# Welfare Review Submission from the Mercy Foundation

**BACKGROUND**

The Mercy Foundation is an organisation committed to social justice and structural changes to create greater social equity and inclusion in the Australian community.

The Mercy Foundation has a focus on ending homelessness and is interested in addressing its related causes and consequences. These include: affordable housing, poverty, family violence, social exclusion, mental illness, disability, addictions and brain injury.

Whilst the Foundation makes this submission in response to some of the questions of the review, we have a particular interest in preventing and ending homelessness and so the focus of this submission is on reforms that may work to prevent welfare recipients from experiencing severe housing stress or homelessness.

## 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?

| *We agree that a simpler architecture for the payment system is needed - but that people needing to live long term on income support as opposed to a short term crisis, should have this acknowledged in their payment. The rate of that payment needs to ensure that people permanently on commonwealth income support can lead a dignified life with access to adequate housing and other neccessities as well as afford them the opportunity to participate in a meaningful community life.* |
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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?

| *Rates should be set so that they offer recipients some dignity. For example, the current rate of newstart is completely inadequate for people needing to pay rent and buy food while they are seeking work. It is widely acknowledged that rents in most capital Australian cities have risen significantly over the past decade. the current rate of the payment makes it impossible to sustain housing during a period of unemployment or for someone who requires payments from time to time due to the casual nature of their employment. we also know that the employment market has been increasingly casualised over the past two decades.*  *Inability to sustain housing due to poverty is the primary reason for homelessness in australia. It is now also widely understood that the cost of assisting people after they are made homeless can be significant. temporary accommodation, funded by the federal and State governments, is an added and expensive way of assisting people after they are made homeless. prevention would be cheaper. once someone (or a family) is homeless, the ability to look for and find work is made much more difficult.*  *The disability support pension must take account of serious health conditions which make it impossible for some individuals to work for a period of time, but not necessarily permanently. Many chronic conditions have acute periods which preclude people from working (for example - some mental illnesses). people that have a life long pattern of wellness and periods of illness are at risk of losing housing (and other things) when they are unable to earn a living through work. There needs to be a system that allows people in that category to receive a disability pension for the duration of a relapse and rehabilitation.*  *no adult under 25 (unless they are clearly severely and permanently disabled) should be eligible for the disability pension. significant effort and resources should be put into ensuring that young people who have a serious illness or non permanent disability can complete education or training programs which will place them in good stead to participate in employment over the longer term. For example, it is widely recognised that first episodes of serious mental illness tend to strike young people between the ages of 17 and 25. The ages when all young people are completing eduction or training and embarking on their lives. Effort needs to be put into not just treating the illness, but ensuring those young people have access to long term rehabilitation and then eduction/training/work skills to get them back on track.* |
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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?

| *once all payments have been re-set at a realistic rate, they should be adjusted in line with the CPI and regularly take account of wage rises and Housing costs in the general community.* |
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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?

| *It is essential to have a system that is able to differentiate Between dependent young people who are able to access adequate support from their families and those who have no families or families that are unable to support them. Any australian citizen aged over 21 or older must be considered independent of parental support. Young people aged 16-21 could who do not have any family or a family capable of supporting them have a right to commmonwealth income support at a level that is able to support them to pay for rent, food and educational expenses.* |
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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?

| *Current rates of rent assistance are inadequate and have not kept pace with the increase in private rentals – especially in Australia’s capital cities. As previously mentioned, significant housing stress creates homelessness and homelessness comes at significant cost to the government and the community. It is estimated that the cost of servicing an individual who is homeless (use of emergency accommodation; emergency health services; public space management etc could come at a cost of $35,000 per person annually – or $670 per person per week). It is in everyone’s best financial interest to prevent homelessness.*  *Housing stress amongst welfare recipients might be mitigated by ensuring that rent assistance is also linked to overall rental increases and not simply to the cpi. if a recipient is renting consideration could also be given to paying rent (which would include rent assistance and the relevant % of the benefit or pension) directly to the landlord.* |
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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?

| *Income support should cease once someone is in employment that pays a living wage. Unfortunately, the increased casualisation of the employment market makes this difficult and there is now less job certainty for many in both skilled and unskilled work. the commonwealth should cosider working with employers to address this situation – there may be policy levers to encourage organisations to provide greater job certainty.*  *clarifying the amount of pay which represents a realistic ‘living wage’ would also assist with simpler means testing. the commonwealth should not need to provide income support above this amount.* |
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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?

