



Tasmanian Parliamentary Labor Party response to the
Interim Report of the Reference Group on Welfare Reform
'A New System for Better Employment and Social Outcomes.'

August 2014

INTRODUCTION

The Tasmanian Parliamentary Labor Party welcomes the opportunity to make a submission to the Interim Report and provide comment on many of the issues raised. There does need to be simplification of our income support structure to make it easier for people to navigate and access the support they require but this cannot be done in such a way that it leaves people worse off. This opportunity for reform must be undertaken in consultation with users of the system as well as broader stakeholders and it is our hope that more opportunity is provided for input beyond this six week consultation period.

The Tasmanian Parliamentary Labor Party cautions the Government about rushing to implement any changes recommended from the review in light of the far reaching, and in some cases detrimental, impacts changes may have on members within the community. It draws attention to the comment on page 41 of the report where it is noted that, “the task will be complex, challenging and take time.”

There are also some unhelpful assumptions made in this review that castigate disadvantage groups or negatively quantify their capacity with little evidence to support such claims. The Tasmanian Parliamentary Labor Party feels it is important to recognise that whilst disadvantage can have limiting impacts on people’s capacity and resilience these impacts aren’t necessarily permanent, sustained, nor should they be used to determine a person’s value in society. It should be noted clearly that disadvantage now should not mean disadvantage in the future. We have a collective responsibility to ensure that individuals and families are supported and that they are not consigned to unhelpful stereotypes and stigma.

It should also be highlighted that the report quotes figures which clearly outline that welfare costs are decreasing in relation to number of people in receipt of payments. Therefore the argument put by the Government that our social support system is unsustainable is doubtful and calls into question the motive for the review. We hope that reform will be undertaken in a genuine way to improve the outcomes for all Australians and not used as an excuse to reduce services and support.

BROAD SOCIAL SUPPORT SYSTEM

The broader social support system should work in tandem with the income support system to assist those most in need. This includes well-functioning employment services, housing assistance, child care, and early intervention and integrated services for people and families with complex needs, such as homelessness, mental health conditions and drug or alcohol addiction. (Page 4, Executive Summary)

This is an extremely valid point and highlights that the Federal Government cannot make decisions about changes to the income support system without ensuring that these other broader social support systems are adequately resourced to support vulnerable citizens.

There needs to be a coordinated approach taken that involves each jurisdiction of government across Australia to ensure the broader social support system is function well and resourced appropriately. If we can adequately resource the provision of services in the social support system we can help alleviate demand on the income support system, resulting in better outcomes for individuals, community and governments.

It is concerning that the Federal Government has moved to cease National Partnership programs that provide support in these areas including National Partnership Agreement on Preventative Health as it is commonly held view now that the social determinants of health are the main drivers for more acute requirements of intervention in the social support system. If the social determinants of health are better understood and addressed there will be less pressure and cost in the broader social support system and the income support system.

SERVICE DELIVERY

In determining the future design for the delivery of government services it should be noted that not all recipients have the capacity to self-manage their affairs using online services. Whilst improvements to the navigation of the system would be welcomed, it must also be understood that many recipients are unfamiliar with technology due to their age or unable to understand how to navigate the system due to their low literacy level. The Tasmanian Parliamentary Labor Party strongly discourages the Federal Government moving to an internet based self-managed approach for recipients as many in the community would be further disadvantaged due to their inability to access appropriate support.

There will still be a requirement for bricks and mortar premises where recipients can speak directly with a customer service officer and have their matter dealt with in their local city. There has already been a gradual withdrawal of service centres from towns across Tasmania and the local impact has left many in these communities feeling further isolated and vulnerable.

PILLAR ONE

ASSESSMENT OF PAYMENTS AND RATES

Assessment of the payments and rates should not be done in isolation of the taxation system of the county and relative strength of our economy.

It is also an opportunity that should not be confused or conflated with the revenue challenge Australia faces. Australia raises less tax than almost any other OECD country. As long as we continue to spend more than we raise, Australia will have an ongoing fiscal problem. (Uniting Aged Care Tasmania)

We can afford to provide support to people as long as we have the revenue to fund it. If we consider applying more effective taxation policies that appropriately tax those that are benefiting from the geology, political stability, workforce availability and other positive factors which we all collectively provide as a country we can offer appropriate income support services in a sustainable structure.

The Interim Report suggests a simplification of the payments and rates offered and it is broadly agreed that improvements can be made to the number and complexity of the existing payments and allowances. However, it is critical that any change does not diminish the basic acceptable standard of living for those people on income support who have no other means of financial support.

