



Income Support

White Paper

Advocacy for Inclusion

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This is a consultation draft which does not necessarily reflect the final views of AFI

White Paper on Income Support

OUR KEY PRIORITIES

- Economic security is an important measure of wellbeing. The current rate of the Disability Support Pension (DSP) does not provide sufficient financial security and allow people to meet necessary living standards. DSP is not enough to live on in Canberra. The DSP should meet community expectations of enabling people with disability to live independently, with dignity and actively participate in their communities.
- We need to acknowledge that barriers, access issues and attitudes in the labour market combined with the health circumstances of some people with disability mean that the Disability Support Pension is a form of income replacement for some people with disability who cannot undertake employment.
- The current rate of DSP is just over \$450 a week for a single person. This is inadequate for people seeking to access and maintain housing, fuel, medical expenses, clothes, food and manage the costs of disability.
- AFI consistently hears reports of people on DSP unable to sustain independence, and becoming isolated and suffering negative health impacts.
- For instance, Anglicare's Rental Affordability Snapshot found that a single person on the Disability Support Pension could afford just 51, or 0.1 percent, of the 45,992 rental properties on the market at the time of our Snapshot. However, the Snapshot does not measure accessibility or modifications, so in reality few of these properties may be suitable for some people with disability.
- AFI encourages the Federal Government to commit to improved federal income support for people with disability, with particular attention on the following issues:
 - We need a Disability and Illness Supplement. We support proposals that people with a disability or illness receive a supplement of at least \$50 a week (for single people) that recognises the additional costs they face because of disability or illness. This supplement should be available to people with disability, as well as people with an illness that prevents them from undertaking full-time paid work.
 - Remove 'fully' from 'diagnosed, treated and stabilised' assessment criteria in DSP to avoid people being denied claims when their treatment is ongoing.
 - Return Treating Doctor Reports so people's doctors have a clear understanding of the Impairment Tables relevant to their patient's DSP claim and can provide a report addressing those tables, together with appropriate evidence.
 - Abolish the Program of Support requirement. This requirement has only served to deny or delay access to DSP for people who need it, and has failed to improve employment outcomes for people with disability.
 - Grant DSP to people who do not meet the 20-point requirement under one impairment table, but score at least 20 points across tables. The

- eligibility criteria must recognise someone's incapacity if they have multiple disabilities or illnesses.
- Simplify eligibility requirements
- Reduce claim times
- Remove the partner income test, as this can cause financial dependence in romantic relationships and increase people with disability (particularly women's) vulnerability to domestic violence, including financial abuse
- Adjustments to DSP process and requirements focus on expanding the system to better support episodic conditions, mental illness, or psychosocial disability and multiple or chronic conditions to extend support to increase capacity and sustain well-being
- There should be an end to shifting people onto the Jobseeker payment and this payment should be raised to at least \$70 a day so that everyone has enough to cover the basics while going through tough times.
- The DSP could also be organised in ways that are more conducive to enable economic participation for people with disabilities who are able to find work. For instance we support calls to enable people with disability to retain DSP for a period after entering employment for up to 12 months with an option to return to the payment without needing to reapply for a grace period. This would build confidence, ease the transition and provide a small reasonable buffer against the considerable costs that face people with disability entering employment in a base level job and setting up independently.

The evidence

Many people with disability experience poor economic outcomes, financial hardship un(der)employment, and poverty.¹ Across Australia, there are approximately 2.1 million people with disability of working age (between 15 and 64). Of these people,

- Over half (53.4%) were in the labour force, compared with 84.1% of those without disability²
 - The labour force participation rate for people with disability has remained largely unchanged from 2003 (53%). In contrast, the labour force participation rate increased from 63.6% (2003) to 84.1% (2018) for people without disability.
 - Labour force participation was higher among men with disability than women (56.1% compared to 50.7%)³
 - Labour force participation declines with the severity of limitation
- The unemployment rate for people with disability has remained stable since 2015. By contrast, the unemployment rate for people without disability has decreased.

¹ Meyer, B.D. and Mok, W.K., (2019). "Disability, earnings, income and consumption." *Journal of Public Economics* 171: pp. 51-69. See also Palmer, M., (2011). "Disability and poverty: A conceptual review." *Journal of Disability Policy Studies* 21(4), pp.210-218.

