and economic environments that create barriers. This enables an examination of what needs to be changed socially, politically and physically to enable equity for people with disability:

In the broadest sense, the social model of disability is about nothing more complicated than a clear focus on the economic, environmental and cultural barriers encountered by people who are viewed by others as having some form of impairment – whether physical, sensory or intellectual (Oliver 2004, p. 6).

The social model of disability is fundamental to addressing the barriers that undermine the human rights of people with disability, including the rights to social security and social protection (United Nations General Assembly 2015). It is the model adopted within UN conventions outlining the rights of people with disability for which Australia is a ratifying party.

Rights to social security and social protection

Australia's income support system is crucial to the realisation of people's rights to social security and social protection. The eligibility, rates and conditions associated with various payments play an important role in reducing and alleviating poverty and promoting social and economic wellbeing, inclusion and participation. This is especially important in the context of both the extra costs faced by many people with disability and/or chronic health conditions in Australia, and the limited availability of meaningful, good quality and accessible employment (Li et al. 2019).

Australia is a party to the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the Convention on the Rights of Persons with Disabilities (CRPD). These instruments require the Australian Government to ensure that all people, including all people with disability, have access to social security, social protection and an adequate standard of living (ICESCR, arts. 9, 11; CRPD, art. 28). These rights must be available without discrimination based on disability, gender, race, national or ethnic origin, indigenous or social origin, age or other status (see also, for example, CRPD, Preamble; International Convention on the Elimination of All Forms of Racial Discrimination, art. 5(e)(iv); Convention on the Elimination of All Forms of Discrimination Against Women, art. 11(e)).

These broader principles necessarily frame our discussion and responses to the impacts of changes to social security over the past few decades, and the creation of the category of JobSeeker Payment recipients deemed to have partial capacity to work.

2 Social security changes and partial capacity to work

The dual aim of Australia's social security system is to ensure that people who are unable to support themselves through employment or savings are provided with financial support to sustain a 'minimum adequate standard of living' and to promote self-reliance (DSS 2019; ALRC 2012). Two of its largest programs are the Disability Support Pension and JobSeeker Payment (PBO 2018).

Disability Support Pension and JobSeeker Payment compared

The Disability Support Pension is the principal income support payment for people from 16 years to Age Pension age with a *permanent* physical, intellectual or psychiatric impairment that prevents them from working (Services Australia 2021a).⁷ The DSP represented 10.6% of all social security spending or 2.2% of GDP in 2018 (PBO 2018; OECD 2019). As of March 2021, there were 751,951 recipients (DSS 2021).

JobSeeker Payment (JSP) is the primary income support payment for those between 22 years and pension age who are unemployed or who cannot work or study due to a temporary sickness or injury (Services Australia 2021d). JSP represented 5.7% of all social security spending in 2018–19 (PBO 2018). As of March 2021, there were 1,167,392 people receiving JSP (DSS 2021).⁸

Benefits, eligibility and compliance criteria for the programs differ. The DSP, pegged to wages, has a higher payment rate, and more generous taper rates, income and asset tests; and it has no job search requirements for those aged over 35 years. Since unemployment payments are indexed to the Consumer Price Index instead, the gap between the payment rates grows over time (Klapdor 2020).

Such differences generally reflect government's view that people with a permanent physical, intellectual or psychiatric impairment require more financial support and experience greater barriers to employment than those with full capacity who may experience unemployment for shorter periods (Australian Government Solicitor 2020).

Tightening eligibility for the Disability Support Pension

The DSP, introduced in 1991 to replace the Invalid Pension, aimed to encourage the employment participation of persons with disabilities by providing long-term economic security and support. Its original design was premised on the principles of active labour market support; and a raft of broader legislative measures and policy instruments were also introduced simultaneously, such as the *Disability Discrimination Act 2001* and the Disability Employment Network (DEN) of services. While initially there was increased inclusion of people with disabilities in the open labour market, the employment rate of people with disabilities remains more or less static around 48% (AIHW 2020). Moreover, the DSP was to become Australia's fastest growing social security payment (Morris, Wilson & Soldatic

⁷ 'A *permanent* condition is a medical condition which has been fully diagnosed, fully treated and fully stabilised and is more likely than not, in light of available evidence, to persist for more than 2 years' (Australian Government 2021).

⁸ JobSeeker Payment soared to over 1.4 million recipients at the height of the pandemic in 2020. Numbers have since fallen but they remain higher than before the pandemic. In December 2019, 728,405 people received Newstart Allowance (the precursor of JSP).

2015). Incremental changes in 2005–06, 2011, 2012 and 2014–15 have tightened eligibility, changed assessment processes and created the partial capacity to work category of JobSeeker Payment recipients.

In 2005, new provisions under the *Employment and Workplace Relations Legislation Amendment (Welfare to Work and other Measures) Act* lowered the work capacity assessment level for people applying for DSP from 30 to 15 hours per week. Applicants who could work 15–29 hours per week were now classified as having a partial capacity to work and were no longer eligible for DSP. This shift was designed to incentivise people to work, where they had some capacity to do so, as well as to contain the number of people who would receive the higher payment. As a result, those assessed as ineligible for DSP had to apply for alternative payments including Parenting Payment, Youth Allowance or Newstart Allowance (AIHW 2019; St Guillaume 2020). Most people in this new PCW category ended up on unemployment payments (Australian Government Solicitor 2020).

Extra conditions for people under 35 years

In 2011, the federal government announced that all future DSP applicants aged under 35 years assessed as not having a 'severe impairment'⁹ and able to work at least 8 hours per week would have to undergo a three-year probationary period before they could access the DSP. During the waiting period, this group would receive Newstart Allowance. In the same year, the government passed the *Family Assistance and Other Legislation Amendment Act 2011*, which added the program of support (POS) to the new DSP eligibility requirements (PBO 2018). Applicants for DSP assessed as not having a 'severe impairment' would now have to demonstrate that they had engaged with a POS to help build their employment capacity for at least 18 months in the three years before claiming DSP (SA 2021g).¹⁰ If they could not, they would have to apply for support through an alternative payment,

primarily JSP (Australian Government Solicitor 2020). The same legislation introduced Job Capacity Assessments.

In 2012, further changes were made, again for participants under 35 years. Under the *Social Security and Other Legislation Amendment (Disability Support Pension Participation Reforms) Act 2012*, DSP recipients in this age group who were capable of working at least eight hours per week were now also required to undergo activity tests and meet with Centrelink (now Services Australia) staff to develop a work participation plan. Such measures were targeted specifically at this age group for two reasons. It was argued that:

- people aged under 35 had the greatest risk of long-term income support dependence and
- they had the greatest potential to benefit from additional employment support and services.

People with disability under the age of 35 would now only have access to DSP if they could prove that they had tried but failed to find work for at least two years. Also in 2012, new Impairment Tables were introduced to assess DSP applicants based not on their medical diagnoses but on their functional capacity in relation to work (PBO 2018). Applicants would have to undergo a Disability Medical Assessment to prove that their impairment had a rating of 20 points or more on a single Impairment Table (St Guillaume 2020).

