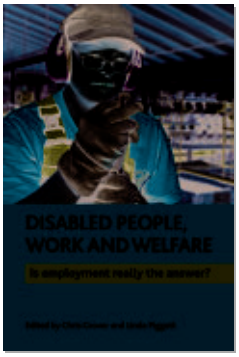
3. Doing the 'hard yakka': implications of Australia's workfare policies for disabled people



Published by

Piggott, Linda and Chris Grover.
Disabled People, Work and Welfare: Is Employment Really the Answer?
Bristol University Press, 2015.
Project MUSE. https://muse.jhu.edu/book/79948.

THREE

Doing the 'hard yakka': implications of Australia's workfare policies for disabled people

Alan Morris, Shaun Wilson and Karen Soldatic

Introduction

In Australia, almost 19% of the population has a disability (ABS, 2009) and its prevalence will steadily rise with the increase in life-sustaining interventions and an ageing population (AIHW, 2008). The number of Australians receiving the Disability Support Pension (DSP)[1] has grown substantially. In 1990, there were around 316,000 DSP recipients (Yeend, 2011). By the beginning of 2014 there were about 825,000 (Maley, 2014). The proportion of the working-age population claiming the DSP grew from 4.3% to 5.5% between 1994 and 2012 (Maley, 2014). Increasingly, DSP recipients are women, at 43% in 2008, up from 26% in 1990 (ACOSS, 2011). The current cost of the DSP is around AU$15 billion per annum, representing about 21% of the welfare budget (Ireland, 2014).

In the name of promoting paid work and cutting costs, the main policy response to the rising DSP expenditure has focused on tightening the eligibility rules and assessment procedures and moving DSP recipients into work where possible or onto Newstart, Australia's stringent unemployment benefit. In April 2011, in a speech on the 'Dignity of Work', the-then Labor Prime Minister Julia Gillard concluded that 'there are many thousands of individuals on the Disability Support Pension (DSP) who may have some capacity to work' (Whiteford, 2011, npn). Later that year, the government made a series of changes to DSP policy, including tighter 'impairment tables' to reduce DSP eligibility and, for new clients under 35 years of age, a mix of initiatives were put in place to encourage employment. Partial pensions could be retained for people working up to 30 hours per week and new applicants who did not have a severe impairment had to participate in a 'programme of support' (typically focused on job

search or employability) before becoming eligible for the DSP (Lunn, 2011; Australian Government, 2014a).

The result of these reforms, over time, is an anticipated wider use of Newstart as a benefit for disabled people. But a greater reliance on Newstart instead of the DSP will produce a severe loss of income for many disabled Australians. In January 2014, the Newstart benefit was just AU$250.50 (around £136) per week for single people, well below the AU$413.55 (around £225) available for single DSP clients. The single Newstart payment is well below the poverty line, which in September 2013 was estimated at AU$408.98 per week once housing is included (Melbourne Institute, 2013). Income poverty caused by Newstart has been criticised by commentators on the left and right (ACOSS, 2012; Denniss and Baker, 2012; Sloan, 2012; Morris and Wilson, 2014) and even by the Organisation for Economic Co-operation and Development (OECD) (Whiteford, 2010).

The conservative Coalition government that came to power in September 2013 is exploring 'merging' DSP into Newstart. An interim report released by the federal government in June 2014 recommends reserving the DSP for people with a permanent disability and no capacity to work. Disabled people 'who have current or future capacity to work could be assisted through the tiered working age payment to better reflect different work capacities' (Commonwealth of Australia, 2014, p 9). What a permanent disability means and how it will be established are not discussed. The 'tiered working age payment' is not defined, but the payment will probably be close to the much lower Newstart payment. The imposition of this recommendation could result in hundreds of thousands of people being forced off the DSP and onto a much lower payment. It would further underline the trend away from a framework of social protection for disabled people in favour of a workfare system whereby sanctions are used to force people to look for work when in receipt of a government benefit (see Peck, 2001).

Our objective in this chapter is to gain greater insight into the likely impacts of using Newstart as the primary income support programme for disabled people. The chapter has three main sections. The first outlines recent reforms in disability support. The second discusses the adequacy problems of the Newstart benefit and ongoing deficiencies in Australia's welfare-to-work model. The remainder of the chapter details the mixed-methods approach and results of a small research project conducted in inner-metropolitan Sydney in late 2012. The sample is not a cohort of disabled welfare recipients; rather, it includes disadvantaged Newstart clients whose disability status was not directly assessed. Still, the data serve a useful purpose. They highlight areas of

hardship, 'hard yakka'[2], likely to be significant problems for a growing disabled cohort dependent on Newstart.

Reforms to income support for disabled Australians since the 1990s

Australia has a long history of social security measures for disabled people. Dating to 1908, disabled people who were defined as 'permanently incapacitated for work' had access to a centrally funded benefit (Kewley, 1980). Considerations of space mean that we cannot recount much of this history; rather, our task is to show that since the late 1980s, disability benefit payments have shifted towards a tougher work activation and benefit regime.

Australia's reformist Labor governments expanded Australia's social security spending substantially between 1983 and 1996 by around 6% of Gross Domestic Product (GDP). Labor legislated for a universal health insurance system (Medicare), more generous payments for poor families and universal superannuation (Wilson, 2013). But these social democratic trends were accompanied by a greater targeting of basic welfare benefits. In addition, by the late 1980s, there was growing consensus that obtaining benefits should be conditional on work-related undertakings, such as training, job-search and 'work-readiness' activities (Bessant, 2000). At first, the tougher, work-oriented approach was directed only at Australia's unemployed. In 1991, Newstart emerged as the new income support payment for unemployed people. The expectation was that it would only provide temporary support at a low level income while they made the transition to work. Consistent with Australian welfare design benefit has no time limit, although at the time of writing, the Coalition government had sought parliamentary support for an (effective) time limit for young unemployed people.

