

# Welfare Review Submission Template

## Pillar One: Simpler and sustainable income support system

Changes to Australia's income support system over time have resulted in unintended complexities, inconsistencies and disincentives for some people to work. Achieving a simpler and sustainable income support system should involve a simpler architecture, a fair rate structure, a common approach to adjusting payments, a new approach to support for families with children and young people, effective rent assistance, and rewards for work and targeting assistance to need.

### Simpler architecture

**Page 42 to 52** of the Interim Report considers the need for a simpler architecture for the income support system. The Reference Group proposes four primary payment types and fewer supplements. The primary payment types proposed are: a Disability Support Pension for people with a permanent impairment and no capacity to work; a tiered working age payment for people with some capacity to work now or in the future, including independent young people; a child payment for dependent children and young people; and an age pension for people above the age at which they are generally expected to work.

In shaping the future directions for a simpler architecture the Reference Group would like feedback on:

- 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?

According to Healey and Healey (2012) Australia's basic unemployment is rated the lowest in the Organisation for Economic Co-operation and Development (OECD) countries. Recent solutions based on a patriarchal approach such as income management have only worsened problem for marginalised Australians (Healey & Healey, 2012). The Henry Review (as cited in Brown, 2011) recommends a single working age participation payment to addresses the current incentive to move from Newstart Allowance to Disability Support Pension (DSP), only people with severe and profound disabilities that prevent them from working at all would be eligible for DSP. All income support recipients with some ability to work, regardless of whether they are unemployed, a single parent, or have a disability, would qualify for the same payment. A single participation payment could be set at a level somewhere between Newstart and DSP. Long-term, moving some DSP'S onto Newstart Allowance will save taxpayers money (Brown, 2011).

### Fair rate structure

**Page 55 to 60** of the Interim Report considers changes that could be considered to rates of payment for different groups. In shaping the future directions for a fairer rate structure the Reference Group would like feedback on:

- How should rates be set, taking into account circumstances such as age, capacity to work, single/couple status, living arrangements and/or parental responsibilities?

A review of Australia's future tax system undertaken in 2008 referred to as the Henry review, recommends means testing be implemented for government payments to those with most need. To strengthen the incentive to work, individual income and assets need to be fairly assessed. The concept of means for income support payments should include not only income but also the ability of a person to generate income from their assets. Striking an appropriate balance between targeting need and maintaining incentives to work is a significant challenge in designing a means test (Henry, 2008).

### Common approach to adjusting payments

**Page 60 to 64** of the Interim Report considers a common approach to adjusting payments to ensure a more coherent social support system over time. In shaping the future directions for a common approach to maintaining adequacy the Reference Group would like feedback on:

- What might be the basis for a common approach to adjusting payments for changes in costs of living and community living standards?

In their discussion on welfare reform Healey and Healey (2012) highlight the significant disadvantage for recipients of Newstart. They relate this to these payments being tied to the consumer price index. Therefore, payments need to be a proportion of the minimum wage or the male total average weekly earnings (Healey & Healey, 2012).

### Support for families with children and young people

**Page 65 to 68** of the Interim Report considers how the payments could be changed to improve support to families with children and young people. In shaping the future directions for support for families with children and young people the Reference Group would like feedback on:

- How can we better support families with the costs of children and young people to ensure they complete their education and transition to work?
- In what circumstances should young people be able to access income support in their own right?

In a review of education, Jennifer Buckingham (2013) from the Centre of Independent Studies recommends the government consider the introduction of a bursary for students. In 2012 the cost to government per student was \$15,768 in government schools and \$8,546 in non-government schools. If the government paid a bursary of \$10,000, middle income families would be encouraged to move from the public sector to private schools saving the government \$5,000 for students that moved. Fees for low-income families would be reduced to match the bursary. If 10% of students moved to non-government schools the government would save \$500 million each year.

### Effective rent assistance

**Page 68 to 71** of the Interim Report considers Rent Assistance and suggests a review to determine the appropriate level of assistance and the best mechanism for adjusting assistance levels over time. In shaping the future directions for Rent Assistance the Reference Group would like feedback on:

- How could Rent Assistance be better targeted to meet the needs of people in public or private rental housing?

Sustained investment in affordable housing where subsidised rents are set at a maximum of 30% of income and other forms of subsidised rental housing such as the National Rental Affordability Scheme where rent is set at 20% less than market rate (ACOSS, 2014).

### Rewards for work and targeting assistance to need

**Page 72 to 78** of the Interim Report considers changes to means testing for improved targeting to need and better integration of the administration of the tax and transfers systems to improve incentives to work. In shaping the future directions for rewards for work and targeting assistance to need the Reference Group would like feedback on:

- How should means testing be designed to allow an appropriate reward for work?
- At what income should income support cease?
- What would be a simpler, more consistent approach to means testing income and assets?