² Australian Bureau of Statistics (2019) [Disability, Ageing and Carers, Australia: Summary of Findings, 2018](#). Catalogue number 4430.0. ABS: Canberra, Australia. Accessed 25 August 2022.

³ Ibid.

- The unemployment rate is 10.3% of people with any type of disability (more than twice the rate for people without disability, 4.6%)⁴
- Constrained or intermittent access to paid work means people with disability face a higher risk of poverty.⁵ In addition, people with disability face a greater risk of *persistent* poverty than the general population, over both a four-year (22%) and ten-year time frames (24.5%)⁶
 - Poverty is more likely to be a persistent rather than temporary phenomenon for people with disability
- Across Australia, more than half (56%) of people with disability rely on government pension or allowance as their main source of income.⁷ In addition, of people with disability aged 15-64, 38% with disability have a low level of personal income (\$383 or below per week)⁸
- In the ACT, 62.5% of people with disability were working full- or part-time.⁹
 - However, only one third of people with disability (33.3%) identify wages or salary as a main source of personal income¹⁰
 - An additional third (30.2%) rely on government pension or allowance
 - This increases to 57% of people with profound or severe core activity limitation¹¹
- In 2018, the median gross personal income of people with disability was estimated as \$700 per week in the ACT, nearly half that of people with no reported disability (\$1343).¹²
- People with disability were more likely to live in households with a lower equivalised gross household income. Among those whose household income was known in the ACT:
 - 30.8% lived in a household in the lowest two quintiles, approximately three times that of people without disability (10.4%)¹³
- In terms of income support, approximately 764,000 people aged 16 and over receive the Disability Support Pension across Australia¹⁴
 - In June 2022, there were 8641 DSP payments in the ACT
- The maximum rate of the DSP (including pension and energy supplements) is \$1026.50¹⁵

⁴ Australian Institute of Health and Welfare (2022) [People with disability in Australia 2022](#) (cat. no. DIS 72). AIHW: Australian Government, p. 338. Accessed 25 August 2022.

⁵ Davidson, P., Bradbury, B., Wong, M. (2020). [Poverty in Australia 2020: Part 2, Who is affected?](#) ACOSS/UNSW Poverty and Inequality Partnership Report, No. 4. ACOSS: Sydney, p. 15

⁶ Vera-Toscano, E., Wilkins, R. (2022). [The Dynamics of Income Poverty in Australia: Evidence from the HILDA Survey, 2001 to 2019](#). Melbourne Institute: Applied Economic & Social Research, The University of Melbourne, p. 38.

⁷ Australian Institute of Health and Welfare (2022) [People with disability in Australia 2022](#), p. 360.

⁸ Ibid., p. 364.

⁹ Australian Bureau of Statistics (2019) [Disability Ageing and Carers, Australia: Australian Capital Territory, 2018](#). ABS: Canberra, Australia, Table 8.3. Accessed 25 August 2022.

¹⁰ Ibid., Table 7.3.

¹¹ Ibid.

¹² Ibid., Table 7.1

¹³ Ibid.

¹⁴ Department of Social Services (2022). [DSS Payment Demographic Data – June 2022](#). Australian Government, Canberra.

¹⁵ Department of Social Services (2022). [Indexation Rates September 2022](#). Canberra: Australian Government. Accessed 25 August 2022.

- Consider a single DSP recipient in the ACT whose weekly income matches the gross median weekly income for people with disability (\$700)
 - Per fortnight this equates to an income of \$1400
 - If receiving DSP, this means an additional \$416.50 once adjusted for income.¹⁶ Let's also include Commonwealth Rent Assistance (\$151.60)
 - Overall fortnightly income of \$1968.1, or approximately \$4264.20 per month
 - In August 2022, the weekly median rent for all properties in the ACT is \$650 per week, or \$2816 per month.
 - Current weekly grocery expenses are approximately \$123 per week for a single person
 - Utility (gas, water, electricity) expenditures are estimated at \$190-230 per month, with internet at approximately \$75 per month
- This means that, after rent, groceries, and basic utilities, a single DSP recipient earning the median weekly income would be left with \$630.21 per month, or \$20.71 per day, to spend on necessary health care, transport, and all other expenses.
- These calculations are unlikely to represent lived experience. For example, in June 2022, only 4.8% of DSP recipients across Australia reported earnings above \$250 per fortnight. In addition, only 6.8% of DSP recipients across Australia reported any earnings from income in the last fortnight.¹⁷
 - A person with disability relying solely on the DSP (and Commonwealth Rent Assistance) would need to source an additional \$263 per month just to pay the median rent in the ACT.
 - While 76.5% of DSP recipients are non-homeowners, only 20% of DSP recipients receive Commonwealth Rent Assistance
- This indicates that people with disability require financial aid from others, mostly friends, family or supportive organisations just to achieve a level of equality.