In 1991, the DSP was also introduced. It was to focus on the 'work capability' of disabled beneficiaries, not 'work incapacity' as was the case in the past (Cass et al, 1988). The disability assessment criteria were expanded and a dual-track assessment process was established. The dual-track assessment uses a medical determination to define impairment and a time-based work capacity assessment. Work-time capacity was defined as being able to work up to 30 hours per week. In practice, this resulted in many disabled people maintaining access to the new DSP while actively seeking work or receiving some payment when working part time.

The emphasis on employment and work activity was extended by the conservative Coalition government elected in 1996, led by Prime

Minister John Howard. In 1997, 'work for the dole' was introduced for young unemployed beneficiaries, obligating them to participate in community work programmes. Later, the government made participation compulsory for Newstart recipients under 50 years of age and tougher penalties were applied for 'breaches' of benefit conditions (Coad et al, 2006). The government's workfare approach also served to justify the late-1990s privatisation of the Commonwealth Employment Service. This led to a flourishing sector of non-governmental and private sector service organisations dependent on government funding (Soldatic and Pini, 2012).

The Howard government's disability support reforms emphasised greater conditionality, work activity and cost-cutting. The disability community/movement had long struggled for the right to work and access to employment (Clear and Gleeson, 2001; Morris, 2006). Indeed, the new generation of workfare policies under Prime Minister Howard can be seen as partially incorporating these claims. However, claims for access to employment were quickly subverted by the design of workfare, which was clearly motivated by hitching 'work participation' to the goal of reducing costs and welfare dependence (Soldatic and Chapman, 2010).

The new disability benefit funding model, developed in the late 1990s, was underpinned by a policy approach that social scientists have elsewhere called 'fast labour market attachment' (see Peck and Theodore, 2001). Accordingly, the funding of employment services became 'time limited' and 'outcome' focused, with payment of contracts directly tied to placing disabled people into 'any job' within 18 months (Australian Healthcare Associates, 2000). Employment services had clear financial incentives to engage in the practice of 'creaming' the 'most able of the disabled' into jobs (Kellie, 1998; Soldatic and Chapman, 2010; see also Chapters Four and Five, this volume). This practice contributed to the stratification of disabled clients into those judged too disabled to work and those 'able enough' to participate in what was usually the insecure end of the labour market (Grover and Soldatic, 2013). At the same time, the government agency administering social security, Centrelink, encouraged assessment staff to implement 'curbing' practices designed to discourage people from applying for the DSP and instead steer them onto Newstart (Australian Government, 2003, p 10). Many of the 'able enough' clients lost access to the DSP and were shifted onto Newstart even though their disability remained. Despite these reforms, the DSP was still viewed by policy elites as sheltering people from the government's mutual obligation requirements and from finding work (Newman, 1999).

The interaction between the DSP and Newstart benefit programmes that has emerged since the 1990s is important to our analysis. It serves as a reminder of overlapping definitional and categorisation processes involved with disability and unemployment. Actually, it suited policy makers in the 1990s to treat the DSP as an implicit policy tool for mitigating high levels of official unemployment (see Argyrous and Neal, 2003). However, as employment levels rose in the 2000s, the 'concealment' function served by the DSP became less necessary, and the level of benefit dependency was increasingly criticised. Echoing the views of policy makers, economists Cai and Gregory (2004) argued that the DSP had become a *de facto* unemployment programme, with higher entry rates onto the DSP during times of weak labour market conditions.

The Howard government attempted to further reduce access to the DSP in 2001 by reforming the time-based work assessment (the 30-hour work test). The proposed new qualification regime maintained the initial medical test to determine impairment, but sought to place any prospective DSP client onto Newstart if their work capacity was assessed at a much lower 15 hours per week (see Argyrous and Neale, 2003). Campaigns were mobilised across the country and the proposed change failed to gain parliamentary support on three occasions between 2001 and 2003 (Soldatic and Chapman, 2010). However, after the 2004 elections, the Howard government used its control of both the House of Representatives and Senate to finally introduce the unpopular 15-hour work test (the Job Capacity Assessment), and to shift all disability employment services out of the main welfare portfolio and into the Department of Employment and Workplace Relations (Soldatic, 2010). Work capacity assessment was outsourced to private companies. Many disabled people could no longer access disability benefits and were forced onto Newstart. As a result, their payments were substantially reduced and they no longer qualified for a range of concessions linked to the DSP (Soldatic, 2013). Disability employment services were given sanctioning powers and, as a condition of federal funding, were required to report clients who were judged to be flouting their benefit obligations (House of Representatives, 2005, p 7). Consequently, more clients were 'breached' (sanctioned), losing up to eight weeks' benefit (Commonwealth Ombudsman, 2007).

Hopes and disappointments: Labor reforms after 2007

Before discussing the income support and work reforms under Labor, it is necessary to give a more complete overview of Labor's disability

reform agenda between 2007 and 2013. Clearly, our emphasis in this chapter is on the trend towards stricter eligibility, reduced payments and greater conditionality for Newstart and the DSP. This focus is not intended, however, to ignore the powerful reform energies that emerged during Labor's term in office and from within the disability community.[3] Labor's far-reaching plan for a National Disability Insurance Scheme (NDIS) gained bipartisan parliamentary support during Julia Gillard's tenure as Prime Minister (2010-13). The scheme provides a new funding base for financing disability services, with an expected annual cost of AU$14 billion (Buckmaster, 2013). However, the return of a Coalition government has seriously slowed the roll-out of the NDIS and its level of funding, approach and scope are now uncertain. However, its genesis is a reminder that mobilisation from the disability movement with the support from political progressives can still influence welfare reform paths dominated by neoliberal and paternalistic ideas.