In 2014/15 compulsory participation requirements were introduced for those aged under 35 who were assessed with a work capacity of eight hours or more per week. Activities included working for the dole, job search, work experience, education and training and connecting with disability employment services. As part of the same reforms, the medical evidence required from all applicants and the methods used to assess this evidence were amended. From July 2015 individuals submitting a new application for the DSP had to provide medical records showing that their condition had been fully diagnosed, treated and stabilised (Soldatic at al. 2019).¹¹

9 The *Family Assistance and Other Legislation Amendment Act 2011* stated that to be classed severe, a person's impairment must be rated at 20 points or more on a single Impairment Table.

10 Examples of POS include Disability Employment Services and jobactive employment service providers.

11 A condition is **fully diagnosed** if a qualified health professional has confirmed a diagnosis, **fully treated** when a participant has had all reasonable treatment including rehabilitation and **fully stabilised** where, even with reasonable treatment, it won't result in significant improvement or an ability to work in the next 2 years (Services Australia 2021c).

Table 1 Summary of changes to the DSP from 2006 to 2021

Year	Change	Impact
2006	Lowered DSP work test from 30 hrs per week to 15 hrs per week	Almost 100,000 potential DSP claimants moved to Newstart Allowance
2011/12	Review of Impairment Tables resulted in tighter criteria Programs of Support (POS) introduced	Applicants with co-morbidity and certain conditions failed to meet thresholds for DSP eligibility
2014/15	Work thresholds lowered to 8 hrs per week for under 35 years Only Commonwealth-funded services eligible to provide POS Treating Doctor Report removed Concept of 'Fully Diagnosed, Treated, Stabilised' introduced	More young people shifted to Youth Allowance (Other) or Newstart Allowance Many applicants required to engage with a POS before claiming DSP Extensive medical evidence required, at personal expense People with fluctuating conditions and chronic illnesses less likely to qualify for DSP

Source: Based on Soldatic et al. 2021

These changes, summarised in Table 1, have severely limited access to DSP and moved a considerable proportion of people with disability and/or chronic health conditions onto a payment that was never intended to support people with a physical, intellectual or psychiatric impairment (Fitts & Soldatic 2018).

People like Mary (see panel) who have multiple health conditions have found that the way that Impairment Tables are used separately

for DSP assessments does not recognise the cumulative impact of their conditions on functional impairment.

In addition to DSP changes, two other significant changes to Australia's social security system have contributed to the growth in the PCW category, as explained in the next section.

Mary – Complex disability and the disability Impairment Tables

Mary¹² has been diagnosed with mental health conditions and autism spectrum disorder. It is difficult to know which condition primarily causes Mary's functional impairment. For example, due to her autism spectrum disorder she finds it difficult to engage in social interactions and understand social cues which causes her anxiety; and this is exacerbated by her mental health symptoms. The interaction of these comorbidities is not captured in the Impairment Tables.

When Mary's Disability Support Pension claim was rejected, she sought assistance from a disability advocate to appeal this decision. At the Administrative Appeals Tribunal hearing the complexity of her conditions was apparent. Further submissions were needed to investigate whether both conditions should be assessed on the same Impairment Table.

¹² All case study names are pseudonyms.

Raising the Age Pension qualifying age

The first of these other social security changes was lifting the Age Pension qualifying age, which has led to a growing number of older people, many of them in the PCW category, staying on JSP longer. The qualifying age for women was raised progressively from 60 to 65 years between 1995 and 2013 and then for both men and women to 67 years between 2017 and 2023 (AIHW 2019, p. 82).

Introduction of JobSeeker Payment

The second change was the federal government's decision to close down a number of income support payments, in order to simplify the system and encourage labour market participation among older people (Reference Group on Welfare Reform 2015).

The creation of the JobSeeker Payment was part of changes to working age income support payments announced in the 2017–18 federal budget. Seven payments were to be progressively ceased: Newstart Allowance, Wife Pension, Bereavement Allowance, Sickness Allowance, Widow B Pension, Widow Allowance and Partner Allowance. According to DSS (2020), JobSeeker Payment, as the main replacement, was:

designed to simplify the income support system and maintain incentives for people to support themselves to the greatest extent possible. JobSeeker Payment is available to people who are looking for work, who temporarily cannot work or study because of an injury or illness, or bereaved partners in the period immediately following the death of their partner, subject to meeting eligibility requirements. (emphasis added)

Despite the name, people on JobSeeker Payment may be unemployed, underemployed, employed or not in the labour force (PBO 2020, p. 7).

Shifting demographics of JobSeeker Payment recipients

The population on JobSeeker Payment (previously Newstart Allowance)¹³ has changed, with a large increase in older people—especially women.

The Parliamentary Budget Office's analysis (2020) shows that the proportion of women aged 50+ among JSP recipients increased from 4.9% in 2001 to 20.6% in 2019. The proportion of men on JSP who are older than 65 also grew markedly, reflecting the increase in the pension age eligibility.

By 2021 more people with partial capacity to work find themselves on JSP, either because the federal government has made it increasingly difficult to gain access to DSP or because other payments have been closed off to older people. DSS data show that on 26 March 2021, there were 374,367 people with partial capacity to work receiving JSP, which represents 32% of all those on JobSeeker Payment. By contrast, in 2007, fewer than 10% of JSP recipients had a partial capacity to work (PBO 2020).

These shifting demographics are also reflected in the increase in the number of JSP recipients who are exempt from looking for paid work due to temporary illness or incapacity between 2007 and 2019. Nevertheless, in 2019, just 17% of those with partial capacity to work had an exemption from activity test requirements, compared with 12% of those without partial capacity to work.¹⁴

In 2007 the typical JSP recipient was likely to be a young, able-bodied man looking for work. Today a JSP recipient is likely to be older, to be a woman and importantly to have a PCW due to a chronic illness or disabilities (PBO 2020).

¹³ To simplify comparisons, the label JSP refers to either JobSeeker Payment or Newstart Allowance in this section.

¹⁴ Senate Community Affairs Legislation Committee 2019, *Supplementary Budget estimates, 24 October 2019*, Answer to question on notice, Department of Social Services. Topic: Partial Capacity to Work – Exemptions from Activity Test Requirements. Question reference number: S019-000307 Outcome Number: 1 – Social Security

Disability or condition of those deemed to have partial capacity to work

Most of those deemed to have partial capacity to work have a psychological/psychiatric disability or a condition relating to musculoskeletal and connective tissue (Table 2).

Table 2 First reported condition of people in the PCW category, March 2021

Disability or condition	Number	Percentage
Psychological/psychiatric disability	156,094	45%
Musculoskeletal and connective tissue condition	117,754	34%
Conditions affecting the circulatory system	17,762	5%
Endocrine and immune system conditions	11,744	3%
Nervous system	11,231	3%
Intellectual/learning	9,274	3%
Respiratory system	8,818	3%
Cancer or tumour	7,566	2%
Conditions affecting sense organs	6,946	2%
Total	347,189	100%

Note: details of conditions were not provided for 29,098 people.