What it costs to live in Canberra for a fortnight with a disability

AFI have prepared an estimated model household Budget for a fortnight in Canberra (assumes person in rented accommodation, single, unable to drive with additional cost of disability needs for food prep, transport, heating)

Expenses	Amount (\$)
Rent	1300
Basic utilities (electricity, gas, water)	97.38
Mobile phone and home internet	13.85 + 34.62
Taxi's	246.00
Groceries + cost of disability loading	246.00 + 8.61
Personal care and pharma + cost of disability loading	54.25 + 1.90
<i>Healthcare/pharma/dental/unanticipated event</i>	<i>240.00</i>

¹⁶ A single person aged over 21 years may earn up to \$180 per fortnight and receive the full pension. However, any earnings above \$180 per fortnight will reduce their pension by 50 cents for each dollar above \$180. Earning \$2115 or above in a fortnight will reduce their pension to \$0.

¹⁷ Department of Social Services (2022). [DSS Payment Demographic Data – June 2022](#).

Total Due (not incl. unanticipated event)	2002.61
Total Income (DSP + CRA + Supplements)	1178.1
Total Left Over	-\$824.51
<p><i>Commentary on sources and some assumptions</i></p> <p>Rent: \$650 per week corresponds to SQM Research Weekly Rents Index which represents the combined median weekly rent for all houses and all units in Canberra for the week 28 September 2022</p> <p>Basic utilities: figure taken from Canberra.com.au – the available cost of living material is distributed by the Australian Capital Territory Government as a general reference source. The figures also correspond with prices in Finder's Consumer Sentiment Tracker.</p> <p>Phone and internet: the average phone bill estimate represents a mid-point of \$30 p/m (\$28 for prepaid and \$33 for post-paid) (Canstar Blue, 2022). Finder (2022) states the average broad band user spends \$75 p/m on their internet plan</p> <p>Taxi's: 13% of DSP recipients live in postcode 2615. The estimated fare from this postcode to Canberra Hospital is \$70 one way, to the closest supermarket is \$15 one way, and to the city centre \$55 one way. Assuming 2 x return supermarket trips, 1 x return hospital and 2 x return city centre trips per fortnight (and taking ACT Taxi Subsidy Scheme into account). This estimate is also conservative as it does not take into account extra costs associated with Wheelchair Accessible Vehicles. For a similar estimate, see ACTCOSS's (2016) ACT Cost of Living Report: Transport, p. 56.</p> <p>Groceries + cost of disability loading: Canstar Blue research found that \$123 represents the average weekly grocery bill for a low-income household, as of July 2022. The disability loading represents the extra, hidden costs of disability. Comparing different survey responses, Frisch (2001) states that it is reasonable to anticipate additional costs between 2 and 5 percent for groceries. A conservative mid-point estimate (3.5%) was used here.</p> <p>Personal care and pharma + cost of disability loading: This figure corresponds to Hughes and Purdey's (1999) Survey results regarding median annual costs for people with disability. It has been updated to reflect 2022 values. The cost of disability loading refers to Frisch's (2001) estimate of 2-5%. A conservative mid-point estimate (3.5%) was used here.</p> <p>Healthcare/pharma/dental/unanticipated event: Household whitegood repair estimates start at \$195 in the main suburbs of Canberra. Conservative one-off estimate here equates to an appliance repair which requires additional part (+\$45.00). This cost is difficult to calculate as it could cover a large range. For example, emergency dental such as root canal can cost up to \$1100; a dental extraction may be up to \$600. Note: Approximately 40% of DSP recipients could not raise \$2000 within a week.</p>	

What people tell us

Case study - Jack

AFI advocated for Jack, a 56-year-old man living with HIV Aids, and mental illness (schizophrenia and anxiety disorder). When Jack was referred to AFI by the real estate property manager, he was at risk of homelessness due to rent arrears and was also experiencing suicidal ideation.