| *The mercy foundation has some concern about the values which seem to be informing the current review. there are some critical assumptions about those in reciept of income support. a social justice, rights based approach that is based on ‘shared responsibilty’ rather than ‘mutual obligation’ could produce some different assumptions. people respond to the way in which they are treated. a paternlistic approach based on assumptions of reluctance to participate in work and sanctions when rules are broken does little more than infantilise recipients and justify the original assumptions. encouraging shared responsibility for educational, training and work outcomes places responsibility not just on the individual but also on the departments and organisations who are also participants in this process. if the approach is based on assumptions of human capacity and willingness - then different results could be expected.*  *Income management would be neccesary in situations where there is clear evidence that people are unable to manage their own financial affairs. In NSW these decisions are made by the Guardianship tribunal. Such tribunals make those decisions according to a legal framework and based on evidence and the person concerned has the right to be adequately represented. it is not clear why the Federal government needs to replicate that process. If the federal government does believe they need to udertake such actions then the same principles of natural justice and due process should apply.* |
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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?

| *No comment* |
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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?

| *whilst this approach is not without merit, it will be very difficult to implement. the government may have some control of education and training opportunities, but it has far less control over employment opportunities. there is concern that valuable and scare resources could be wasted on putting young people through multiple and consecutive training programs when the employment opportunities don’t actually exist. it is not unreasonable that some young people having completed atraining or educational program may take months to find a job. being required to undertake another training program seems wasteful and could make it unneccesarily difficult to spend adequate time searching for work.* |
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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?

| *people with complex needs may represent up to 10% of the population (and by definition are likely to be over-represented in the population of income support recipients). care should be taken to identify those people and offer intensive support.* |
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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?

| *This requires an independent and evidence based approach. a monitoring framework which will operate long term and measure short term progress as well as long term results. there needs to be some capacity to modify approaches based on this information.* |
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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?

| *there is now some compelling evidence (of 2 decades and more) that employers are not widely employing people with disability. this group still has a high unemployment rate. it is a sad fact, but it looks like the ‘market’ will not fix this on its own. the idea of greater emphasis on encouraging social enterprises which are implemented quite deliberately to employ people who are not being employed elsewhere is a solid one. the commonwealth could consider an enhanced funding program to create additional social enterprises throughout Australia.* |
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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?

| *as previously mentioned, significant resources and time need to be expended on young people with first episode psychosis to get them back on track and into employment.* |
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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?

| *no comment – the mercy foundation does not have an adequate understanding of how the current employment support system works.* |
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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?

| *a civil society also has a civil government that ensures systemic responses to complex social problems. the role of philanthropy and corporates can only ever be to support particular projects and innovations. an add-on or enhancement to any existing civil framework.* |
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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?

| *It is difficult to measure increased community capacity. sometimes the results of community development won’t be clear for many years. It will also depend on the capacities trying to be developed. It is suggested that the government undertake a review of current evidence and ensure that a separate monitoring mechanism be established.*  *an income management model can never build community capacity, given that it is based on the assumption that people/communities are unable to manage their own affairs. if that is in fact the decision that is made then a framework for understanding if increased capacity has been established will be required. needless to say, demonstrating evidence for an increased capacity (given responsibility for management has been removed) will be difficult under these circumstances.* |
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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?

| *no comment* |
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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?

| *we now live in online world and access to the internet is as essential to community participation as a range of very basic neecessities that we now take for granted. consideration could be given to the development of a technology voucher which subsidises computer and internet access in a similar way that the health care benefits card does for health care.* |
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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?

| *this idea needs more fleshing out. how are some communities currently demonstrating their lack of resilience? how are some communities demonstrating their resilience? what is happening in those more successful communities that could be replicated in other communities?*  *it will be essential to also look at the role that some corporations are playing in community life. for example, some towns near mining developments have had an exponential increase in house prices and rentals – because of increased demand for housing. when this happens, people with long term ties to those communities may be priced out. This can leave some communities with ‘temporary’ community members who may have less long term commitment to the area.* |
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