Disappointingly, Labor's return to office in 2007 did not produce the same reformist spirit when it came to the DSP. The 15-hour per week work-test criteria and mutual obligation requirements were kept in place, and there was a further tightening of the Job Capacity Assessment (see Table 3.1). Indeed, in the financial year 2007-08, 35% of DSP applications were rejected (ACOSS, 2012). Despite the tightening of eligibility, by 2009 the DSP accounted for 37% of total working-age income support recipients (ACOSS, 2011, p 9), making it a target for further efforts to curb its growth. In 2011, the Labor government further tightened eligibility for the DSP and imposed even stricter work tests. Part of this involved another comprehensive review of the DSP medical impairment test (Grover and Soldatic, 2013).

A further key shift took place in 2011. Disabled people under 35 years of age with a capacity to work for eight hours or more per week now had to wait for 36 months before they could access the DSP (only people with assessed 'severe impairment' in this age group immediately qualify for the DSP). During the waiting period, clients are placed on Newstart (PWDA, 2011). In July 2012, Labor legislated that all DSP claimants under the age of 35 must undergo activity tests (Grover and Soldatic, 2013). Compulsory 'participation plans' and ongoing interviews are embedded throughout the new requirements (see Table 3.1). Access to the DSP for disabled people under the age of 35 became conditional on successive failures to find work over a two-year period. The National Welfare Rights Network concluded at the time that as many as four in 10 people with work incapacity would not qualify as disabled under the new assessment regime

(NWRN, 2011). It remains unclear how many DSP applicants have been directly affected. However, with the change in government in September 2013, these reforms will now be extended to all present DSP recipients under the age of 35.

Table 3.1: Welfare streams for disabled people according to assessed work capacity in Australia

Assessment	Less than 15 hours	15-30 hours	30+ hours
Entry programme	DSP	Newstart	Newstart
Payment	AU$413.55 per week (single person)*	AU$250.50 per week (single person)*	AU$250.50 per week (single person)*
Conditions	No activity testing required. DSP reduced by 50c for each dollar earned above $152 per fortnight.	Required to search for jobs and undergo activity testing. Newstart reduced by 50c for each dollar earned above $62 and up to $250 per fortnight and by 60c in the dollar for earnings above $250 per fortnight.	Required to search for jobs and undergo activity testing. Newstart reduced by 50c for each dollar earned above $62 and up to $250 per fortnight and by 60c in the dollar for earnings above $250 per fortnight.
Special assistance measures	Access to a range of pension benefits, such as highly subsidised pharmaceuticals, rental assistance, educational supplement and subsidised transport. The DSP is one of the key eligibility criteria for state/territory-funded disability support services, such as in-home support, disability counselling, aids and equipment, subsidised taxis and companion cards.	Access to a range of pension benefits, such as highly subsidised pharmaceuticals, rental assistance and educational supplement. Do not qualify for state/territory-funded disability support schemes that require DSP receipt for eligibility.	Access to the Health Care Card, which has lower-level subsidises than those available on the DSP. No access to state/territory-funded disability support schemes.

Note: * Payment rate in January 2014

Source: Australian Government (2014b, 2014c, 2014d)

Given that only around 10% of DSP clients earn a labour market income, the Labor government's 2011 reforms made concessions designed to facilitate work participation by liberalising the benefit cut-off rules. Those assessed capable of no more than 15 hours of work per week no longer had their benefits cut off if they worked longer hours (Yeend, 2011). This change provides greater support to people whose hours of work vary with their ability to manage their disability and recognises that the majority of these workers access employment within casual and contingent labour markets. Labor also committed to additional subsidies for employers hiring disabled people (a subsidy of AU$3,000 per DSP recipient for providing 26 weeks' employment at 15 hours per week) and proposed compensation for productivity losses incurred by employing disabled people (Australian Labor Party, 2011).

We would not expect the benefit modifications and subsidies to employers announced during Labor's term in office to have made a major difference to the employment and income security of disabled welfare recipients, especially as labour markets have weakened further.[4] It was unclear at the time of writing whether the Coalition government will retain these incentives. More needs to be done, and more needs to be done of a different kind, to achieve higher and sustained employment levels of disabled people. The NWRN (2011, npn), for example, has called for 'further guaranteed investment to support people into jobs and commitments from large public and private sector employers to employ more people with disabilities'.

Newstart and job assistance: impact on disabled people

Obstacles to returning to work are accentuated by weak labour markets (see, for example, Peck, 2001). According to a 2009 Australian Bureau of Statistics survey, disabled respondents most frequently cited 'their own ill health and disability' (35%) and then 'lack of skills or education' (13%) as barriers to working (ABS, 2012, p 11). Labour force participation rates for disabled people in Australia are low. In 2009, only 54.3% of disabled people were in the labour force compared with 83% without a disability (ABS, 2009) and Australia ranked 21 out of 27 OECD countries for labour force participation of disabled people (OECD, 2009).

Welfare-to-work reforms are altering the Newstart cohort in fundamental ways. Almost 20% of Newstart clients are now assessed as having 'partial capacity to work' as a result of tightened access to the DSP (Australian Government, 2012, p 65). Moreover, the duration of income support dependence among the Newstart cohort reveals

that for many, the period of benefit receipt is not brief. Often, clients receive different payments over time. Government data show that, in June 2012, some 62% of Newstart recipients were on (some form of) income support for a year or more; and 46% of the Newstart population were classified as 'very long-term' recipients (that is, they had received income support for two years or more) (Australian Government, 2012, p 63). These proportions have changed little since 2002. The average duration of income support for Newstart clients is around 180 weeks (Australian Government, 2012, p 63), but this figure rises to a disturbing five years for Newstart clients assessed with a partial capacity to work (Australian Government, 2012, p 81).