The suggestion to introduce a tiered system of payments for working age recipients of income support should not be considered without first understanding the employment opportunities genuinely available for those people.

Without the supply of jobs to ensure the transition to work can occur smoothly for people in receipt of income support it is difficult to understand how consideration could be given to introducing a tiered system of payment that could see many people worse off and in fact unable to have a basic acceptable standard of living.

ENTRY INTO WORK

There is a supply issue in Tasmania. We have suitably qualified and motivated people wanting to work but there are few jobs available to them. In addition to this the cost to travel to and from work is prohibitive for some people and can even be a barrier for those that are reliant on public transport due to the irregular and costly public transport network in Tasmania, particularly outside the urban centres.

In February 2014, there were 425,617 Newstart and Youth Allowance recipients looking for work, but only 140,800 vacancies resulting in at least three job applicants for each vacancy (Gilbie 2014). Tasmania has particularly high rates of youth unemployment, ranging from 18.2% to 21%, the highest of any region in Australia. (Youth Network of Tasmania)

Therefore there should be provision made in recognition of the weakness of a region's job market without the expectation that disadvantaged job seekers be required in every instance to relocate to find work. In circumstances where people are able to relocate for work they should be supported to do this but there should not be a blanket policy approach that fails to take into consideration the important support networks that exist and assist disadvantaged groups where they currently live. It was noted at the outset of this submission that the broader social support system has a critical role to play in supporting disadvantaged groups and to remove someone from this network could have long lasting and detrimental consequences which far exceed any benefits achieved by gaining employment.

The welfare system must be engaged with the macroeconomic conditions that determine the employment market and must provide adequate support for those people who are diligently seeking work but have not succeeded. (Uniting Aged Care Tasmania)

There also needs to be consideration given to a different assessment tool for measuring the income from irregular employment to better support those who find work in the seasonal job market to ensure they are not disadvantaged for doing so.

It should also be noted that just because someone is permanently disabled it does not mean they can't participate in the workforce. Indeed, there are also people who have a partial or temporary disability which means they can't hold down steady employment. To suggest that a permanent disability may be the only reason someone is eligible for income support fails to understand the complex and episodic nature of mental ill health and other intermittent disabilities which afflict people.

There are ways to assist people with mental illness to enter the workforce but it will require greater emphasis on improving understanding in the workplace.

This (requires) improving the assessment processes so that the capabilities of each individual are sensitively assessed, their needs for support and intervention in the workplace understood and addressed, and employers are informed about the nature of mental illness and skilled in dealing with any hiccups that might arise. (Kate Shipway, Carer and member of Mental Health Carers Tasmania)

There has been much work done to understand the benefits participation generates for an individual and in most circumstances it is well documented that health and lifestyle improve when someone is in regular, paid employment.

Where possible, people with psychological or psychiatric conditions have better life outcomes if they maintain some level of participation in the workforce, and more could be done to support them to gain work, and/or remain in work where possible. (Page 29, Interim Report)

However there remains stigma within the community about the role of people with a disability in the workforce and more needs to be done to address this as well as incentivise employers to take on people with a disability. No changes should occur to the payments received by a recipient until additional effort is put into supporting people with a disability gain the confidence and skills for possible future participation in the workforce.

SUPPORT FOR FAMILIES AND YOUNG PEOPLE

There is a need for a simpler system which better reflects the costs of children as they age and strongly supports completion of education and transition to independence and the workforce. (page 65, Interim Report)

This statement from the report is further enhanced when consideration is given to changes introduced by the Abbott Government in the May budget which will see young people under the age of 30 removed from income support for six months at a time if they are out of employment or training. This policy will have a direct impact on many families who will be required to care for their adult children during these periods of hardship.

In the Life Chances Study it was found that 80% of 21-year-olds in high-income families received financial help from their parents in contrast to only 19% in low-income families. Another 19% of 21-year-olds in low-income families were actually providing financial support rather than receiving it, giving substantial help to ill or unemployed parents (Taylor 2014). (Youth Network of Tasmania)

It also illuminates the intent of this section and it could be argued that additional financial support should be provided to lower income families with older children to ensure they can transition smoothly to the workforce or further education, otherwise they face an additional six month period of dependence.