A uniform treatment of assets by having a comprehensive means test that determines access to all income support payments. This means test would include deeming an income on most assets. The deeming rates would be based on the returns expected from a portfolio of assets that would be held by a prudent investor. (Australia's future tax system, 2014).

### Pillar Two: Strengthening individual and family capability

Reforms are needed to improve lifetime wellbeing by equipping people with skills for employment and increasing their self-reliance. To strengthen individual and family capability changes are proposed in the areas of mutual obligation, early intervention, education and training, improving individual and family functioning and evaluating outcomes.

#### Mutual obligation

**Page 80 to 85** of the Interim Report considers more tailored and broadening of mutual obligation and the role of income management. In shaping the future directions for mutual obligation the Reference Group would like feedback on:

- How should participation requirements be better matched to individual circumstances?
- How can carers be better supported to maintain labour market attachment and access employment?
- What is the best way of ensuring that people on income support meet their obligations?
- In what circumstances should income management be applied?

In consideration of income management, the Australian Human Rights Commission (2010) identifies the necessity to ensure there is adequate information available to welfare recipients. The commission recommends additional workers be made available to assist welfare recipients through their assessments, exemption applications, reviews, and any appeal processes that may arise. Additionally, the commission recommends monitoring and evaluation of income management scheme to assesses the cost effectiveness of the scheme.

#### Early intervention

**Page 85 to 88** of the Interim Report considers risk based analysis to target early intervention and investment and targeting policies and programmes to children at risk. In shaping the future directions for early intervention the Reference Group would like feedback on:

- How can programmes similar to the New Zealand investment model be adapted and implemented in Australia?
- How can the social support system better deliver early intervention for children at risk?

Harris (2010) identified poor reading achievement as early as fourth grade is a strong predictor of high school dropout and lower lifetime earnings. However, research on high-quality intervention programs at pre-school and early school years, suggest benefits are not limited to the early elementary school years, and high-quality early intervention services to disadvantaged pre-school children have benefits lasting well into adulthood. Research indicates accredited pre-school programs delivered by highly trained and skilled teachers; deliver large gains in cognitive and social emotional development. Children afforded such programs score above the mean in early literacy, school readiness, and emotional adjustment. Early intervention needs to be research-based best practices in early child development, and include books, print knowledge, phonological awareness, and oral language skills (Harris, 2010).

### Education and Training

**Page 89 to 90** of the Interim Report considers the need for a stronger focus on foundation skills in both schools and vocational education and training, and on transitions from school to work. In shaping the future directions for education and training the Reference Group would like feedback on:

- What can be done to improve access to literacy, numeracy and job relevant training for young people at risk of unemployment?
- How can early intervention and prevention programmes more effectively improve skills for young people?
- How can a focus on 'earn or learn' for young Australians be enhanced?

Bynner and Reder (2008) undertook a longitudinal study into recidivism in young offenders and the impact of numeracy and literacy on their likelihood of being returned to prison. Their findings identified education and training to be the most significant factor to reducing re-offending, gaining employment, and leading positive pro-social lives in the community. Biesta (2007) considers the role of the educational professional in this process is to use research findings to make individual's problem solving more intelligent. This not only involves deliberation and judgment about the means and techniques of education; it involves at the very same time deliberation and judgment about the ends of education. Therefore, in support of the government's National Industry Investment and Competitiveness Agenda, and as part of the broader reform to the Vocational Education and Training system, it is recommended the government adequately fund best practice numeracy and literacy training to all marginalised and disadvantaged Australians.

### Improving individual and family functioning

**Page 90 to 93** of the Interim Report considers cost effective approaches that support employment outcomes by improving family functioning and the provision of services especially to people with mental health conditions to assist them to stabilise their lives and engage in education, work and social activities. In shaping the future directions for improving individual and family functioning, the Reference Group would like feedback on:

- How can services enhance family functioning to improve employment outcomes?
- How can services be improved to achieve employment and social participation for people with complex needs?

Healey (2012) considers placing excessive demands such as education and training on people with mental illness is counterproductive. Furthermore, quarantining their payments or shifting them to a lower payment only disadvantages and marginalises the most vulnerable in society. According to Hopwood (2004) from the Royal Australian and New Zealand College of Psychiatrists mental illness is episodic and given a quarter of Australians at any one time could be experiencing a mental health episode the changes proposed in the interim report restricts clients with intermediate mental health needs from a viable financial position on the DSP and moves them to the lesser New Start Allowance. Rather than the paternalistic approach proposed by current policy, Healy (2012) recommends incremental small changes that support movement towards employment through recognised validated interventions that support rehabilitation and mental wellness. With this in mind Newton (2013) recommends the increase of the amount that can be earned before it impacts on benefits, and consideration of wage subsidy to encourage employers to employ people with mental health needs. A review of 18 randomised controlled trials that combined preparing people with mental illness for work with those that provided support in the workplace found overwhelming evidence the latter provided long-term increased weekly hours of work (Newton, 2013)

### Evaluating outcomes

**Page 93** of the Interim Report considers improved monitoring and evaluation of programmes aimed at increasing individual and family capability to focus on whether outcomes are being achieved for the most disadvantaged. In shaping the future directions for evaluating outcomes the Reference Group would like feedback on:

- How can government funding of programmes developing individual and family capabilities be more effectively evaluated to determine outcomes?