Source: Senate Community Affairs Legislation Committee, *Estimates*, 25 March 2021, p. 28.

Age

Over 60% of JobSeeker Payment recipients with partial capacity to work are aged over 45 and most are on the payment long term (see Table 3 and Table 4). This reflects shifting demographics of the entire cohort on JobSeeker Payment.

Table 3 Age of JobSeeker Payment recipients with partial capacity to work, March 2021

Age	Number	Percentage
Under 25	17,873	5%
25-34	57,983	15%
35-44	66,454	18%
45-54	97,014	26%
55-64	120,256	32%
65+	14,787	4%
Total	374,367	100%

Source: Senate Community Affairs Legislation Committee *Additional estimates*, 25 March 2021, Question reference number: DSS SQ21-000008

Long-term partial capacity to work

The proportion of people in long-term receipt of JobSeeker Payment has also increased. Among those with partial capacity to work, 82% have been on the payment for more than a year (Table 4).

Table 4 JobSeeker Payment recipients with a partial capacity to work by duration on payment, March 2021

Time on payment	Number	Percentage
Under 1 year	68,790	18%
1 - <2 years	76,517	20%
2 - <5 years	109,928	29%
5 - <10 years	88,547	24%
10 years+	30,585	8%
Total	374,367	100%

Note: includes Newstart Allowance before March 2020

Source: Senate Community Affairs Legislation Committee, *Additional estimates*, 25 March 2021, Question reference number: DSS SQ21-000008

Assessed work capacity and earnings

Of those with partial capacity to work, most have an assessed capacity of between 15 and 22 hours work per week (Table 5). Yet only 16% of the people assessed as having a partial capacity to work have earnings from employment.

Table 5 JobSeeker Payment recipients with a partial capacity to work by assessed work capacity, March 2021

Assessed work capacity, hours per week	Number	Percentage
0-7	2,525	1%
8-14	7,407	2%
15-22	268,666	72%
23-29	95,769	26%
Total	374,367	100%

Source: Senate Community Affairs Legislation Committee, *Additional estimates*, 25 March 2021, Question reference number: DSS SQ21-000008.

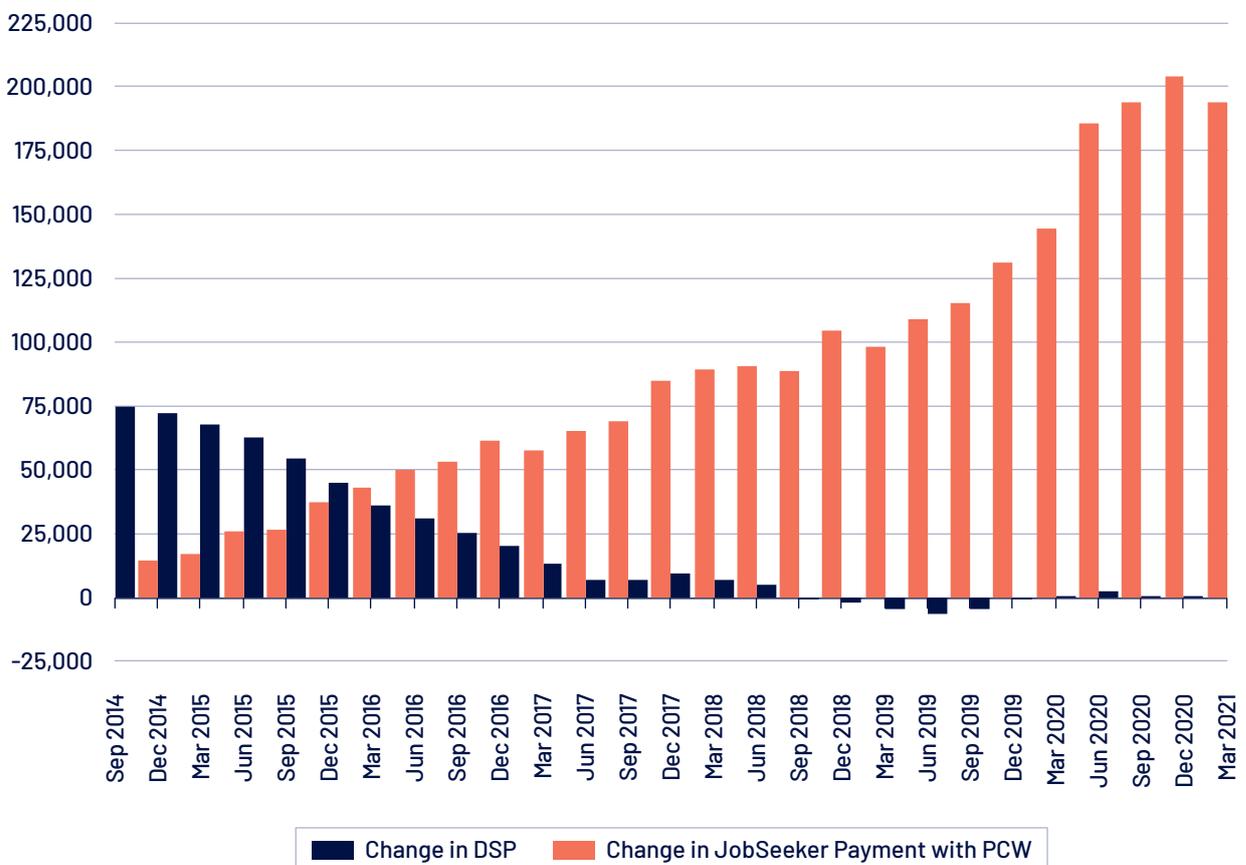
A decline in disability support pensioners and an increase in jobseekers with partial capacity to work

Figures 1 and 2 illustrate the ongoing, significant increase over time in persons with impairments, chronic conditions or ill health in receipt of unemployment payments, as DSP claim success rates have declined.

Figure 1 shows changes in the number of recipients for each quarter over the past seven years. The blue columns compare the number of DSP recipients at each quarter with the final quarter, March 2021. The orange columns compare the number of JobSeeker recipients with PCW with the first quarter, September 2014.

Clearly the number of DSP recipients declined, while the number of JobSeeker recipients with PCW grew.