Lengthy periods of dependence on Newstart raise particular problems for recipients, especially given the low level of the Newstart benefit and the correspondingly high levels of poverty among recipients (Morris and Wilson, 2014). Elsewhere, we have discussed the potential for 'scarring' – the reduction of human capabilities brought about by lengthy periods of unemployment (Morris and Wilson, 2014). Newstart clients with a disability are particularly prone to scarring because of their lengthy periods of dependence on Newstart and their likely further loss of capability during that experience (see, for example, the joint submission of federal government departments to the federal Senate Inquiry into the adequacy of Newstart: Australian Government, 2012, p 69). The effects of long-term unemployment on physical and mental health are well known (Morris, 2002; Rosenthal et al, 2012), so it is not surprising that the data indicate that many long-term income support clients are likely to eventually move from Newstart to the DSP.

The data indicate that moving from Newstart to employment is not typically easy or rapid. Just 21% of new Newstart recipients are in full-time work three months later, with a total of 48% getting a job (of any kind) in the same period. Indeed, the majority (52%) remain unemployed or leave the labour market altogether (Australian Government, 2012, p 71). Ongoing questions about the performance of job assistance programmes, now privatised, in assisting long-term unemployed people have been raised elsewhere (see Davidson, 2011; Morris and Wilson, 2014). Poor performance in placing long-term unemployed clients is particularly critical to prospects for a larger disabled clientele on Newstart; job placement for Newstart clients with a partial capacity to work is extremely poor. The joint department submission to the Senate Inquiry on the adequacy of Newstart found that: 'Only three per cent of the job placements achieved for Newstart Allowance job seekers since the start of JSA [Job Services Australia] have

been achieved for job seekers with a partial work capacity' (Australian Government, 2012, p 72).

An empirical study of doing the hard yakka

Given these developments in, and problems of, the Newstart programme, we now consider issues that they raise for people assessed with a partial capacity to work. A mixed-methods study involving Newstart recipients (not assessed for disability status) in inner-metropolitan Sydney was undertaken by two of the authors (Morris and Wilson) in the second half of 2012. The study was assisted by approximately 40 students in a senior undergraduate research course at the University of New South Wales and had university ethics approval. The study was conducted with clients of the Inner West Skills Centre (IWSC) – an employment services provider – at three sites in Sydney.

The two elements of the research were semi-structured interviews with Newstart clientele (n = 20) and self-completion questionnaires (n = 54). The study focused on the impact of living on Newstart.[5] Topics included in the research included:

- coping on the income from Newstart;
- dealings with Centrelink (the government's 'shopfront' welfare centres) and job assistance agencies;
- social networks and social isolation;
- job prospects;
- public perceptions of Newstart.

Interviewees were recruited through self-selection, with our study advertised via a poster and a sheet to record names of people interested in participating. Informed consent was obtained at the time of the interview.

Without access to clients' telephone numbers, and a poor response to mail contact, we abandoned a randomised sampling strategy in favour of availability sampling. This involved depositing a number of questionnaires for clients to complete at the three sites, with a display providing information about the study. A larger number of responses was obtained, but the non-random sampling strategy limits our ability to draw statistically based inferences from the data. Still, the survey data add to the small repository of available quantitative data about the experience of Newstart recipients and maintain descriptive value.

A life of hard yakka: living on the Newstart benefit

Four primary interrelated themes emerged from the data analysis with particular importance to the growing cohort of disabled welfare recipients who are now Newstart recipients, but assessed as having a partial capacity to work. These themes are:

- the inadequacy of the Newstart benefit and experiences of deprivation;
- poor housing and health;
- limited social networks, exclusion and isolation;
- difficulties in finding and keeping work.

These are discussed in turn. Taken together, they reveal how recipients dependent on the Newstart benefit engage in what we see as hard physical and emotional work. Managing on low incomes and searching out work in tough, precarious labour markets are constant stresses on self-respect and wellbeing.

Benefit inadequacy and the experience of deprivation

Almost all the interviewees commented on the severe financial difficulties encountered living on Newstart, confirming the now widely accepted inadequacy of the benefit (Saunders, 2011; Whiteford, 2011; Denniss and Baker, 2012; OECD, 2012). In our sample, 66% of respondents disagreed with the proposition that 'Newstart is enough to live on'. Just 20% agreed with this statement. Survey data suggested a trend towards greater disagreement with this statement among long-term unemployed people in the sample. Indeed, long-term unemployed interviewees talked at length about the severe hardships from increasingly diminishing resources. Housing costs are also likely to drive client perceptions of inadequacy, a subject discussed in more detail below.

Newstart recipients found it exceptionally hard to live on the Newstart benefit and were aggrieved that it was so much less than other benefits. Eric,[6] for example, told us: "It is hard because you tend to live from pay to pay and that is not really a good way to live because the amount provided is basically a minimum. When you compare it to other allowance like the [age] pension, they are paid double compared to us." The struggle to manage money over the fortnightly Newstart payment period can be a real skill. This was apparent in Leanne's experience:

> 'Well if you've got to pay your rent, put credit for your phone, there isn't a lot left.… You have to worry about, okay, what am I going to do and how am I going to do this, you know, because you have to get your basics – rent, food, phone credit 'cause you need your phone. So once you've done those three things there's not a ton left.… So there are times when you are left with not a lot of money or maybe no money for maybe a day or two until you get your next pay.'

Leanne's description was echoed in the responses of others. Sam, an older client, also spoke of the stress of running out of money: "I go without, you know, or you borrow off mates." He also spoke of only eating once a day and having to scavenge for tobacco: "Couple of places around where I live, we help each other out. So, they wanna smoke, they come and ask. You need a dollar, if they got it they will give it to ya. If not, you go walking around the streets picking up cigarette butts."