The interim report also recognises the disadvantage experienced by sole parent families as their children get older, when costs increase but payments fall. Child poverty in sole parent families is the fifth highest in the OECD and 286,000 children are living in poverty in sole parent households. Increasing support for these families must be a high priority in the reform process. (ACOSS media release 30 June 2014)

FUTURE DIRECTIONS

In moving towards a new working age payment, consideration could be given to reducing the current gap between pensions and allowances, particularly for people with limited work capacity, or with significant labour market disadvantages. Consideration could also be given to eliminating the gap between allowance rates for adult students and allowance rates for unemployed adults, and narrowing the gap between youth and adult rates of allowances. (page 59, Interim Report)

Whilst the Tasmanian Parliamentary Labor Party support the acknowledgement that there is significant gap between some payments to people of similar ages, particularly the Newstart allowance and Youth Allowance, we would not support a move that would see a narrowing of this gap achieved by lowering the higher rate to more closely reflect the lower rate.

Inadequate payments help trap people in unemployment entrenching the disadvantage and the attendant risks that beset families who depend on them. (Uniting Aged Care Tasmania)

We do not support moves that will see people worse off or unable to afford a basic acceptable standard of living. Therefore the Tasmanian Parliamentary Labor Party would only support the introduction of a new payment, referred to in this publication as a working age payment, if it ensured recipients would be better off overall. This better off over all test would also include consideration of any allowances that might also be abolished and replaced by a single working age payment.

The Tasmanian Parliamentary Labor Party draws attention to the reports, *“Out of the maze. A better social security system for people of working age”* and *“Surviving, not Living; Submission to Senate Employment Committee”* prepared by ACOSS which deal directly with payment rates and suggested improvements in this area.

PILLAR TWO

The evidence cited in this report and from other work in this field provides us with information which clearly shows that the best outcomes are achieved for society when there are support structures in place that help families and individuals improve their capacity and resilience. It would be unwise to implement reform that targeting only one aspect of an individual or families circumstance without acknowledging the need for the four elements listed by the report, mutual obligation, early intervention, education and training and improving individual and family outcomes, to also be factored into the response.

This again reflects on the importance of having integration across jurisdictions to ensure that reform at one level does not impact negatively on an individual or a family because there is inadequate policy development or resourcing at another level to support achieving the best outcome. The Tasmanian Parliamentary Labor Party has concern with the Tasmanian Liberal Government's capacity to ensure services and structures will be adequately resourced and supported at a state level to ensure the capabilities of individuals and families are developed. If these state systems fail to properly operate the risk to families impacted by these proposed welfare reforms has the potential to be enormous and detrimental. In light of this the Federal Government needs to ensure they provide adequate support to state jurisdictions that will be impacted by these reforms to ensure no family or individual is worse off. There also needs to be agreements reached for the sharing of information across jurisdictions to ensure there is accurate assessment of need and capacity to meet that need.

There is extensive evidence which shows better education outcomes lead to a better quality of life, higher earning potential and better health outcomes. There are numerous ways to ensure young people remain engaged with education including support for alternative education programs such as 'Big Picture' and visiting programs delivered by organisations such as the Beacon Foundation. Each student is unique and it can't be assumed that classroom teaching will suit each individual.

Mutual obligation requires input from both parties and there are arguments both for and against programs that operate to prepare people for job readiness.

YNOT would be supportive of a mutual obligation program similar to Youth Connections... YNOT believes a program that fosters work readiness, establishes future careers pathways and is staged to meet the individual needs and capacities of young people would be effective in producing self-sufficiency. (Youth Network of Tasmania)

The Tasmanian Parliamentary Labor Party remains disappointed that the Abbott Government has broken its promise to maintain a unity ticket with Labor to commit to the full implementation of the Gonski reforms. The Better Schools Funding would have ensured

more appropriate resourcing for those schools where results in attainment of foundation skills are below average.

The Tasmanian Parliamentary Labor Party remains disappointed that the Abbott Government has changed the legislation relating to the funding of additional support in schools that narrows funding to chaplains without regard for the need to fund social workers and other health specialists that can provide early intervention and support to young people. The statistics quoted in the Interim Report suggest that up to 15 per cent of Australian school students will experience some form of mental health condition which supports the argument for qualified professionals to be working in our schools rather than people of faith.

It's well understood that early support has the power to change people's lives for the better and to prevent crisis situations from occurring. There are a range of programs and services offering support to improve individual and family functioning and the research in this area typically shows that investment made early prevents greater investments later on. We know that it is far better to address issues before they become more complex and cumulative. The Tasmanian Parliamentary Labor Party takes the view that investment in people in a constructive way that builds skills and capacity, rather than taking a punitive approach that threatens people with poverty, achieves the best long term outcomes. We remain very concerned about the Abbott Government's policy to remove income support from people under 30 after a six month period and believe this will lead to worse outcomes for those individuals and the community.