Figure 1 Changes in recipients of DSP and Newstart/JobSeeker Payment (Partial Capacity to Work) by quarter, September 2014 to March 2021

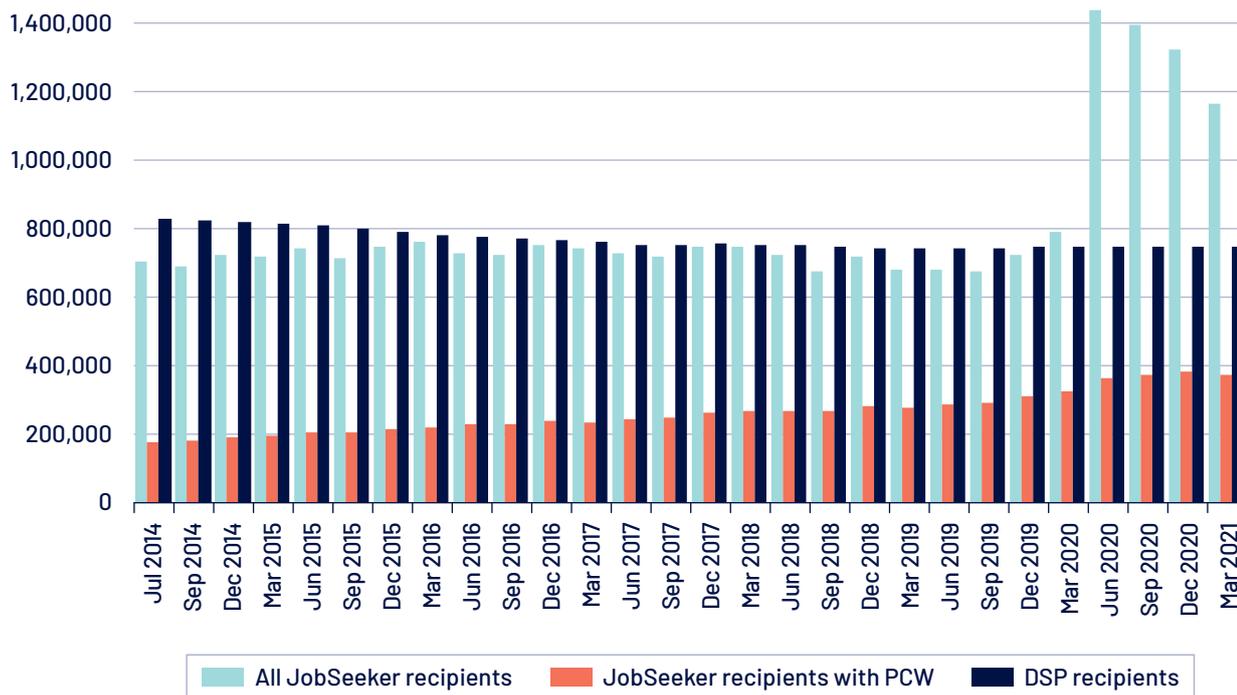


Note: DSP recipients compared with September 2014. JSP with PCW compared with March 2021.

Source: DSS payment demographic data, June 2014 to March 2021. PCW data is adjusted to remove the effect of changed reporting rules from June 2019

Figure 2 shows recipient figures for JobSeeker, JobSeeker with PCW and DSP, adjusted to remove the effect of population growth. This shows that the increase in JobSeeker recipients with PCW was not simply the result of population increase.

Figure 2 Recipients of DSP, JobSeeker Payment, JobSeeker with Partial Capacity to Work, adjusted for Australian population growth, June 2014 to March 2021



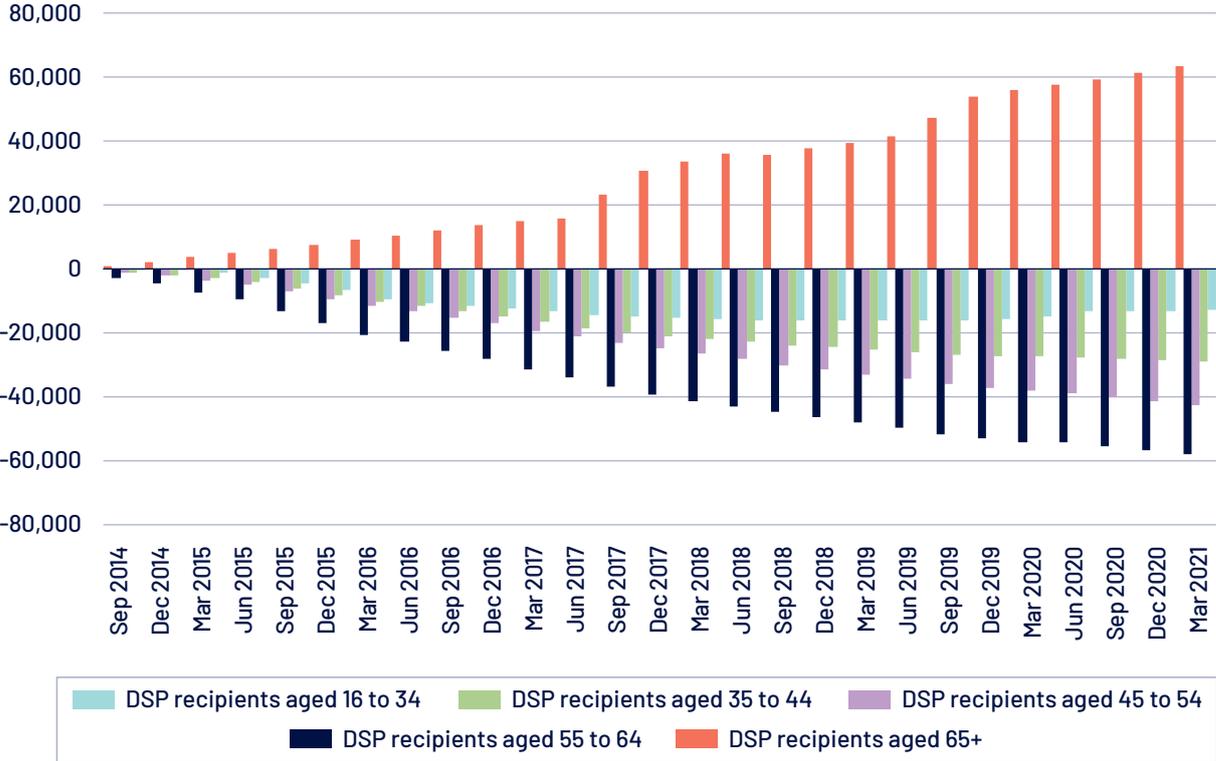
Sources: DSS payment demographic data, June 2014 to March 2021, ABS population data June 2014 to March 2021

Figure 3 shows the marked change in age profile of people on DSP. More people aged over 65 are going onto DSP (presumably these are 65 to 67-year-olds who would otherwise have gone onto the Age Pension). Meanwhile in all other age brackets, the number on DSP is declining (as people are moved away from DSP and into the PCW category of JSP). If the Age Pension

age had remained the same, the shift from DSP to JSP(PCW) would be far more dramatic. DSS data shows that in April 2021, 100,598 or 13.4% of people in receipt of DSP are 65 and over.¹⁵

Expenditure on the DSP has steadily decreased since 2012. These trends are expected to continue (PBO 2018).

Figure 3 Changes in DSP recipients by age, June 2014 to March 2021



Note: DSS does not publish PCW data by age
 Source: DSS payment demographic data, June 2014 to March 2021.

¹⁵ Data provided to stakeholder engagement meeting by DSS July 2021, Table 3.