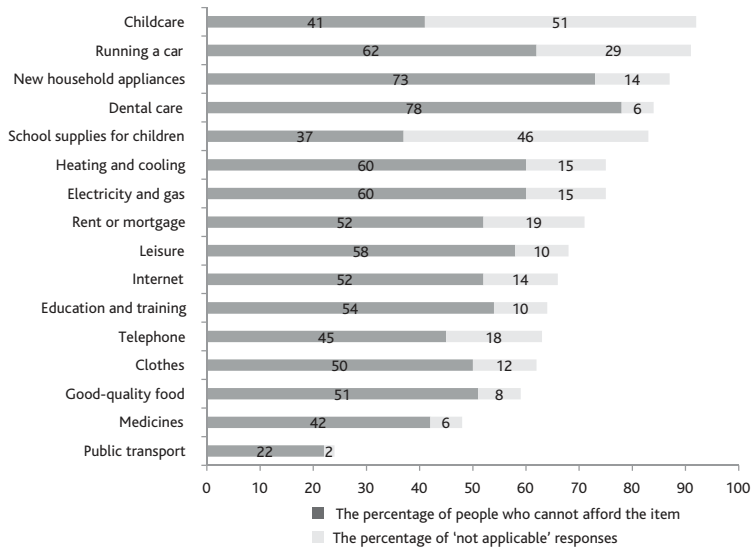
Recently, quantitative measures of benefit inadequacy have been established with the use of deprivation indicators. These measures first establish what the community considers essential items (to avoid poverty) so that the deprivation of these items is an effective measure of poverty or benefit inadequacy (see Saunders and Wong, 2011). These indicators also offer further insight into the specific types of deprivation that affect different sub-populations, including those dependent on social security payments.

Our survey included questions attempting to gauge deprivation. Figure 3.1 presents responses to the question: 'Do you have enough money for.…?'. The figure shows the 'no' results in percentages (that is, the percentage of people who could not afford each item) in the dark grey bars of the bar chart. 'Not applicable' responses are represented by the light grey bars.[7] The data displayed indicate a high incidence of deprivation (above 50%) for several items considered essential, including:

- dental care;[8]
- household appliances;
- electricity and gas;
- rent/mortgage payments;
- good-quality food;
- clothes.

Despite Australia's subsidised pharmaceutical scheme, 42% of our survey sample said that they could not afford to buy the medication they needed.

Figure 3.1: Deprivation incidence of essential items among Newstart client sample, 2012 (%)



Housing and health

Housing costs are at the epicentre of Australia's poverty problem (Morris, 2010; ACOSS, 2012), so it is hardly surprising that our participants experienced severe housing stress. The interviewees who were renting in the private rental sector had to use a considerable proportion or all of their income for basic accommodation. Jason, for example, observed that Newstart "is clearly not enough. I'm in a very, very basic grotty place ... I've had to dig into my savings quite a lot and but no I could not live off the $550 or something a fortnight I receive".

Another interviewee (Jim) was living in a backpackers' hostel: "I am very lucky because I'm staying at a backpackers' hostel, which is the cheapest I can get.... You need an overseas passport to be able to be at a backpackers' hostel. Because I am able to speak Chinese ... they think I am a tourist." Sub-standard living conditions were by no means exceptional, as Greg told us:

> 'From the outside it looks like quite a healthy building but the inside, I have no electricity. I have no fridge. I have no hot water to shower. I have a unit the size of this room, 35 square metres, that after the roof collapsed because of water pouring in from above still has not been repaired after four and a half years … but I can't afford to move out … so I am stuck there.'

Poor living conditions were matched by poor physical and/or mental health among some respondents. Studies continue to confirm that unemployment contributes to poor physical and mental health (see Rosenthal et al, 2012). Minimal incomes meant that recipients often found it difficult to look after themselves adequately. Ben elaborated: "They [people on Newstart] can't afford the rent. It's not a healthy, productive system.… In fact I'd say it's ... destructive in many cases. That's my experience." Coping with the stress of managing money and poor-quality (often shared) housing is likely to present particular difficulties for the large number of clients with mental health problems who are now on Newstart. Sally, for example, captured how her situation accentuated her vulnerabilities:

> 'I've had, unfortunately, suffered from depression for several years and because of that, you keep losing.… So, there [are] many, many barriers people are confronted with. It's not a lack of, [I] don't consider myself stupid or incapable. I have all the capabilities there but how do I get there? It's very, very frustrating.… It's difficult. I can only do so much 'cause I'm running out of steam. Does that make sense?'

Social networks, exclusion and isolation

Previous studies confirm that people who are unemployed for lengthy periods tend to have poorer social networks or 'social capital', which, in turn, further hampers their return to work (Lin, 1999; Korpi, 2001). This 'vicious cycle' was evident in comments by interviewees who described having to avoid going out with friends (due to a lack of money) or not asking for a loan so as not to 'overstretch' friendships. Jeff, for example, commented: "You sort of, you can't really do anything that much because you can't go out … with friends and family … you don't have the financial resources." And Phil described how his social circle had contracted: "With any paid sort of work I can keep up with my mates and, as it stands, I can't participate in any nights out,

or events they go to, or dinners or anything like that.… It impacts on your social life, dramatically. I mean, I'm talking about everything."

Still, family and friends remained important sources of financial support: 59% of respondents asked for help from family and 49% asked for help from friends. The impact of longer-term unemployment on coping and social networks appears particularly significant, suggesting greater reliance on external (and more risky) sources of support, such as charities, pay-day lenders and even begging. In our survey sample, those who were unemployed for longer than a year reported a higher incidence of asking for money from people on the street (25% versus 4% of those who were unemployed for less than a year), from pay-day lenders (25% versus 13%) and from charities (61% versus 38%).

