

Welfare 'blowout' doesn't add up: debate the facts

Talking point



Toni Wren

Perhaps Minister for Social Services Kevin Andrews got a little carried away with his summer reading when he came back to work this week and started talking about unsustainable welfare "blowouts".

As much as we all love a good piece of fiction during the traditional silly season, this one demands closer analysis.

The figures Minister Andrews were referring to show that just over 5 million Australians were dependent on income support as at June 2012.

The minister then concluded that this number was a "blowout" compared to a decade earlier.

A closer examination finds the total number has gone up by 4 per cent over the decade.

To determine if this is a large or small increase, we need to look at the corresponding growth in Australia's

population. ABS demographic statistics tell us our nation's population grew by 15 per cent over the same period. So welfare numbers increased 4 per cent while the population increased 15 per cent.

Actually, that means welfare numbers went down as a proportion of the population over the decade, so where is the blowout?

In June last year, the largest group were age pensioners – nearly 2.3 million recipients – an increase of 26 per cent over the last decade. This is, of course, due to the ageing of the population, but also due to the relaxation in the income and asset tests undertaken by the Howard government, which entitled more people to a part-pension (and then the flow-through when the former Labor government increased the weekly rate by \$30).

Minister Andrews has ruled out any changes to the age pension in the review currently under way. But he did say the government was examining the Disability Support Pension. In June last year, there were

just under 830,000 people reliant on this payment – just over a third of the total number of age pensioners.

The rate at which people are being granted this pension is also going down: from an average of 63.9 per cent in 2009-10 to an average of 43.3 per cent in 2012-13.

The minister is right to identify employment as the best way to improve their prospects and bring them out of poverty.

Research published in late 2013 by the Australian Council of Social Service shows that people with a disability are more than twice as likely to be living in poverty than those without disability.

However, if the government is serious about improving employment for people with disabilities, it needs to reform the current disability employment service system to ensure it has as much focus on employers

as on people with disabilities seeking work. Last year a government survey found only 3 per cent of employers who had heard of the service actually used it. An earlier

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survey by the Australian Human Resources Institute found only one-third of employers who hired a person with disability used a government service to do so. Providers should engage more closely with employers in the design and delivery of training to ensure their clients can reach the required standards of prospective employers. Closer employer involvement can result in a better match, higher productivity and long-term retention in employment.

More needs to be done to improve school, VET and university participation and achievement for

people with disabilities, to ensure they have the skills employers are looking for. Many of the people reliant on the disability pension and accessing the Disability Employment Services have not completed year 12 or its equivalent and are hampered by lengthy spells of unemployment.

Employers, too, need to improve their commitments to employ people with disabilities and access the considerable volume of good practice and support available.

They need to realise there are significant business benefits from having a more diverse workforce that better reflects their customers and the community at large.

Let's hope the subsequent debate is based on facts. As much as we all love good fiction, it's best not to use it when making decisions affecting the most vulnerable in our society.

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