



NEW SOUTH WALES TEACHERS FEDERATION

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SUBMISSION

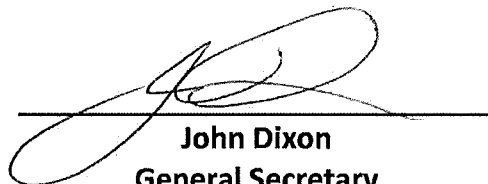
TO

THE DEPARTMENT OF SOCIAL SERVICES

ON

**The Interim Report of the Reference Group
on Welfare Reform**

Authorised by



**John Dixon
General Secretary
NSW Teachers Federation**

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New South Wales Teachers Federation

The New South Wales Teachers Federation is the state registered trade union with coverage of NSW public education teachers. Federation represents teachers in New South Wales public pre-schools, infants, primary and secondary schools, Schools for Specific Purposes, teachers working in consultant/advisory positions, teachers in Corrective Services and teachers in NSW TAFE. The current financial membership totals over 69 000 practising permanent, temporary and part-time teachers and student teacher members. Federation is administered by 47 elected union officials and three presidential officers. It is the largest state based public education union in Australia.

Reform of income support

The Federation is a social justice union with its principle interest lying in the teachers and students in our public education institutions. Public schools and TAFE colleges educate a greater proportion of students from disadvantaged backgrounds than other education institutions. In their everyday lives, teachers see the negative impact on student learning of poverty and intergenerational disadvantage. Teachers recognise the importance of families and students having proper income support to ensure full participation in all aspects of schooling and post school education. Students need to be well fed, properly clothed and have access to the funds to allow participation in sport and cultural activities and school excursions. Young people should not be punished because of poorly formulated policies, whose main target is their parents or caregivers.

An effective income support system plays a significant role in ensuring all young people are able to access and take advantage of a quality education. Any reforms to Australia's income support system must not have consequences which make it more difficult for people to participate in education. If students and their families do not have proper income support, then the school system has to provide more resources to ensure that the students do not miss out.

The level and nature of income support should:

- be driven by evidence of programs which show genuine improvements in employment outcomes for those who are able to work rather than by political sloganeering;
- provide an adequate and decent social security safety net for those requiring income support, which ensures people's capacity to participate in work, education or other social activity is not inhibited through entrenched poverty and that their children's capacity is also not compromised;
- not simply be designed to reduce the size of the income support budget, nor even solely to make the system more 'efficient'. Savings in one area put pressure to deliver greater resources in other areas.

The Federation urges the Government to value the advice of the National Welfare Rights Network and those who have experience working with people on the ground. If genuine improvements in employment outcomes are to be achieved, reforms must consider the experiences of those who have witnessed first-hand the types of programs which are successful at keeping people out of poverty and getting them engaged in education, employment or other social activities.

THE PROPOSED PILLARS OF REFORM

Pillar One: Simpler and sustainable income support system

The Federation supports the principle of simplicity in the system for the purposes of ease of administration of income support. This would allow the maximum proportion of the budget to make it to those people requiring support. However, this simplicity should never come at the cost of meeting the needs of disadvantaged people.

Any simplification of the income support system and merging of payments must consider the reasons the separate payments were established in the first place. ABSTUDY was set up as a distinct payment to help improve participation and outcomes in education for Aboriginal and Torres Strait Islander students. Given the well documented relationship between educational outcomes and social and economic outcomes, this was an important investment in closing the gap more broadly in society. While progress has been made since the introduction in 1969 of the Aboriginal Study Grants Scheme (the precursor to ABSTUDY), there are still substantial gaps between Indigenous and non-Indigenous students in secondary and tertiary education, both in participation and outcomes. Any payment which merges ABSTUDY into a single payment which would apply to all dependent children and young people must continue to recognise the distinct educational challenges faced by Aboriginal and Torres Strait Islander students. It must not lead to a reversal of any gains made in Indigenous participation in education in Australia.