Many of the interviewees told of how limited finances affected their social connections. Sally could not afford to go out: "You ... don't really have a life. I stay at home, or I come here [the job centre].… You can't go out.… Your main focus is meant to be looking for work but you can't look for work 24/7. It drives you nuts." Not surprisingly, unemployment generates social stigma. As Tim said: "When it comes to meeting friends … once people find out that you are unemployed and for this long basically they just don't want to know you." The difficulty of establishing and keeping long-term intimate relationships was also noted by some interviewees. The survey data confirmed this. Four fifths of our sample were single (including those who were divorced or separated).

Finding and keeping work

As we have seen, Newstart recipients with a partial capacity to work have particularly poor job placement outcomes, leading to people remaining on the Newstart programme for long periods (an average of five years according to the Australian Government, 2012, p 81). A growing body of research and commentary indicates that the design of Newstart *contributes* to the problem of long and difficult transitions, something hinted at by the federal government's own departmental reporting (Australian Government, 2012). Meanwhile, free-market economist Judith Sloan (2012, npn) has observed: 'Patently inadequate support may have some unintended consequences that actually work against the aim of the policy to encourage people into suitable work', while Davidson (2011; see also Clark et al, 2001; Young, 2012) notes that long-term unemployed people become harder to employ because of the 'scarring' effects of unemployment and that most Newstart programmes offer limited assistance in reversing poor job prospects.

The potential for scarring, it seems, is more likely to impact on *already* disadvantaged jobseekers. Interviewees spoke of feeling demoralised after continual rejections. Ralph commented: "I can see why people get demoralised.… They feel like second-rate citizens, particularly those, those people who have been on it [Newstart] for an extended period.… They can lose hope and … they can almost not feel a part of society." Jim spoke of how hard the job market was and that the job-search office had not helped him find his way back into employment:

> 'They didn't help me much.… They try, but they are overrun. There is not enough staff. You know they are overrun and coming here since for like the last four months … and … nothing has happened you know.… You ring up about a job and it is gone two minutes after it is in the paper.'

After a spate of disappointments, some interviewees had abandoned their job search altogether. The more skilled clients felt that the work activation programmes did not work for them. Sally commented: "There is no provision for mature-aged, educated people. It targets low-skilled labourers only, and everyone is forced into it. It's pretty much, if you can't make it on your own, tough."

Conclusions

Disabled people face greater barriers to finding and staying in work than most unemployed people (Morris, 2006; Sayce, 2011). When they *do* find work, the evidence indicates that they are also more likely to be concentrated in less-skilled work and casual jobs, with minimal autonomy (Barnes and Mercer, 2005). It is encouraging that, as a result of the disability movement's advocacy, policy makers in Australia are recognising the employment needs of this group. Recent reforms to benefits and the redesign of employment assistance programmes appear to be acknowledging the patterns of work capacity that disabled Australians are able to manage even if policies continue to make unrealistic assumptions about their employment opportunities. Indeed, a more critical reading of recent reform trends cannot avoid the conclusion that the disability movement's progressive claims for decent work have been subverted by a neoliberal policy framework mainly interested in 'jobs' and a 'partial ability to work' as mechanisms to reduce benefit levels and availability. An indication of this is that in 2012 over 80% of the non-profit disability labour market services were re-contracted out to for-profit provider employment agencies,

with questionable commitment to disabled people's right to decent and equitable work (DEN, 2012).

The concluding point is this: a critical sociology of welfare reform in this area must draw a distinction between policies that encourage employment and income security *as a right* and policies that do little more than push disabled people into deregulated labour markets as a way of *unburdening* state budgets. Policy *rhetoric* emphasises the right to work and participation, but policy *detail* reveals increasing bureaucratic imperatives and mechanisms designed to pressure disabled people into Newstart where financial support is minimal and employment support is often patchy and ineffective.

This study has focused on disadvantaged jobseekers on the Newstart programme in inner-metropolitan Sydney. As stated, we did not collect specific data from this cohort about the incidence or level of disability. This research highlights the intense pressures for survival and self-justification felt by people on Newstart. These pressures include severe financial difficulties; unstable, inadequate and unaffordable housing; higher risks of social isolation, exclusion and 'scarring' as the period of unemployment drags on; and, for many, serious difficulties in re-entering the workforce.

Taking these experiences as a guide, we are able to identify evidence of the specific risks attached to the Newstart programme and their potential to accentuate difficulties for disabled people already coping with physical and/or mental health problems. We would expect these difficulties to be compounded by the longer than average periods on Newstart recorded by disabled claimants. While economists talk of the *scarring* impact of long-term unemployment, disability researchers talk of the *disabling* impacts of ill-equipped government programmes. Newstart risks generating a state of despair and 'inbetweenness' for its clients assessed with disabilities, offering neither adequate income support nor the prospect of stable, decent and suitable work.

Notes

[1] The DSP is a government benefit paid to people who have a physical, intellectual or psychiatric condition that prevents them from working for more than 15 hours per week. In order to qualify, applicants have to have a medical assessment and a 'job capacity assessment'.

[2] 'Hard yakka' is Australian rural slang for hard work. In Australia, this term is used to describe the hard physical labour of blue collar employment. We co-opt this term to contest the notion that life on welfare is easy and encourages laziness. Our empirical

findings suggest otherwise – welfare recipients undertake a form of 'hard work' in managing the daily grind of poverty and often marginalised social status.

[3] Labor's Parliamentary Secretary for Disability and Children's Services, Bill Shorten, for example, was critical in the government in pushing for major disability insurance reforms.

[4] In October 2013, the unemployment rate was 5.7%. In April 2007, it was 4.5%.

[5] A small number of responses (n = 7) were from respondents aged under 22, the current age of eligibility for Newstart. We have assumed that these respondents were in receipt of Youth Allowance, effectively an equivalent to Newstart for younger Australians with different eligibility and payment rates. Their responses have been preserved in the sample.

[6] All names of participants used are pseudonyms.