All programs need monitoring and evaluation; therefore it is critical that current and future program facilitators receive training in research and evaluation methods. Currently, practicing program facilitators and supervisors need to be supported to actively seek training in program evaluation through professional conferences, workshops, or preferably by completing a graduate-level program evaluation course at university. Additionally, supervisor mentoring has been found to be one of the most essential components in helping practitioners see the value in using evidence-based practices and evaluation methods (Astramovich & Hoskins, 2013).

### Pillar Three: Engaging with employers

Employers play a key role in improving outcomes for people on income support by providing jobs. Reforms are needed to ensure that the social support system effectively engages with employers and has an employment focus. These reforms include making jobs available, improving pathways to employment and supporting employers.

#### Employment focus – making jobs available

**Page 95 to 100** of the Interim Report considers what initiatives result in businesses employing more disadvantaged job seekers. In shaping the future directions for making jobs available the Reference Group would like feedback on:

- How can business-led covenants be developed to generate employment for people with disability and mental health conditions?
- How can successful demand-led employment initiatives be replicated, such as those of social enterprises?

According to the Victorian Council of Social Services (VCOSS) Australia lags behind the rest of the developed world when it comes to creating job opportunities for people with disability. The most recent OECD ranking placed Australia 21st out of 29 OECD countries for employment participation by people with disability. Australia holds the dubious honour of having one of the worst rates of poverty for people with disability in the OECD (VCOSS, 2014)

Therefore, People With Disability Australia (PWDA, 2014) recommend the Australian Government adopt a National Disability Strategy and bipartisan commitment to creating 200,000 jobs for people with disability by 2023. To demonstrate government commitment, PWDA recommends increasing targets for employing people with disability in public service positions and providing tax offsets for the costs of mainstream supports people with disability may need to maintain themselves in employment.

### Improving pathways to employment

**Page 101 to 107** of the Interim Report considers the different pathways to employment for disadvantaged job seekers such as vocational education and training and mental health support models. In shaping the future directions for improving pathways to employment the Reference Group would like feedback on:

- How can transition pathways for disadvantaged job seekers, including young people, be enhanced?
- How can vocational education and training into real jobs be better targeted?
- How can approaches like Individual Placement and Support that combine vocational rehabilitation and personal support for people with mental health conditions be adapted and expanded?

The current policy 'Closing the Gap' was endorsed by the Australian Government in 2008 and is framed around reducing the disadvantage between Indigenous Australians and non-Indigenous Australians within 25 years in areas of health, education and employment. Fred Chaney from the Board of Reconciliation considers the way forward in Closing the Gap is to adopt a bottom up, rather than top down approach. His model is based on co-operation between Indigenous Australians and government in the development of culturally specific programs to meet local needs. Rather than being confined by legislation and policy, he proposes public servants need to be empowered as project managers, and be part of a collaborative community response based on good governance to meet local needs for education, health, and employment (Radio National, 2014).

### Supporting employers

**Page 108 to 110** of the Interim Report considers what can be done to support employers employ more people that are on income support including better job matching, wage subsidies and less red tape. In shaping the future directions for supporting employers the Reference Group would like feedback on:

- How can an employment focus be embedded across all employment and support services?
- How can the job services system be improved to enhance job matching and effective assessment of income support recipients?
- How can the administrative burden on employers and job service providers be reduced?

The Australian Government Job Services Australia Review and Evaluation (2011) recommendations focused on the following key areas:

- Establishing an Industry Consultation Forum to help inform the development of future employment services.
- Consolidating the Job Services Australia ‘stream’ structure and longer contract periods.
- Encouraging greater provider innovation, through contract and system controls.
- Professionalisation of the employment services workforce, and
- Establishing an accreditation scheme for providers and setting industry standards through the introduction of a risk-based assurance framework.

## **Pillar Four: Building community capacity**

Vibrant communities create employment and social participation for individuals, families and groups. Investments by government, business and civil society play an important role in strengthening communities. Also, access to technology and community resilience helps communities build capacity. Building community capacity is an effective force for positive change, especially for disadvantaged communities.

