# 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.

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| We believe that **all people have inherent value**, and have the ability to contribute to Australia.Participation and engagement requires access to income, healthcare, education, essential services, and housing. We believe that, as a society, **we all have a responsibility** – individually, in business, via our government, and through our communities – to enable access to the resources people need to live their lives with dignity and respect.We believe that there must be a social safety net, which provides an **adequate level of income** to people who aren’t earning enough through paid employment to enable a decent quality of life. This safety net is an important protection against poverty, and should be able to be relied upon by every person in need.We **call on the government** to establish a benchmarking process for minimum social security payments that are adequate for all.*Note on terminology**Throughout this submission, the term ‘income support’ is used to refer to the full range of payments comprising Australia’s transfer system, including:** *Labour market payments such as Newstart Allowance and Youth Allowance (Other)*
* *Income support payments such as Austudy and the Parenting Payment*
* *Pensions such as the Aged Pension, the Disability Support Pension and the Service Pension for veterans.*
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### 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?

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| * **UnitingCare Australia considers that ‘adequacy’ of payments should be a cornerstone of the first pillar**
* **UnitingCare Australia favours a single base rate of payments for all income support payments, with supplements that address increased need**

The interim report of the McClure Review has identified its first pillar as a ‘simpler and sustainable income support system’. Simplicity and sustainability are certainly important features of the framework for income support. UnitingCare Australia has previously indicated that a simpler payment system will be more useful to the users of income support, the administrators of the system and the community.  UnitingCare Australia believes the first pillar of an income support system should begin by identifying adequacy as the prime attribute. Inadequate income support payments leave recipients without the essentials of daily living, such as food, transport, and shelter. Inadequate payments increase homelessness and family break-up, and reduce the ability to compete in the employment market. Inadequate support services reduce job-readiness, increase the risk of addiction, domestic violence and poor health. In its final report, the Reference Group should refine its first pillar to include adequacy and propose concrete options to define adequacy benchmarks (baseline payments) that address the consequences of current inadequacies.**The current income support system is inadequate**The income support system as currently structured is not fulfilling its overarching objective—to provide an adequate safety net— for a significant group of recipients. A failed safety net leaves individuals and families in poverty, facing significant hardship and deprivation. While definitions of poverty are complex, standard poverty measures are important indicators of how some of our most vulnerable citizens are faring. Research commissioned by UnitingCare Children, Young People and Families (UnitingCare CYPF) from NATSEM, University Canberra showed that in 2011-12, 14.2 per cent of Australian households; 11.8 per cent of all persons; and 11.8 per cent of all children under 15 years were living in poverty.Most people who rely on employment related allowance payments live in poverty:*Since 1994, the single rate of NSA [Newstart Allowance] has fallen from 92 per cent to 72 per cent of the poverty line and from 26 per cent to 21 per cent of the fulltime median wage. Its purchasing power has declined by $8 a week since the cost of essential goods and services such as rent and utilities has risen more quickly than the CPI…**Compared to wages, the single rate of NSA is the lowest unemployment payment in the OECD, at just 40 per cent of a low fulltime wage after tax (two thirds of the average wage), including Rent Assistance.*[[1]](#endnote-1)UnitingCare Australia stresses that increased numbers of people receiving unemployment benefits (Newstart Allowance or Youth Allowance) is *not*placing significant pressure on the Federal Budget. While it is important to keep national accounts in long term structural balance, this is compatible with the creation an adequate welfare system. Professor Peter Whiteford demonstrates that the number of unemployed people receiving benefits in 2012 was lower than it was 10 years earlier.[[2]](#endnote-2) The increase in the number of people receiving benefits since 2012 reflects (i) slower economic growth; and (ii) the 2012-13 Budget decision to transfer recipients of Parenting Payment Single (PPS) to NSA once their youngest child turned eight. Substitution between payments also explains a good part of the longer-term increase in numbers of people receiving the DSP.[[3]](#endnote-3) Analysts including Greg Jericho have also noted that the number of DSP recipients is barely rising as a proportion of the working age population, which is the most relevant indicator of whether effective targeting is occurring.[[4]](#endnote-4)UnitingCare services provide emergency relief in many parts of Australia. The overwhelming majority of people seeking emergency material and financial assistance are reliant on income support payments.[[5]](#endnote-5) This is indicative of the fact that these payments do not sufficiently cover living costs. Of particular concern is that services such as our emergency relief providers are reporting that demand is forcing them to target or limit services, at the same as recent government proposals to tighten access to income support are likely to create a significant upswing in demand.For example, about 70 per cent of UnitingCare Wesley Country SA’s emergency relief clients in the 2013–14 financial year described their main source of income as ‘government payments.’ Recipients of a range of income support payments sought emergency relief, while the largest proportion (about 40 per cent) was receiving Newstart. About 17 per cent were living in public housing and about 54 per cent were renting privately.A similar trend is evident in data from emergency relief services provided in Tasmania in the first six months of 2014. In that state, people relying on government payments comprised about 98 per cent of all UnitingCare Hobart and Bridgewater/Gagebrook emergency relief clients. In both regions, people living in public housing comprised between 40 and 50 per cent of emergency relief clients, while just over 30 per cent were renting privately.[[6]](#endnote-6)Enabling a person to achieve economic sustainability requires more than creating incentive effects to increase their employment participation. Other areas requiring attention include: enabling job creation in disadvantaged labour markets; increasing the efficacy of labour market programs for highly disadvantaged groups; improving the availability and affordability or child care and public transport; building capacities which fill current and emerging skill gaps; and improving employer capacity to work with disadvantaged job seekers, including those with episodic mental illness or psychiatric disability. **Defining adequacy**UnitingCare Australia believes that considerations of adequacy should be defined in relation to community standards. Adequate income support payments must support a decent minimum standard of living for those who receive them. Whiteford makes the important point that: ‘Adequacy of benefits can only be defined by reference to the living standards that Australian benefits afford in Australia, and political and social judgements about what is an acceptable living standard for Australians’.[[7]](#endnote-7)The social security system is something to which all of our community are committed, the benefits and responsibilities of which are shared by individuals, organisations and governments. Accordingly, it is appropriate that the criteria for assessing the adequacy of a single base payment and supplements include that the payment levels protect against poverty, deprivation and homelessness and enable the transition to employment and access to affordable and appropriate housing.The establishment of an adequate base payment will bolster current payments that expose recipients to deprivation and homelessness, reduce their ability to secure and retain employment and cause serious disadvantage for their families.**Goals for the level and structure of income support payments**A restructured income support system has the capacity to provide a strong social safety net that combines income support payments with allied income support services to build capacity and focus on creating opportunities. We recommend that the restructure achieve the following goals:* Create a system which realises its principal objective of providing an adequate safety net for all people. This objective should be conceived as implicit to the realisation of economic sustainability.
* Ensure a minimum decent standard of living which accords with prevailing community standards.
* Treat people in like circumstances and of similar means in the same way.
* Treat different types of households equitably and in a way that is responsive to need.
* Set payments on the basis of financial need rather than employability and foster employment and employability through the creation of work, education and training opportunities and tailored activity tests for those who are able to work.
* Reduce adverse incentives to work and encourage choices which will improve long-term wellbeing.
* Create a simpler and more coherent payment system and reduce the administrative imposts and costs associated with allocating people into complex payment categories.