[7] Although the 'not applicable' response includes instances where the respondent did not have that expense due to life circumstances (for example, the respondent did not have children), this type of response often carried further clues about deprivation in situations where the respondent was excluded from a spending category altogether. For example, the costs of running a car are avoided by not owning one.

[8] In 2012, the Gillard Labor government put in place low-cost or free basic dental care for low-income Australians (people in receipt of welfare payments and children in low-income families).

Acknowledgements

This chapter is dedicated to Patricia Frost from the Inner West Skills Centre who passed away in April 2014. Patricia was a tireless fighter for people on Newstart. Patricia and Lisa Fowkes provided invaluable advice and assistance. We would also like to thank workers within the disability civil society employment providers who provided information about the Labor government's privatisation strategies within the sector. Particular thanks go to the students of the 2012 SLSP 3002 Newstart project class at the University of New South Wales who ably contributed at all stages to the survey and interview research reported in this chapter.

References

ABS (Australian Bureau of Statistics) (2009) *Survey of disability, ageing and carers*, Canberra, ACT: ABS.

ABS (2012) *Australian Social Trends, 2012*, cat. no. 4102.0, March – disability and work, Canberra, ACT: ABS.

ACOSS (Australian Council of Social Services) (2011) *Beyond stereotypes: Myths and facts about people of working age who receive social security*, ACOSS paper 175, Strawberry Hills, NSW: ACOSS, http://acoss.org.au/images/uploads/beyond_stereotypes.pdf

ACOSS (2012) *OECD joins growing call for increase in Newstart allowance*, www.acoss.org.au/media/release/oecd_joins_growing_call_for_increase_in_newstart_allowance

AIHW (Australian Institute of Health and Welfare) (2008) *Disability in Australia: Trends in prevalence, education, employment and community living*, AIHW bulletin no. 61, June, Canberra, ACT: Australian Government, www.aihw.gov.au/publications/index.cfm/title/10751

Argyrous, G. and Neale, M. (2003) 'The "disabled" labour market: the disability support program and unemployment', *Journal of Australian Political Economy*, 51, pp 5-25.

Australian Government (2003) *Budget paper no. 2*, Canberra, ACT: Commonwealth of Australia.

Australian Government (2012) *Submission to the Senate Inquiry on the adequacy of the allowance payment system for job seekers and others*, joint agency submission, no. 38, Canberra, ACT, https://senate.aph.gov.au/submissions/comittees/viewdocument.aspx?id=6ecdecea-2f8d-42a8-b422-a7b3499ffd7b

Australian Government (2014a) *Guide to social security law* (version 1.203), http://guidesacts.fahcsia.gov.au/guides_acts/ssg/ssguide-1/ssguide-1.1/ssguide-1.1.a/ssguide-1.1.a.30.html

Australian Government (2014b) *Disability support pension payments*, Canberra, ACT: Department of Human Services, www.humanservices.gov.au/customer/services/centrelink/disability-support-pension

Australian Government (2014c) *Newstart Allowance*, Canberra, ACT: Department of Human Services, http://www.humanservices.gov.au/customer/services/centrelink/newstart-allowance).

Australian Government (2014d) *Waiting Periods,* Canberra: Department of Human Services (Canberra, www.humanservices.gov.au/customer/enablers/waiting-periods

Australian Healthcare Associates (2000) *Interim report on the case based funding trial*, Canberra, ACT: Commonwealth of Australia.

Australian Labor Party (2011) *Supporting Australians with disability into work*, 10 May 10, www.alp.org.au/6020/federal-government/news/supporting-australians-with-disability-into-work/

Barnes, C. and Mercer, G. (2005) 'Disability, work and welfare: challenging the social exclusion of disabled people', *Work, Employment & Society*, 19, pp 527-45.

Bessant, J. (2000) 'Regulating the unemployed: Australia's work-for-the-dole scheme', *Journal of Australian Studies*, 24, pp 75-84.

Buckmaster, L. (2013) *National Disability Insurance Scheme*, Canberra, ACT: Australian Government, www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201213/NDIS

Cai, L. and Gregory, B. (2004) 'Labour market conditions, applications and grants of disability support pension (DSP) in Australia', *Australian Journal of Labour Economics*, 7(3), pp 375-94.

Cass, B., Gibson, F. and Tito, F. (1988) *Towards enabling policies: Income support for people with disabilities*, Canberra, ACT: Commonwealth of Australia.

Clark, A.E., Georgellis, Y. and Sanfey, P. (2001) 'Scarring: the psychological impact of past unemployment', *Economica*, 68(270), pp 221-41.

Clear, M. and Gleeson, B. (2001) 'Disability and materialist embodiment', *Journal of Australian Political Economy,* 49(1), pp 34-55.

Coad, M., Finlay, J., Raper, M. and Thomas, G. (2006) *Welfare to work or unworkable welfare?*, Sydney, NSW: National Welfare Rights Network, www.vcoss.org.au/documents/VCOSS_docs/Welfare/NACLC_welfarework.pdf

Commonwealth of Australia (2014) *A new system for better employment and social outcomes: Interim report of the Reference Group on Welfare Reform to the minister for social services*, Canberra, ACT: Department of Social Services.

Commonwealth Ombudsman (2007) *Application of penalties under Welfare to Work (report no 16)*, Canberra, ACT: Commonwealth of Australia.

Davidson, P. (2011) 'Did "work first" work? The role of employment assistance programs in reducing long-term unemployment in Australia (1990–2008)', *Australian Bulletin of Labour*, 37(1), pp 51-96.

DEN (Disability Employment Network) (2012) *Operations bulletin*, 5 December, Melbourne: DEN.

