**Welfare Review Submission**

**Pillar One: Simpler and sustainable income support system**

 What is the preferred architecture of the payment system?

 Should people with a permanent impairment and no capacity to work receive a separate payment from other working age recipients?

 How could supplements be simplified? What should they be?

 What are the incremental steps to a new architecture?

**A** simpler architecture of income support based on age criterion is potentially the least contentious to administer. The primary payment types could comprise:

-a child payment for dependent children and young people

-a working age payment

-an age pension

**Disability** is a much contested construct, the meaning/definition of which is evolving. (Iezzoni & Freedman, 2008) The World Health Organization (WHO) in the recent World Report on Disability (2011) highlighted that:

-almost everyone will be temporarily or permanently impaired at some point in life, and those who survive to old age will experience increasing difficulties in functioning.

-most extended families have a family member with disabilities, and many non-disabled people take responsibility for supporting and caring for their relatives and friends with disabilities.

-this issue will become more acute as the demographics of societies change.

The UN Convention on the Rights of Persons with Disabilities, the WHO International Classification of Functioning, Disability and Health and the Australian Disability Discrimination Act, all take a broad inclusive view of disability. The identification and stratification of ‘disability’ based on ‘ability’ to work, disregarding contextual, personal and environmental factors such as the availability of suitable work in the person’s local community, gender, level of education, numeracy and literacy skills, level of work skills and experience, social or domestic situation or cultural factors, is potentially problematic. (Madden, Glozier, Mpofu, & Llewellyn, 2011)

Coupled with ‘mutual obligation’, ‘work for dole’ etc. the prevailing system has also been, perceived negatively by many including persons with disabilities (PWDs). (Dee, 2013; Humpage, 2007; Lantz & Marston, 2012; Mays, 2012; Parker Harris, Owen, & Gould, 2012)

On the other hand, it is noteworthy that successive Australian governments have not been able to significantly reduce the number of disability support pensioners. It has been suggested that unless the demand-side of the labour market is improved, attempts to tighten eligibility for the pension and encourage recipients back into the labour force will only have the same effect that such 'reforms' have had in the past: shifting recipients from one form of income support to another. (Argyrous & Neale, 2003) There is the concern then; about what will the future direction of eligibility be, given the direction it has taken in just the last decade.

There is also valid concern that the current rate of growth in disability support pension (DSP) will not be sustainable and is vulnerable to the same forces (e.g. economic crisis) that resulted in fundamental reforms in many OECD countries.(Burkhauser, Daly, & Lucking, 2013) This growth has been attributed to various factors such as population ageing, the increase in the eligibility age for age pension, labour market changes and the relative attractiveness of DSP compared to other payments (e.g. Newstart Allowance). (McVicar & Wilkins, 2013)

A potential solution to fully support (apart from basic income), the needs and aspirations of PWDs can be the National Disability Insurance Scheme (NDIS).

The working age payment can then be (incrementally) structured in various ways by combining the best features of:

-an unconditional basic income

-a citizen income

-a social dividend

-a national basic wage/support income

A potential solution considering implications of implementing any of the above to the budget and labour force participation is coupling the working age payment to the age pension. For example, any payment made during working age will be at the (tiered) expense of the future age pension. The rate could be decided every financial year given the budget considerations. Removal or restructuring of means testing could potentially simplify the system and address the disincentives to enter employment.

As for the supplements, they could effectively form a safety net for various vulnerable groups such as carers and single parents. Perhaps it would be best structured or streamlined within the taxation system leaving the welfare system to deal mainly with exceptional hardships on an individualised basis in close cooperation and partnership with civil society. The government (system/bureaucracy) should ideally be gradually, less involved in the daily lives and choices of its citizens in aiming to promote a more inclusive, caring and cohesive society.

**References:**

Argyrous, G., & Neale, M. (2003). The ‘disabled’ labour market: the Disability Support Program and unemployment. *Journal of Australian Political Economy* (51), 5.

Burkhauser, R. V., Daly, M. C., & Lucking, B. T. (2013). Is Australia One Recession Away from a Disability Blowout? Lessons from Other Organisation for Economic Co‐operation and Development Countries. *Australian Economic Review, 46*(3), 357-368.

Dee, M. (2013). Welfare surveillance, income management and new paternalism in Australia. *Surveillance & Society, 11*(3), 272-286.

Humpage, L. (2007). Models of disability, work and welfare in Australia. *Social Policy & Administration, 41*(3), 215-231.

Iezzoni, L. I., & Freedman, V. A. (2008). Turning the disability tide: the importance of definitions. *JAMA, 299*(3), 332-334. doi: 10.1001/jama.299.3.332

Lantz, S., & Marston, G. (2012). Policy, citizenship and governance: the case of disability and employment policy in Australia. *Disability & Society, 27*(6), 853-867. doi: 10.1080/09687599.2012.686881

Madden, R., Glozier, N., Mpofu, E., & Llewellyn, G. (2011). Eligibility, the ICF and the UN Convention: Australian perspectives. *BMC Public Health, 11 Suppl 4*, S6. doi: 10.1186/1471-2458-11-S4-S6

Mays, J. *Australia’s Disabling Income Support System.* Thesis submitted to Queensland University of Technology, October 2012.

McVicar, D., & Wilkins, R. (2013). Explaining the growth in the number of recipients of the Disability Support Pension in Australia. *Australian Economic Review, 46*(3), 345-356.

Parker Harris, S., Owen, R., & Gould, R. (2012). Parity of participation in liberal welfare states: human rights, neoliberalism, disability and employment. *Disability & Society, 27*(6), 823-836.