PILLAR THREE

Employers both in the public, community and private sector should all be required to think about how they uphold their mutual obligation to support a fair and prosperous society. There are many examples of ways in which policy can be developed and implemented to benefit disadvantaged groups.

There are graduate programs that operate in State Government offering places to young people and people with a disability. These programs should be encouraged to continue.

There are social enterprise models that provide pathways to employment for participants and help people transition into the paid workforce and models such as this should be supported to continue.

There are incentive programs that provide cash payments to businesses or payroll tax exemptions for those who take on employees who have been long term unemployed, are aged over 50 or who have a disability. There are mechanisms available for the Government, both Federal and State, to use to support the private sector engage employees from non-traditional employment pools which help provide opportunities for disadvantaged groups.

The opportunities for disadvantaged groups to compete for jobs will always be difficult if they aren't offered support to level the playing field.

Disadvantaged groups should also be empowered to start up their own business venture with the support of micro-finance schemes and low interest loan schemes.

In addition to this there must be a greater effort made to assist job seekers in a meaningful way by engaging them with training that is relevant to the local job market and working with individuals to understand what barriers to employment they have. There is concern that the increased requirements to search for work will lead to greater numbers of non-compliance and as a consequence of this more people will have their income support reduced.

In addition, young people under 30 who access Employment Services are required to attend monthly appointments at which they discuss the previous month's job searches, and applications. These meetings are restricted in terms of time, and given current mutual obligation expectations of forty job applications per month, it is going to be challenging for these meetings to be beneficial and compliant to reporting requirements. (Youth Network of Tasmania)

PILLAR FOUR

The most effective way to build capacity and resilience in an individual is to invest in them. Taking a strengths based approach to capacity building will build the self-confidence, skills, positive experiences and participation of individuals and assist them build on their abilities so they can more fully include themselves in their community. Understanding the social determinants of health allows policy makers to determine which factors require attention and investment to effect the best long term outcomes for people who may have traditionally been regarded as disadvantaged. This requires a well functioning broad social support system as well as targeted intervention and support.

If the Government were to focus more attention and resourcing on early intervention, prevention and the provision of universal services it could be argued there would be fewer presentations for acute support and more costly intervention later on. It would be in the best interest of the community, the individual and Government if greater effort were put into building capacity and resilience to help people gain skills and confidence to fully participate in society.

1. Adopt a humane approach based on knowledge of people's needs and a realistic assessment of the context in which they live
2. Support the recovery of people with mental health problems, rather than undermining their wellbeing
3. Provide sensitive assessments of capacity to work, flexible training options that are responsive to workplace need and participant's capacity
4. Adopt a truly integrated (but not necessarily cheap) pathway planning process that is realistic and involves families where possible
5. Support potential employers so that they are confident and committed to a successful outcome for employees (with mental ill-health).
6. Support Carers so that their emotional, psychological and physical health and wellbeing are maximised.
7. Finally, look after the most vulnerable people in our community by enabling them to live as fully as they can. The true measure of a compassionate society (and a compassionate government) is whether it cares about and for those among us who have the highest level of need.

(Kate Shipway, Carer and member of Mental Health Carers Tasmania)

CONCLUSION

A country like Australia can afford to have a well developed and resourced social support system that is made up of universal and targeted services. We can afford to have an enduring and adequate support network in place for all Australians and we can further enhance the viability of this system by putting in place a fairer process for the redistribution of wealth across all Australians.

The Tasmanian Parliamentary Labor Party understands the Federal Government has outlined fiscal targets it wishes to meet; however, we would argue that the nation is one of the strongest in the OECD with debt at just 11% of GDP.

We are a county that can afford to look after the most vulnerable and the Tasmanian Parliamentary Labor Party would urge the Government to commit to maintaining a fair social support system that does not leave any person worse off as a consequence of the reform process underway.

REFERENCES

Youth Network of Tasmania, August 2014; Response to the Interim Report of the Reference Group on Welfare Reform 'A New System for Better Employment and Social Outcomes.'

Kate Shipway, Mental Health Carers Tasmania, July 2014; Forum panellist at Mental Health Council of Tasmania event: A New System for Better Employment and Social Outcomes

Australian Council of Social Services, June 2014; media release 'Payment reform must reduce poverty, complexity, and exclusion from employment'

Lindy O'Neill, Chief Executive, UnitingCare Tasmania, August 2014; The McClure Review Interim Report on the Welfare Reform. An initial response prepared for the State Parliamentary Labor Party