3 Negative impacts on economic, social and emotional wellbeing

Persons with disability and/or chronic health conditions have been negatively affected by the ongoing incremental changes to social security. Research suggests that this group are now facing greater economic insecurity and labour market precarity, with adverse outcomes for their social and emotional wellbeing (Soldatic & Fitts 2020). They not only experience considerably poorer employment outcomes than their peers but tend to stay on unemployment benefits for longer periods (Arthur 2020; St Guillaume 2020). Indeed, employment participation rates for people with a physical, intellectual or psychiatric impairment in Australia have remained low compared to other OECD nations over the past three decades, despite a relatively strong labour market (Raymond et al. 2019). Moreover, the barriers to financial security experienced by the PCW cohort often extend well beyond the labour market and can include obstacles created or exacerbated by the social security system itself.

People with partial capacity to work face multiple economic and social challenges that impact

their capacity to live healthy, fulfilling lives and enjoy the full range of their human rights. This is due to their lower payments and supplements, alongside the obligations associated with unemployment payments. The combination of limited employment opportunities and increased economic precarity results in high levels of poor physical, emotional and social wellbeing as outlined below.

Additional economic burdens: DSP assessments

People with disability and/or chronic conditions face an onerous process and additional costs in obtaining the required medical evidence for an initial DSP eligibility determination, or for a review after being assessed with partial capacity to work.

Candice's story (see panel) illustrates the lived experience of applying and reapplying for

Candice: Living on JobSeeker Payment, with little guidance about medical evidence required for a DSP claim

Candice first applied for DSP three years ago. Although she has an intellectual disability, has low literacy and does not know how to use a computer, she enjoyed working for most of her life. However, a long period in hospital due to kidney disease resulted in her resigning her job. To meet the preconditions for DSP Candice was placed on a program of support. Meanwhile, her only income is JSP. This payment has been cancelled twice when hospital stays prevented her from reporting to her DES provider.

Candice says that her first DSP claim was rejected because she didn't provide the right information. Her doctor had provided a letter to explain the nature of her condition but it was not considered suitable evidence. Candice does not understand why.

She has since presented at a Disability Advocacy service for assistance and a new claim has commenced. Candice says that if someone had explained to her doctor what was needed it would have made things easier.

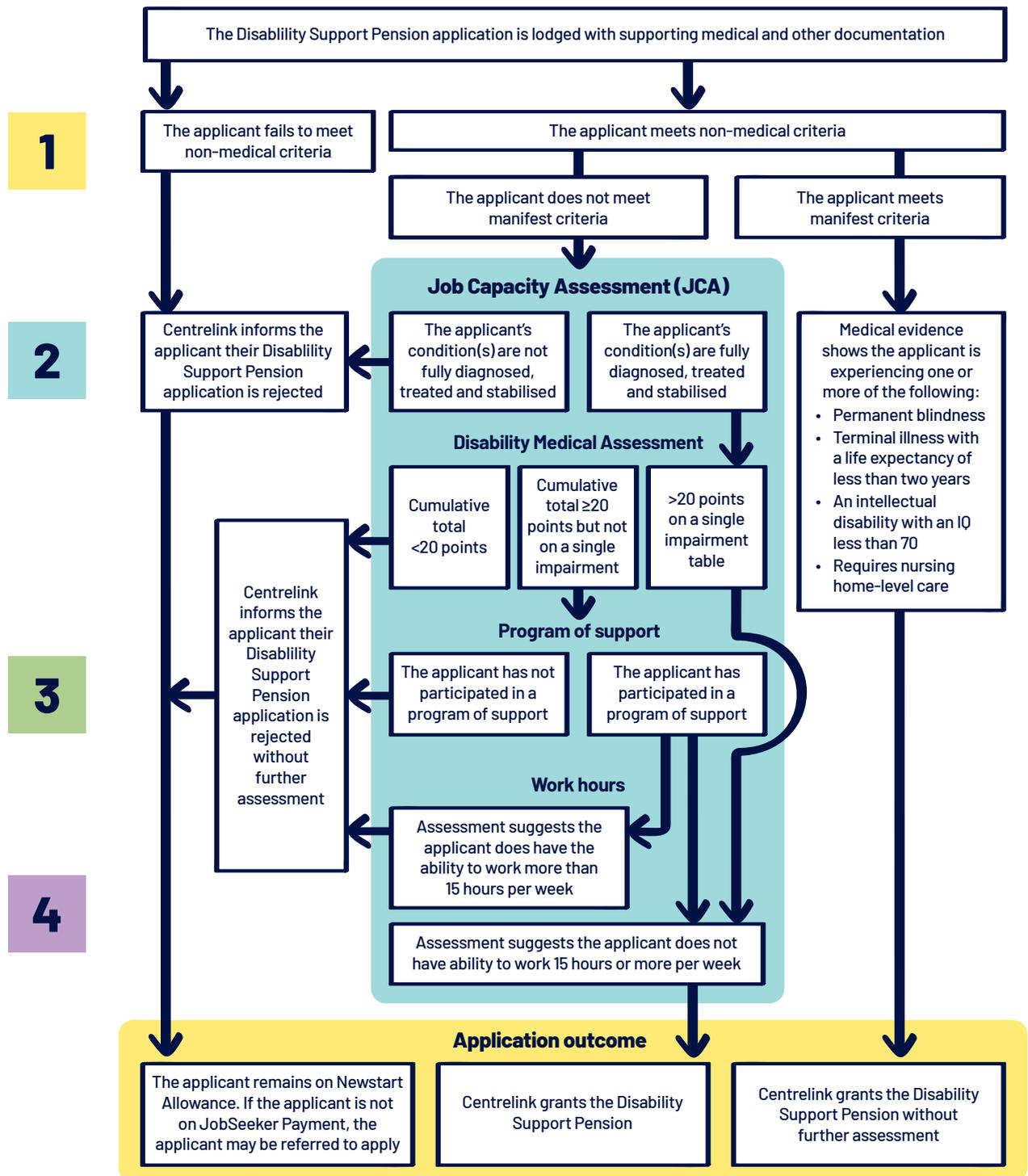
a disability pension while coping with poor health and requirements to retain the very low JobSeeker Payment.

For Aboriginal and Torres Strait Islander persons in rural and remote areas, there is an additional burden of high transport and associated costs,

including costs of family members conveying them to appointments.

Figure 4 illustrates the complex financial and administrative demands on people with partial capacity to work who are seeking access to the Disability Support Pension.

Figure 4 Disability Support Pension assessment process



Source: Based on Fitts & Soldatic 2018

Payment differences: creating economic insecurity

Some of the challenges facing people with partial capacity to work are associated with broader issues of structural discrimination and

disadvantage in a competitive labour market. However, much of their economic insecurity and vulnerability is due to being placed on JobSeeker Payment, rather than the DSP or Age Pension. JSP recipients are financially worse off, with a lower base payment as well as fewer entitlements and subsidies than pensioners (Table 6).

