# Welfare Review Submission

## 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?

| Welfare policies are directed for the good of all. According to the John Stuart Mills’ utilitarian theory, in a normative economic setting, of what ought to be, proper government actions, policies should be one that maximizes utility for the benefits of maximum number of people in the society. Thus, the intrinsic values of providing welfare policies to the masses should be backed with morals and what is right. In this view Sheng & Sheng (1998, p.107) argue that “in the unified utilitarian theory, the effects of motive or intension on the moral practice of society are incorporated into expression for the value of moral action”. Hence, the preferred payment system should be one that allocated maximum benefits to the greatest numbers of people in the Australian society. From the simplified welfare packages suggested in the McClure report, no singular package will cater for the existing different categories of needs it provided for. Hence, it is recommended that a mixture of the policy in a fair and right proportion is best for t benefit of the masses. Thus, provisions for those living with disabilities, the aged, those who have partial capacity to work and the dependent children and youth are covered in the ideal welfare policy.  People with permanent impairments and those with no capacity to work require, in most cases, special attention. Thus, they unlike other sets of welfare beneficiaries would need extra provision for someone who support them physically, and need more healthy care services and facilities for better lifestyle. Hence, they should receive extra benefits and their packages be separated from other working age recipients.  Supplements are suggested should be simplified and should have a ceiling where the amount should not go beyond, for instance 20 -30% of the annual budgeted provisions.  Reference  Sheng, C. & Sheng, Q. (1998). A Utilitarian General Theory of Value. Rodopi. |
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### 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?

| It is recommended that the provision where single pensioned recipient receives 66.3% higher than what a couple receives should be amended. Not all couples are supportive and prepared to manage the little benefits they receive. Furthermore, the existing policy will be okay if all benefiting couples have both spouses and partners receiving from the welfare payment scheme. For instance, there may be some couples where one receives this benefit while the other does not due to some type of job they engaged in. In such situation, the only receiving partner or couple should be treated as a single recipient for fairness sake. |
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### 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?

| The proposed approach where adjusting payments are done in line with the real value and provisions for pension where they reflect the current community living standard is very ideal. However, in addition it is recommended that such payments adjustments do not follow fixed and same adjustments provisions. In some cases, unforeseen circumstances like natural disasters, harsh global economic depression, like the one observed in 2008 to 2010 in major parts of the world, these situations tend to affect a category of people more. Hence, it won’t be ideal to have only fixed provision across board. But, considerations for categories of recipients, who should receive more payments due to some of the aforementioned circumstances, are provided. |
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### 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?

| A feasible recommendation that can be used in the welfare policy to support families and children education, apart from the regular provision for current educational needs, there should be special reserve funds in the name of each child. Where these reserves are provided for, in form of fixed deposits that attract interests. When the child turns 25 years, after graduating from higher tertiary institution he or she can utilize this money to pursue a line of business of their preference and choice. This recommendation is significant in making children who depend on benefits to experience smooth transition from their educational learning years to period when they engage in meaningful job. During such period they tend to contribute to their immediate community and society at large by contributing to the gross domestic product and generating employment to other people in the future. |
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### 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?

| An effective welfare benefit on rent for single parents and couples with children should have the long term goals of making these categories of people independent and becoming house owners. Two recommendations are provided in this regard. Firstly, the welfare policy should provide for low-cost housing schemes where these families would be expected to occupy and pay certain amount within span of 20 years. After the end of this agreed period the ownership of the house is transferred to them. Secondly, existing government houses occupied by this set of people and beneficiaries should have rent that is far cheaper compared to other private and commercial properties. Hence, for families who have interest of retaining ownership of such building should be made to pay in bids and spread within same 20 years proportional payment. And government should be ready to subsidize half of this payment, for families who have no meaningful job or source of income. |
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### 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?

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## 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?

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### Early intervention

**Page 85 to 88** of the Interim Report considers risked 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?

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### 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?

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### 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?

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### 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?

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## 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?

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### 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?

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### 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?

| Current wage subsidizes to employers to enable them employ more is a good policy. In addition, government should relax tax burden and remove duplicated taxes on small and medium scale businesses. Access to loans should be made more easy and be readily affordable. For large companies, also they need support in form of tax holidays. In this case, those selected companies for tax holiday won’t pay taxation in specified period, this will enable them to consolidate and expand on their operations.  Furthermore, at the start up periods of small and medium scale businesses, the payment scheme should relax tax burden and make provision for managerial skill acquisitions. Some of these organizations may have the resources but lack the required skill to effective and efficiently manage these resources within their possession. |
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## 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?

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### 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?

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### 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?

| Community can develop their capacity and reshape their future by reaping from the benefits associated with micro businesses. Thus, the policy guideline recommends here is that microfinance institutions, funded by government should make the processes of generating loans very easy. However, the rate of loan repayment is sometimes high, internal mechanisms should be made available this financial institutions.  Also, cooperative societies and mutual trust funds can be restructured to reflect the needs and requirement of modern time. Hence, the cooperatives should be developed and structured in line with the predominant work or business line of each community. For instance, in community where the aborigines occupy they may be good handcrafts or fishermen, hence, these should reflect in the cooperative. |
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### 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?

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### 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?

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