The Federation is particularly concerned about the proposal to merge the current Disability Support Pension into a working age payment. In the context of expanded mutual obligation requirements for people of working age and punitive measures for transgressions, this may place those with permanent disability and no capacity to work at serious risk of falling into poverty. Even if the participation requirements were waived, it could take only a small administrative error for a person's income to be cut. Depending on the nature of the disability, the person may find it extremely difficult to negotiate the system to have payments reinstated. The impact in the meantime can be substantial.

Reform must not take the approach of cutting payments. Current rates of payments for allowances are already too low, and the impact of the level of an allowance on a person's capacity and that of their dependent children to fully participate in education and search for employment, must be carefully examined. All payments must be adequate to support people to improve their employability through education and training. The current level of Youth Allowance for those living away from their families creates a genuine barrier for young people from rural and regional areas to participate in post-secondary education. Being unable to stay at home to access education, but unable to afford to live away from home while studying is a not uncommon problem faced by many young people. This is having a negative impact on their long-term employment prospects.

In a wealthy country such as Australia, it is simply unacceptable that certain groups on income support payments are left living well below the poverty line. The level of income support payments should be based on a decently liveable percentage of average wages. Any adjustments should be regular and made according to changes in wages. This would increase in the first instance and then maintain the living standard of those on income support payments. Adjusting according to CPI is not truly reflective of changes in living standards in Australia, and has meant that many people relying on allowances for income have been left living below the poverty line.

The interaction between taxation, income support payments, allowances and supplements should not create disincentives to work. Any 'incentives' must not be punitive in nature. They must recognise:

- the importance of caring responsibilities;
- childcare costs;
- the cost of education, in particular increases in fees for vocational education and training.

This review of income support payments is happening in the context of wide scale dismantling of public provision of post-secondary education, in particular TAFE. NSW TAFE currently provides second chance and vocational education and training qualifications to Aboriginal students, students with disabilities and students in rural and remote areas. Under the NSW Government policy, Smart and Skilled:

- fees for most courses are increasing;
- there are cutbacks in support for disadvantaged students and vulnerable students in areas such as counselling;
- courses are being cut requiring greater travel to places of training.

Any reforms to the income support system must accommodate these higher fees through appropriate allowances for study. Not to do so will only create disincentives to study, increasing the likelihood of further and extended periods of welfare dependence over an individual's life.

Under the Government's Budget proposals, unemployed people under 30 will not receive income support for 6 months at a time. They are punished with higher fees if they enrol in education and then punished with no income support if they are unable to immediately find work.

Pillar Two: Strengthening individual and family capability

The Federation recognises that strengthening individual and family capability is extremely important in addressing disadvantage in Australian society. Any reforms in this area must take into careful consideration the potential impact on children in disadvantaged families. The needs of children must take priority over a desire to cut budgets. Income support for families must be adequate to ensure that children are able to fully participate in their education. Families must be able to provide access to the necessary tools, such as computers, to ensure children are not disadvantaged in their studies. Any reforms in this area must focus on positive incentives, and not be punitive in nature.

The Federation supports the principle of encouraging young people to stay in education, but the incentives currently proposed by the government are too punitive. The abandonment of the social safety net for disadvantaged young people who become disengaged with their education will only further entrench disadvantage and place those young people at extreme risk of long-term poverty and homelessness. These young people need wrap around support services to ensure they are able to reengage with education or appropriate employment.

It is positive that the report recognises that children cost more as they get older, and income support payments must ensure that parents are able to meet the costs associated with caring for children. Any reforms to the income support system for families should recognise that the trend of extended dependence of children on parents across society may mean that the State has a responsibility to provide extended support for children from disadvantaged families to access education or appropriate employment.