### **Role of civil society**

**Page 112 to 116** of the Interim Report considers the role of civil society in building community capacity. In shaping the future directions for the role of civil society the Reference Group would like feedback on:

- How can the expertise and resources of corporates and philanthropic investors drive innovative solutions for disadvantaged communities?
- How can the Community Business Partnership be leveraged to increase the rate of philanthropic giving of individuals and corporates?
- How can disadvantaged job seekers be encouraged to participate in their community to improve their employment outcomes?

Recommendations in the United Kingdom from the Philanthropy Review (2011), identified government need to encourage business and the community to give more. The review considers this can be achieved by:

- Payroll giving that enables employees to donate from their gross pay. Employers may engage a number of fundraising organisations to help them inform employees about the merits of payroll giving.
- Tax relief on all deduction and gifts of cash.
- Changing the culture of giving through education in schools and a national campaign to celebrate giving and encourage people to give.

### **Role of government**

**Page 116 to 120** of the Interim Report considers the role of government in building community capacity. In shaping the future directions for the role of government the Reference Group would like feedback on:

- How can community capacity building initiatives be evaluated to ensure they achieve desired outcomes?
- How can the income management model be developed to build community capacity?

According to the South Australian Council of Social Service (2010) Income Management should only be implemented in the most extreme of circumstances. Compulsory income management has been criticised by a range of community organisations as being an expensive and inappropriate response to the problems faced by those receiving various forms of welfare payment. The rollout of the scheme may have implications for a large number of Australians, both welfare recipients and others in their communities who are stigmatised by the broad-brush approach or where the local economy may be skewed by the quarantining of where incomes can be spent. The problems identified in the report only serve to magnify the broader problems in the system and suggest that compulsory Income Management would not provide a respectful or useful tool in treating long-term issues of poverty, unemployment and social exclusion.

### Role of local business

Page 121 to 123 of the Interim Report considers the role of local business in building community capacity. In shaping the future directions for the role of local business the Reference Group would like feedback on:

- How can communities generate opportunities for micro business to drive employment outcomes?
- How can mutuals and co-operatives assist in improving the outcomes for disadvantaged communities?

Victorian introduced the *Human Services Partnership Agreement*. The Human Services Partnership Implementation Committee (HSPIC) was established in 2004 to guide and implement the commitments of the Partnership Agreement. The purpose of the committee is to:

- Strengthen community sector partnering to achieve effective and respectful relationships and employment outcomes.
- Improve business processes to reduce the regulatory burden on the community sector.
- Addressing strategic challenges facing the human services industry through partnering dialogues and shared action.

### Access to technology

Page 124 to 125 of the Interim Report considers access to affordable technology and its role in building community capacity. In shaping the future directions for access to technology the Reference Group would like feedback on:

- How can disadvantaged job seekers' access to information and communication technology be improved?

According to the Australian Human Rights Commission (AHRC, 2014), the potential for technology to improve access to information and communications for people with a wide range of disabilities is clearly rapidly expanding. However, the Commission has identified people with disability have been left out or left behind.

Disadvantaged Australians need access to technology; therefore government needs to remove barriers to equality and participation. Additionally, the Commission considers government needs to prevent new barriers being erected. Access should not be time-consuming or more expensive than it has to be. Australia needs to be a leader in International best practice on access to information technology.



## Community Resilience

Page 125 to 126 of the Interim Report considers how community resilience can play a role in helping disadvantaged communities. In shaping the future directions for community resilience the Reference Group would like feedback on:

- What strategies help build community resilience, particularly in disadvantaged communities?
- How can innovative community models create incentives for self-sufficiency and employment?

According to White (2002) the disproportionate representation of Indigenous Australians in custody is the accumulation of multiple minor offences such as offensive language and behaviour in a public place. However, the dynamics of offensive behaviour by Indigenous Australians is subject to interpretation, and given the violent history of relations between police and Indigenous Australians the behaviour can be comprehended (White, 2002). Furthermore, community and political calls for law and order and more punitive action, will most likely result in widening the social marginalisation of Indigenous Australians through increased policing and engagement with the Criminal Justice System (White, 2002). According to Bond, Jeffries and Loban (2013) the over policing and high proportion of arrests of Indigenous Australians is well recognised. The accumulation of sentencing and associated criminal histories makes incarceration more likely if not inevitable. In Queensland, this equates to Indigenous Australians being ten times more likely to be incarcerated than non-Indigenous Australians, and is representative of continuing discrimination against Indigenous Australians in the Criminal Justice System (Bond, et al., 2013). The impact of extensive criminal histories on sentencing is at odds with traditional Indigenous Australian culture. Historically, once the Indigenous Australian Community had punished an offender they were given a 'clean slate' to re-engage with the community (Bond, et al., 2013). To address the imbalance Bond et al. (2013) identifies the need for policy change, and recommends culturally specific drug and alcohol treatment programs for Indigenous Australians, concluding, it is discriminatory not to establish specific judicial sentencing practices such as the Murri Court that includes Indigenous Australians in the sentencing and management of offenders.

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