Table 6 Payment types and conditions compared, at July 2021

	Age Pension	Disability Support Pension ¹	JobSeeker Payment with Partial Capacity to Work
Payment rate at July 2021	\$868.30 (base) \$952.70 (including supplements)	\$868.30 (base) \$952.70 (including supplements)	\$620.80 \$667.50 (older than 60 years, more than 9 months continuous receipt)
Eligibility/ Assessment	Age Income / Assets	Capacity to work less than 15 hours ² Condition fully diagnosed, treated and stabilised	Three levels: 0–7 hours, 8–14 hours, 15–29 hours Condition not fully diagnosed, treated and stabilised
Conditions	No activity testing	No activity testing if over 35 years	0–14 hours required to attend quarterly interview with Services Australia 15–29 hours can meet mutual obligation requirements by undertaking 15 hours per week of paid work (including self-employment) and/or approved study Otherwise will be connected with employment services and required to look for work of 15–29 hours per week which matches their capacity. They can also meet their requirements by engaging in a suitable program recommended in their assessment. ³
Income test	Can earn up to \$300 per fortnight from employment without it counting as assessable income	DSP reduced by 50 cents for each dollar earned above \$180 per fortnight	JSP reduced by 50 cents for each dollar earned over \$150 and up to \$256 and 60 cents for each dollar over \$256 per fortnight
Assets test	Full pension assets limit: <ul style="list-style-type: none"> \$270,500 (single home owner) \$487,000 (single non home owner) Part pension assets limit <ul style="list-style-type: none"> \$588,250 (single home owner) \$804,750 (single non home owner) 	As for Age Pension	Liquid assets test: Waiting period of 1 to 13 weeks applies if a single person has more than \$5,500 in readily available funds Assets limit: <ul style="list-style-type: none"> \$270,500 (single home owner) \$487,000 (single non home owner)
Supplementary payments	Pension Supplement subject to means test	Pension Supplement subject to means test	Pharmaceutical Allowance

Notes:

- Slightly different rules apply to DSP for a person aged under 21 years
- From 1 July 2012, DSP recipients may continue to receive DSP if they obtain 15–29 hours paid work a week notwithstanding that to qualify initially they must be assessed with work capacity of less than 15 hours. See <https://guides.dss.gov.au/guide-social-security-law/3/6/1/12>
- See <https://guides.dss.gov.au/guide-social-security-law/3/11/7>

Sources: Services Australia website 2021 and DSS 2021, *A guide to Australian Government payments* 1 July 2021 to 19 September 2021

Financial stress and the cost of disability

Many people in receipt of JSP live in severe financial distress. Research consistently shows the link between receiving unemployment benefits and low financial wellbeing, particularly for those who face increased barriers to employment such as people living with disability and/or chronic conditions (Porter, Bowman & Curry 2020). Inadequate payments expose people assessed with a partial capacity to work to a life of poverty (CYDA 2021). Some cannot afford to pay for necessities such as food and rent, let alone cover extra costs such as attending specialist medical appointments, housing adaptation, assistive technology and personal care (Wiesel et al. 2015; PWDA 2019). Inability to afford appropriate health care also prevents these people from getting the medical evidence they need to apply for disability specific income support (Soldatic et al. 2019).

Inadequate payments can undermine jobseeking efforts. People in receipt of JSP often do not have the money to cover buying and running for a mobile phone, transport costs, access to the internet and appropriate clothing, all of which are essential expenses when looking for work.

The Australian Government's initial temporary response to the pandemic in 2020 (notably the Coronavirus Supplement) showed the enormous difference that adequate income support can make to poverty and financial distress (Whiteford & Bradbury 2021). With the removal of these temporary supports, the federal government introduced a \$50 per fortnight permanent increase to JSP from April 2021, the first effective increase since 1994. Although this was a welcome first step, a \$25 per week increase is not nearly enough to safeguard against poverty.

The additional social cost of disability

While many persons with disability experience poor economic outcomes (Meyer & Mok 2018) they also face the social cost of disability in the form of exclusion from:

- education and skills development
- accessing and retaining employment
- career advancement and increased earning capacity
- improved standards of living.

Persons in the partial capacity to work category are likely to experience high social, emotional and cultural vulnerability which places them at risk of distress associated with the assessment process, the economic insecurity of lower payments and entitlements, and welfare conditionality (Soldatic et al. 2019). Inadequate income support undermines their ability to maintain their physical wellbeing and increases risks of food and housing insecurity, particularly for Aboriginal and Torres Strait Islander persons living with disability in rural and remote regions (see Spurway & Soldatic 2016).

To demonstrate this social, emotional and cultural vulnerability, researchers at the National Centre for Social and Economic Modelling (NATSEM) used a Standard of Living (SoL) approach developed by Hancock, Morciano and Pudney (2013); Solmi, Melnychuk and Morris (2018); and Touchet and Morciano (2019) in their analysis of income inequalities, income support and people with disability. The SoL:

is estimated by creating a composite index based on a set of variables reflecting households' risk of financial insecurity and hardship ... which is tailored towards the lower end of the income distribution where many households having members with disability are concentrated (Li et al. 2019).

Responses from various household types to the separate SoL indicators are shown in Table 7.

Table 7 Responses to Standard of Living (SoL) indicators, 2014–2016

Variable	All households	Households with a member with a disability receiving			
	%	DSP %	DSP (Indigenous) %	NSA %	AP %
Can't afford to buy new clothes most of the time	11.0	28.5	-	48.0	10.7
Can't afford to spend time on leisure or hobby activities	10.4	27.0	-	44.5	10.2
Can't afford a holiday away from home for at least one week a year	22.6	46.3	-	66.2	25.4
Can't afford to have a night out once a fortnight	16.6	39.0	-	54.8	18.1
Can't afford to have friends or family over for a meal once a month	7.3	23.6	-	27.7	9.0
Can't afford to have a special meal once a week	11.9	29.6	-	46.8	12.1
Couldn't pay fuel/telephone bill on time due to money shortage	9.7	18.9	26.8	31.4	4.8
Couldn't pay car registration/ insurance on time due to shortage of money	3.9	7.7	10.2	13.0	0.6
Went without meals due to shortage of money	2.7	11.5	13.1	14.4	0.9
Couldn't heat or cool home due to shortage of money	2.3	5.9	5.5	14.8	1.8
Couldn't raise \$2000 within a week	13.2	37.5	71.0	43.4	13.6
Sought assistance from welfare/ community organisations due to money shortage	2.6	10.7	23.0	16.6	2.1
Sought financial help from friends/ family	7.0	14.3	34.7	29.1	2.4
Saving is not a main emergency money source of household	33.3	59.3	-	73.0	28.5
Household standard of living worse than 2 years ago	23.7	34.7	-	54.7	26.2
Unable to save money most weeks	55.3	72.3	-	88.2	60.6

2 x higher than All households ≥3 x higher than All households

Note: NATSEM authors' calculations from the 2015–16 HES. For Indigenous households, data were sourced from the 2014–15 National Aboriginal and Torres Strait Islander Social Survey.