Previous to becoming unwell, Jack worked for 30 years as a retail assistant; however, he was dismissed in 2018 because of poor work attendance due to his illness. With no family or supports, he attempted to apply for the Disability Support Pension but was declined. Jack did not appeal the decision, as he did not know he could.

Now living on a Newstart allowance, Jack had been unwell and isolated himself in his private rental, which he had lived in since 2012. This resulted in his Newstart payment being cut off, failing to lodge his mutual obligation requirements (work form).

Before having his payments cut off, Jack was receiving \$545.80 per fortnight plus \$134.80 per fortnight rent assistance, which totalled \$689.40 per fortnight. Jack's private rental was \$560 per fortnight, leaving him with just over \$120 per fortnight to buy food, medication and pay electricity. Jack supplemented the Newstart payment with his savings since losing his job in 2018, but all his savings were now depleted.

Jack would go without eating so he could purchase much-needed medication and was forced to supplement his food bill by using charity food hampers.

The week after AFI engaged with advocacy services, Jack was admitted to the hospital with pneumonia which health experts advise may have been due to living in cold and damp conditions in his home as he could not afford to run the heating.

Jack died shortly after in hospital with complications due to HIV and pneumonia.

RIGHTS AND FRAMEWORKS

Action in this area occurs in the context of frameworks for rights protections and disability inclusion as well as improving wellbeing

CRPD – Article 28 – Adequate standard of living and social protection

“States Parties recognize the right of persons with disabilities to social protection and to the enjoyment of that right without discrimination on the basis of disability, and shall take appropriate steps to safeguard and promote the realization of this right, including measures:

(b) To ensure access by persons with disabilities, in particular women and girls with disabilities and older persons with disabilities, to social protection programmes and poverty reduction programmes;
(c) To ensure access by persons with disabilities and their families living in situations of poverty to assistance from the State with disability-related expenses, including adequate training, counselling, financial assistance and respite care.”

Wellbeing indicators – Living standards

“Canberrans can be economically secure and have the means to help manage their lives.”

Relevant sections of the National Labor Policy Platform

The Disability Support Pension and Carer Payment should remain an essential part of our social safety net for people who need it. Labor will ensure these payments are properly indexed so they keep pace with the cost and standard of living.

Labor believes that our social security system should work to keep children and families out of poverty, so they can learn and reach their potential.

ACT or National Disability Strategy themes

“Outcome: People with disability have economic security, enabling them to plan for the future and exercise choice and control over their lives.

Policy Priority 1: Increase employment of people with disability.

Policy Priority 3: Strengthen financial independence of people with disability.”

Backgrounder

The Disability Support Pension, Australia's primary income support scheme for people with disability, has undergone significant changes since its inception. During the mid-2000s, policymakers became concerned that replacement levels of income support payments created disincentives to work and undermined efforts to promote the entering or return of people with disabilities into employment.

This idea that high levels of income support payment create a disincentive to find employment has become the conventional wisdom in welfare-to-work policy reforms. This has had serious implications for the rationale underpinning the DSP as economic objectives have gained primacy over social objectives (Saunders, 2019; Mays, 2020). In practice, this has meant that the DSP has become increasingly targeted, conditional, and contingent on the fulfillment of strict criteria.

These adjustments have contributed to a decrease in the number of new DSP applicants who were granted payment from 63% in 2001-02 to 48.5% in 2011-12 to 25.5% in 2015-16. In parallel, the proportion of then Newstart Allowance recipients (now JobSeeker recipients) assessed as having a partial capacity to work has steadily increased. This indicates that people with disability who are unable to access DSP are having to rely on a much lower JobSeeker allowance in order to receive income support.