Denniss, R. and Baker, D. (2012) 'Are unemployment benefits adequate in Australia?', *Policy Brief no. 39*, Canberra, ACT: The Australia Institute, https://www.tai.org.au/index.php?q=node%2F19&pubid=991&act=display

Grover, C. and Soldatic, K. (2013) 'Neoliberalism and disability social (in)security in Australia and Britain', *Scandinavian Journal of Disability Studies*, 15(30), pp 216-32.

House of Representatives (2005) *Official Hansard*, 9 November, Canberra, ACT: Commonwealth of Australia.

Ireland, J. (2014) 'Disabled not rorting the disability pension, disability discrimination Commissioner Graeme Innes hits back', *Sydney Morning Herald*, 12 March.

Kellie, D. (1998) 'Unemployed? Board the enterprise for a brave new world and a "real" job: a critique of the new strategy for reducing unemployment', *Australian Journal of Social Issues*, 33, pp 285-302.

Kewley, T. (1980) *Australian social security today: Major developments from 1900 to 1978*, Sydney: University of Sydney Press.

Korpi, T. (2001) 'Good friends in bad times? Social networks and job search among the unemployed in Sweden', *Acta Sociogica*, 44, pp 157-70.

Lin, N. (1999) 'Social networks and status attainment', *Annual Review of Sociology*, 25, pp 467-87.

Lunn, S. (2011) 'Gillard tightens disability pension', *The Australian*, 30 July.

Maley, J. (2014) 'The disabled will need to fight for themselves', *The Canberra Times*, 17 May.

Melbourne Institute (2013) *Poverty lines Australia*, Melbourne: University of Melbourne, http://melbourneinstitute.com/downloads/publications/Poverty%20Lines/Poverty-lines-Australia-Sept-2013.pdf

Morris, A. (2002) 'The social costs of unemployment', *The Economic and Labour Relations Review*, 13(2), pp 207-25.

Morris, A. (2006) 'Pain and mythology: disability support pension recipients and work', *Australian Review of Public Affairs*, 7(1), pp 49-59.

Morris, A. (2010) 'Policies relating to homelessness and affordable housing in Australia', in A. Nevile (ed) *Human rights and social policy: A comparative analysis of values and citizenship in OECD countries*, Cheltenham: Edward Elgar, pp 154-73.

Morris, A. and Wilson, S. (2014) 'Struggling on the Newstart unemployment benefit in Australia: the experience of a neoliberal form of employment assistance', *Economic Labour Relations Review*, 25(2), pp 202-21.

Newman, J. (1999) 'The future of welfare in the 21st century', paper presented at the National Press Club, Canberra, 29 September, www.facs.gov.au/newman.nsf/v1/sdiscusswelfare.htm

NWRN (National Welfare Rights Network) (2011) 'Disability support pension changes untested, unfair and unacceptable', 14 April, https://www.welfarerights.org.au/news/2011/4/14/disability-support-pension-changes-untested-unfair-and-unacceptable

OECD (Organisation for Economic Co-operation and Development) (2009) *Sickness, disability and work: Keeping on track in the economic downturn*, London: OECD Directorate for Employment, Labour and Social Affairs.

OECD (2012) *Activating jobseekers: How Australia does it*, Paris: OECD.

Peck, J. (2001) *Workfare states*, New York, NY: Guilford Press.

Peck, J. and Theodore, N. (2001) 'Exporting workfare/importing welfare-to-work: exploring the politics of Third Way policy transfer', *Political Geography*, 20, pp 427-60.

PWDA (People with Disability Australia) (2011) *PWD e-bulletin*, no. 71, Strawberry Hills, NSW: PWDA.

Rosenthal, L., Carroll-Scott, A., Earnshaw, V., Santilli, A. and Ickovics, J. (2012) 'The importance of full-time work for urban adults' mental and physical health', *Social Science and Medicine*, 75, pp 1692-6.

Saunders, P. (2011) *Down and out: Poverty and exclusion in Australia*, Bristol: Policy Press.

Saunders, P. and Wong, M. (2011) 'Using deprivation indicators to assess the adequacy of Australian social security payments', *Journal of Poverty and Social Justice*, 19(2), pp 91-101.

Sayce, L. (2011) *Getting in, staying in and getting on: Disability employment support fit for the future*, London: The Stationery Office.

Sloan, J. (2012) 'Newstart needs a boost', *The Drum*, 31 October, www.abc.net.au/unleashed/3609716.html

Soldatic, K. (2010) 'Disability and the Australian neoliberal workfare state', PhD dissertation, University of Western Australia, Perth, Australia.

Soldatic, K. (2013) 'Appointment Time: Disability and Neoliberal Workfare Temporalities', *Critical Sociology*, vol 39, no 3, pp 405-19, http://dx.doi.org/10.1177/0896920511430168

Soldatic, K. and Chapman, A. (2010) 'Surviving the assault? The Australian disability movement and the neoliberal workfare state', *Social Movement Studies*, 9(2), pp 139-54.

Soldatic, K. and Pini, B. (2012) 'Continuity or change: disability policy and the Rudd government', *Social Policy & Society*, 11(2), pp 183-96.

Whiteford, P. (2010) 'Why unemployment benefits need to be increased', *Inside Story*, 7 December, http://inside.org.au/why-unemployment-benefits-need-to-be-increased/

Whiteford, P. (2011) 'Will the government slow the growth of disability support pension numbers?', *Inside Story*, 12 May, http://inside.org.au/growth-of-disability-support-pension-numbers/

Wilson, S. (2013) 'The limits of low tax social democracy? Welfare, tax, and fiscal dilemmas for Labor in government', *Australian Journal of Political Science*, 48(3), pp 286-306.

Yeend, P. (2011) 'Budget 2011–12: disability support pension reforms', *Budget Review 2011–12*, Canberra, ACT: Parliament of Australia, www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201112/Disability

Young, C. (2012) 'Losing a job: the nonpecuniary cost of unemployment in the United States', *Social Forces*, 91(2), pp 609-34.