Source: Li et al. 2019

The table shows the impacts of inadequate income support on the lives of people with disability. Almost a third of those in receipt of NSA (now JSP) could not afford to pay fuel/telephone bills on time. Over 43% of the same group could not raise \$2000 within a week and over a half said their standard of living was worse than two years ago.

Other research has highlighted the difficult choices that people on very low incomes face, rationing medicine and delaying treatment to make ends meet (Bowman & Banks 2018). People on income support often report the adverse mental health conditions they experience as a result of the stresses of navigating the social security system, including the anxiety associated with complying with obligations (Wickramasinghe & Bowman 2018; Soldatic et al. 2019).

Overall, people on JSP have lower physical, emotional and social wellbeing (Collie 2019). For those assessed with partial capacity to work, who are more likely to be unemployed and who require higher financial support, such issues are only likely to be more serious. Far from being supported to achieve economic security, they are poorer financially, mentally and socially.

First Nations Australians with disability

Researchers argue for the need to 'decolonise disability', recognising the impact of colonialism and racism on the overall wellbeing of First Nations Australians with disability and/or chronic health conditions (Hollinsworth 2013; King, Brough & Knox 2014). This means that policies and service design need to recognise the impacts of both historical and present harms.

At present First Nations Australians, particularly those living on remote communities, are caught between complex and inaccessible application processes and poverty (Fitts & Soldatic 2019).

They have particularly been affected by the DSP changes, with

- DSP application requirements and process creating a high level of distress
- experiences of extended wait times
- First Nations applicants choosing not to apply for the DSP or requiring breaks from progressing the application until they are emotionally or financially able to do continue (Fitts & Soldatic 2019).

Fitts and Soldatic (2019) identify four main impacts for First Nations Australians with disability of being placed onto Newstart Allowance (now JSP) because of a partial capacity to work determination:

- living with severe financial hardship
- challenges in trying to apply or reapply for DSP
- being financially penalised for not complying with payment conditions
- supporting community members to manage severe financial stress.

An issue that is frequently raised is access to affordable and culturally safe medical assessments that enable people to prove their disability and/or chronic health conditions. The cost and time involved in seeking out the necessary medical evidence can be prohibitive and a key barrier to claiming the DSP.

In a recent paper examining access to the Disability Support Pension for Indigenous Australians in remote communities, the then Commonwealth Ombudsman recognised these challenges and recommended:

that policies and procedures on referrals for a specialist assessment be reviewed to encourage greater use of them for vulnerable claimants. This should especially occur where the person is Indigenous, in a remote location and the medical evidence may not be adequate for the assessor to reach reasonable conclusions on functional impairment (Neave 2016).

Trevor's story (see panel) illustrates the difficulties for First Nations people in remote locations who encounter the DSP assessment and review process, and the impact on their financial and emotional wellbeing.

A comprehensive examination of the operation of the DSP application and review process must take into account the diverse circumstances of First Nations Australians.

Trevor – From Disability Support Pension to JobSeeker Payment (Partial Capacity to Work)

Trevor is a proud 39-year-old Aboriginal man living in far north Queensland. He is married and has five young children. Trevor has been diagnosed with an acquired brain injury and has been living with chronic kidney disease for the last five years.

As a result of his diagnosis, Trevor's doctor told him that his capacity to work was diminished and he would be eligible for DSP. Three years ago, Trevor was made eligible for the DSP and his wife became his carer.

However, at a recent review of his disability pension, Trevor was referred to a job capacity assessor to determine his ability to work. Trevor received a partial capacity to work determination and was transferred to JobSeeker Payment.

Trevor's personal circumstances didn't change; he still had an acquired brain injury and chronic kidney disease. In response to the review Trevor spoke to the local health worker at the Aboriginal Health Clinic and with his GP provided medical evidence to Services Australia that his disability precluded him from working.

Trevor explained: 'I went into that Centrelink Office on community but they told me that if I had issue with it [the PCW determination] I had to go into Cairns. I couldn't afford to go to Cairns.'

While waiting for a medical review appointment, Trevor received the lower JobSeeker Payment, without access to the health and travel supplements available to disability support pensioners.

Over time Trevor became very agitated and confused by the going back and forth to Centrelink, medical assessments and, appointments, and distressed about his family sliding into poverty.

Trevor is still on JobSeeker Payment. He now lives with his brother in Cairns who assists him to get to appointments and supports him with the JobSeeker paperwork. He is waiting on the result of his appeal to reinstate the Disability Support Pension. Trevor remains unable to work and his family remain living on community 11 hours away.

4 Structural barriers to employment and economic security

As well as experiencing diminished physical, emotional and social wellbeing, people with partial capacity to work face structural barriers to gaining employment.

Changing nature of work

In Australia, work is rapidly changing. Such shifts are largely attributed to larger global trends including technological advancements, the climate crisis, globalisation and demographic changes. These trends have had a significant influence on the number of jobs available, the quality of those jobs, the protections afforded to employees in those jobs and the adequacy of income those jobs can provide (Balliester & Elsheikhi 2018).

Compared to other OECD countries, Australia has high rates of part-time and casual jobs, especially for women (OECD 2021). ABS labour force data show that around 22% of employees work on a casual basis, while just over 8% work as independent contractors (ABS 2021). Almost 32% of employees work part-time. Increasingly, part-time work has taken on the characteristics of casual work, with hours flexing up or down according to demand, from a low base (Campbell 2018). Whiteford and Heron (2018) estimate that 12% of all part-time workers also rely on income support. Moreover, people working part-time or casual jobs often face the highest risk of losing their jobs in times of downturn (ACOSS 2020a).

The impact of all these changes is compounded by the labour market discrimination experienced by people with chronic illness or disabilities (SCARC 2020).

It is in this context that the Australian Government promotes a 'work first' approach. However, for many people with a disability or chronic health condition that restricts their capacity to work, finding and keeping a secure, well-paid job is difficult.

No real help from employment services

The limitations of the jobactive employment services system are well known. An overemphasis on compliance, competition between contracted services and little employer engagement result in those jobseekers who are most disadvantaged in the labour market being parked rather than helped (Bowman et al. 2016). O'Halloran and colleagues (2020) interviewed unemployed people about their experiences of employment services. They observed:

The concept of parking was familiar to almost all participants, even if they did not know the term. Some had invented their own terms - 'warehousing' or 'shelving' - but said it was the same thing. Most participants thought that at some stage, they had been parked by their providers, sometimes for years. (p. 5)

Many participants in that study 'thought it was the default practice' (p. 6). Indeed, one commented:

Isn't everyone parked? I mean, we're all either too old, too young, too disabled, not disabled enough, too qualified, too unskilled, too difficult, too something ... for them to be able to do anything for you.

For those eligible for support through Disability Employment Services (DES) things are no better. although these services operate specifically to engage people with disability into employment.