Many people with disability experience poor economic outcomes, financial hardship un(der)employment, and poverty. The relationship between disability and poverty is increasingly being understood and unpacked using the Standard of Living approach. This approach accounts for the fact that disability may lead to extra costs for individuals and households with disabilities. These expenditures may relate to general items that any household may need (e.g., healthcare, food) as well as to disability-specific items (e.g., assistive devices, rehabilitation, personal assistance, and house adaptation).

Additional costs are difficult to account for as they are influenced by the individual experience of the person. Rather than focusing on goods and services used or required, the Standard of Living approach looks at expenditure equivalence. In other words, how much extra money a person with disability would need to spend on all activities to achieve the same level of wellbeing he or she could achieve with no disability.

In addition to the more obvious goods and services listed above, people with disability also face "less obvious higher costs" which tend to go unreported because the costs are "ignored, internalised, or forgotten." Frisch (2001), for example, identified sources of costs that can be significant but generally go unreported:

- Higher prices for similar goods due to the inaccessible buildings, shops, or transport.
- The inability to shop around for or take advantage of mark-downs or bargains
- A greater reliance on more expensive, or more proximate, smaller convenience stores.
- Higher prices for non-basic models with added functionality.

Based on his own work, as well as additional surveys (e.g., Walsh and Chappell, 1999; Hughes and Purdy, 1999), Frisch goes on to state that it would not be unreasonable to estimate such additional costs "as being between 2 and 5% above

the costs faced by people without disability.”

The extra costs associated with disability are becoming increasingly well-documented in other countries. A disability equality charity in the UK, for example, has released a policy report examining ‘The Disability Price Tag’. The 2019 report revealed that one in five British adults with disability faced extra costs of over 1000 GBP (approximately 1800 AUD) a month, even after they had received welfare payments designed to meet these costs.

The 2021 Senate Inquiry into the Purpose, Intent and Adequacy of the Disability Support Pension also received submissions stating that, “on average, a person with a mild or moderate disability incurs costs \$87 per week higher than they otherwise would, and that this increases to \$173 per week for someone with a profound or severe disability.”

The bottom line is that life costs more for people with disability and their families, spending more on essential goods and services. These extra costs mean people with disability have less money in their pockets than people without disability, or simply go without. People with disability are more likely to have a lower standard of living, even when they earn the same.

The rates of social security payments are adjusted twice per year, in March and in September. Payment rates are indexed in an attempt to maintain their real value so they have the same purchasing power as costs of living increase. For most payments, this is done by adjusting payments in line with the Consumer Price Index (CPI). Since 2009, pension rates have also been adjusted using the Pensioner and Beneficiary Living Cost Index (PBLCI). This measures the effect of price changes on the out-of-pocket living expenses experienced by households whose main source of income is government payments. Although the DSP increased by 4% in September 2022, everyday living costs continue to grow faster than the pension increases.

Canberrans living on low incomes are the hardest hit in the country by the largest cost of living in more than 20 years. Analysis of Canberra CPI data, for example, shows that since 2016:

- Automotive fuel prices increased by 35%
- Electricity prices increased by 28%
- Gas prices increased by 24%
- Medical and hospital services prices increased by 21%
- Housing prices increased by 19%
- Meat and seafood prices increased by 16%

Analysis by NATSEM to calculate the ‘Standard of Living’ gap in Australia shows that a single person receiving DSP needs at extra \$50 per week to achieve the same standard of living as someone without a disability receiving a pension. This analysis highlights the degree of financial hardship and insecurity experienced by DSP recipients. For example, DSP recipients were twice as likely to not be able to afford new clothes when needed or raise money for unforeseen expenses or emergencies. In addition, DSP recipients were three times as likely to go without meals due to a shortage of money.

About Advocacy for Inclusion

Advocacy for Inclusion acknowledges the Ngunnawal people as the traditional owners of the Australian land on which we work.

Advocacy for Inclusion provides national systemic advocacy and independent individual, self and advocacy for people with disabilities in the Australian Capital Territory. We are a Disabled Peoples Organisation which means most of our board, members and staff are people with disabilities. We represent all people with disabilities and recognise diversity.

We act with and on behalf of individuals to act on their own behalf, to obtain a fair and just outcome.

Advocacy for Inclusion works within a human rights framework and acknowledges the *United Nations Convention on the Rights of Persons with Disabilities* and is signed onto the *ACT Human Rights Act 2004*.

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