It must be recognised that caring responsibilities in families can be time consuming and unpredictable. Long periods out of the workforce to care for children can create significant difficulties for parents trying to gain employment, but these are not addressed by punishing the job seeker. Income support must include support services which focus on reskilling or upskilling of parents where appropriate. Those services must focus on providing access to employment, training or other activities which are appropriate to caring responsibilities, such as fitting in with childcare or school hours. Given the very high rate of pregnancy and return to work discrimination (experienced by nearly 50 percent of mothers) identified by the Australian Human Rights Commission in its recently released report, it would be grossly inappropriate for any measures designed to encourage parents back into the workforce to be punitive in nature. Given these statistics, the difficulties faced by parents in returning to work are clearly more reflective of a social problem than an individual one.

Pillar Three: Engaging with employers

Any reforms under this pillar must recognise the important role that education plays in terms of pathways to employment. If the government is looking to improve work readiness of disadvantaged groups, then education funding must be appropriately targeted. Education must be properly resourced. The Federal Government has a critical role to play here by honouring the National Education Reform Agreement or Gonski funding model. Being properly resourced would allow schools with students most at risk of disengaging from education or employment to provide those young people with the support needed to equip them with appropriate skills before they leave school.

While engaging with employers is an important component of any program to improve employment outcomes for people, support services should not be targeted solely at employer needs. The individual job seeker's needs must be recognised. Finding people employment which is inappropriate to their skills or interests is not conducive to long term improvement in their employment prospects.

Job services providers must not operate in competition with one another. The model used to provide funding to these organisations must not create financial disincentives to transfer a job seeker to another organisation if appropriate for achieving positive employment outcomes. Employers must also be given incentives to use these providers and to invest in the future workforce through training provision.

Pillar Four: Building community capacity

Building community capacity is about the whole community, not just those on income support. Therefore measures to address this pillar should avoid focusing on the payments and recipients themselves. The introduction or expansion of punitive mutual obligation measures are not effective ways to build community capacity. The imposition of financial penalties actually creates further barriers for disadvantaged people to engage with their communities, through entrenchment of poverty. Governments' role should be about providing support and incentives to public bodies, community groups and other organisations to run targeted programs within communities.

It is vital that any attempt to expand the role of philanthropic or corporate organisations in this area is not done at the expense of government involvement. Seeking greater private investment in community building should not be used as a justification for withdrawal of public funding or administration of community capacity projects. Government has a responsibility to manage the public policy interest. Often the involvement of corporate organisations in this type of philanthropic activity is still profit motivated, either directly or indirectly. This can undermine the goal of community capacity building. Decisions may be made which are not in the best interest of the community. Programs may be limited to those which are

short term or ad hoc, abandoned rather than refined if they are not successful, leaving a vacuum in communities as the organisation moves on to another project with greater profit potential or better public relations profile.

Reforms in this area should also recognise the central role schools can play in building community capacity. Often at the heart of the community, a local public school should be seen as having a major role to play in engaging disadvantaged groups in their community. Schools must be properly resourced to be able to successfully fulfil this role.

Lastly, on the question of ways to make technology more accessible to disadvantaged job seekers, this must be addressed in the rates of payment for income support recipients. With so many in society having access to fast information and communication technologies at their fingertips, no matter where they are, people without the capacity to regularly and rapidly access the technology find themselves at a distinct disadvantage in the jobs market. Rates of payments must be adequate to enable income support recipients to access information communication technologies through ownership. Booking into a local library or job services provider to use computers during restricted hours is not adequate in the current context.

CONCLUSION

The Federation argues that any reform of the income support system in Australia must be focused on improved outcomes for individuals and disadvantaged groups. Reforms must be driven by evidence of programs which actually work in terms of getting people into appropriate education and employment. Given the well documented role education plays in breaking cycles of disadvantage, reforms must include a focus on ways to increase participation in education for support payment recipients and their children. No individual should be worse off under a new system, and the payments must continue to be targeted in a way to try to overcome disadvantage for identifiable groups.