Despite numerous reviews and changes to the DES model by successive federal governments, the employment rate (employed people as a percentage of the working-age population aged 15–64) has remained constant at 48% for people with disability compared to 80% for those without disability (AIHW 2019).

There are many issues with the current DES operation, particularly for people assessed with partial capacity to work. These include lack of flexibility and lack of effective connections with other key services.

Unfortunately, due to the current inflexible funding incentives, DES providers are interested in filling only the total amount of hours, so the person with disability misses out on employment opportunities that are less than 15 hours. For example, Boston Consulting Group (BCG 2020) observed:

If a person with disability is assessed as 15 hours work capacity, a provider might avoid placing them in an eight-hour role because (1) it does not attract a full outcome payment for the provider; and (2) it prevents an outcome for another person with disability with an eight-hour employment benchmark (p. 96).

Also, DES providers are still not required to be connected with education systems and English as a second language programs to ensure that young people with disability have a gateway to open employment. Lack of coordination and collaboration between DES providers and stakeholders, including school counsellors, teachers and NDIS' School Leaver Employment Support program, leads to poor employment outcomes (BCG 2020).

There is a disconnect between people with disability and/or chronic health conditions on JobSeeker Payment and the DES program,

especially for those who have had their mutual obligations waived but may still have a partial capacity to work below 15 hours per week.

Lastly, the DES model does not provide for an independent broker to assist employers, people with disability placed in jobs and DES providers to ensure the lasting success of placements by resolving any issues between the parties or providing relevant information and support.

Employment discrimination

The limited employment opportunities that people with a PCW experience can also be attributed to the discrimination they face in the labour market. Despite a historically strong labour market and positive employment outcomes for the majority of jobseekers in Australia, participation and employment rates for people with a physical, intellectual or psychiatric impairment have remained low. People with disability of working age are twice as likely as others to be unemployed (10% compared with 4.6%) and are more likely to be unemployed long term (22% unemployed for at least 1 year, compared with 14%) (AIHW 2020). The longer a person spends unemployed, the more their skills deteriorate and the lower are their chances of getting a job.

Employment discrimination is heightened when other factors such as age, gender, race, ethnicity and English language proficiency intersect with disability to compound an individual's labour market disadvantage. Moreover, when limited employment opportunities and labour market discrimination intersect with ineffective employment services systems, people with a partial capacity to work are further disadvantaged when it comes to getting and keeping jobs.

The longer a person spends unemployed, the more their skills deteriorate and the lower are their chances of getting a job.

Addressing structural barriers

Urgent reform is imperative if Australia is to address these barriers and meet its obligations under human rights commitments. This is especially true as the population ages and more people with a restricted capacity to work due to disability or chronic health conditions rely on the social security system.

Policy makers need to drive reforms in the short, medium and long term across multiple systems.

Actions include:

- investing in an effective, inclusive employment services system that is adequately resourced to support the distinctive and complex employment-related needs of jobseekers with disability or ill health. Such a system would prioritise quality training and education programs that can build jobseekers' skills and capacities
- supporting employers to engage with jobseekers with disability and/or chronic health conditions, including through intermediary labour market organisations that can provide specialist on-the-job support and through employment service providers who understand the needs of both jobseekers and employers
- implementing measures such as social procurement to foster inclusive employment
- designing collaborative projects that involve government bodies, local employers (including social benefit suppliers), specialist disability organisations and trade unions in achieving effective workplace integration, income security and long-term employment outcomes.

Failure to put these mechanisms in place will result in increased poverty for many vulnerable Australians and will contribute to continued low employment outcomes for people with a disability and/or chronic health condition.

Policy makers need to drive reforms in the short, medium and long term across multiple systems.

5 Conclusion and policy recommendations

Urgent reform is required to create a strong social safety net to support the most vulnerable and create community resilience in uncertain times. Current income support, employment assistance and other policies intersect and overlap but fail to keep people out of poverty and support a pathway to suitable work and economic security. To address the identified issues facing people living with disability and/or chronic health conditions, we recommend that the federal government act in the following areas:

Adopt a social model of disability that recognises human rights obligations

- Ensure that the Department of Social Services and Services Australia adopt the social model of disability in line with Australia's obligations under the Convention on the Rights of Persons with Disabilities.
- Review and revise policy objectives across the income support, employment services and NDIS systems to ensure they work together to advance the economic and social empowerment of all people living with physical, intellectual or psychiatric impairment in line with Australia's obligations under the International Covenant on Economic, Social and Cultural Rights (arts: 9 and 11) and the Convention on the Rights of Persons with Disabilities (art: 28).
- Revisit consultative and advisory mechanisms to ensure that people with lived experience of disability and/or chronic health conditions and their representative organisations are actively and regularly involved in the co-design of social security policy and operations that will address their needs.

Renovate and repair the social security system for the twenty-first century

- Establish an independent body to regularly review the structure and rates of social security payments to ensure that these are not subject to political cycles. Payments should be set at levels that enable people to live with dignity and fully participate in community, social and economic life.

Urgently review DSP application and assessment processes

- Review the DSP application and assessment process, particularly as it relates to applicants having to demonstrate their condition is fully diagnosed, treated and stabilised. The process should be based on principles of equity, minimal cost to participants, accessible information, transparency and timeliness. The following urgent steps are needed:
 - Remove Fully Diagnosed, Treated and Stabilised criteria, as part of a comprehensive review of the eligibility requirements.
 - Reinstate the Treating Doctor's report and introduce a Medicare item number to cover the cost of these consultations.
 - Develop more extensive community outreach and information dissemination strategies about the DSP to ensure that service providers, medical practitioners and health care providers can support high-quality applications.
 - Ensure that all applicants have timely, accessible information, and coordinate communication pathways and support during the application process for individual applicants and their support networks.
 - Implement a timeframe of 3 months maximum to determine DSP eligibility.

- Exempt individuals applying for the DSP from JobSeeker Payment reporting and work activities during the process and while awaiting determination.
- Offer comprehensive outcome information and support for applicants following an unsuccessful DSP claim.

Ensure JobSeeker Payment is adequate

- Take immediate steps to increase JobSeeker Payment to accurately reflect the costs of living and of jobseeking activities, including for people classified as having partial capacity to work.

Provide employment support that enables rather than punishes or parks

- Invest in best practice, evidence-informed mainstream and disability employment services to better support jobseekers, including those with a partial capacity to work. This new model should focus more on personalised support, skills development and employer engagement rather than on compliance.

Promote inclusive employment policies and practices

- Promote policies such as social procurement to create more employment opportunities for people with disability and/or chronic health conditions.

Urgent reform is required to create a strong social safety net to support the most vulnerable and create community resilience in uncertain times.

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Dead ends

How our social security system is failing people with partial capacity to work

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2021

Acknowledgement of Country

The Brotherhood of St. Laurence acknowledges the Traditional Custodians of the land and waterways on which our organisation operates. We pay our respects to Aboriginal and Torres Strait Islander Elders past, present and emerging.



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