**A simpler system**UnitingCare Australia considers that a simpler system could be a consequence of a more adequate income support system, but simplicity itself should not be the key driver.However, UnitingCare Australia has argued for some years that it would be preferable to remove rather than reduce the distinction between pensions and allowances.The low rate of NSA and the growing gap between pensions and allowances available to people of working age create two perverse incentive effects. First, the rate of NSA makes it difficult for job seekers to gain employment. This is because poverty limits access to transport, may require residence in areas where greater housing affordability is offset by limited local labour market opportunities, and makes it more difficult to maintain expected standards of personal presentation and hygiene. Second, for those receiving pensions such as DSP there are significant risks associated with seeking employment. Should efforts or employment outcomes be unsuccessful, the person will revert to the much lower NSA. This has implications for the cost and coherence of the income support system.Instead, UnitingCare Australia favours a single base rate of payment for working age singles and partnered people, respectively, which reflects minimum decent living costs and which is indexed to both prices and wages.We agree with suggestions that the system be based on a common minimum rate of payment with supplements for additional costs such as the costs of a disability, raising a child alone, caring and rent. It is a priority that the current Review determine a means to establish the level of a single base payment, according to some measure of community living standards. |

### 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?

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| * **UnitingCare Australia asks the Reference Group to recommend that the Government establish a new mechanism to review and recommend income support payments going forward. The new mechanism should:**
* **have as its core function the determining of appropriate levels of income support payments, for recommendation to government**
* **provide publicly available advice that contains both recommendations and reasons for them**
* **operate according to a set of publicly available principles, including that the objective is to determine adequate levels of payments**
* **be transparent**
* **incorporate consumer, service provider, employer and government input**
* **provide regular advice (for example, every three years)**
* **have scope to make recommendations on proposals to change the system of income support**
* **UnitingCare Australia considers that supplements should be provided that reflect the different costs of living for people in different circumstances**
* **UnitingCare Australia considers that subsequent government rates and indexation decisions should be transparent, simple and ensure an adequate standard of living for recipients**

UnitingCare Australia asks the Reference Group to recommend a new mechanism for reviewing all income support payment levels, recommending such levels (and adjustments) to government. The mechanism should be independent and transparent, focussed on assessing the needs of recipients.We support a set of defined supplements for people who face significant non-discretionary costs which are above the minimum costs required to attain a basic, decent standard of living. The costs associated with disability or raising a child can vary significantly among low-income households. For this reason and in line with the principle of ‘system simplicity and coherence’, we suggest that supplements generally be flat rate payments, based on the average costs faced by the relevant target group. This is acceptable as people with exceptionally high needs will be protected through the National Disability Insurance Scheme.While UnitingCare Australia has recommended the establishment of a review mechanism, we recognise that this requires extensive, independent research which we recommend the Review commissions. We hope that the final report of the Reference Group will include some more detailed statements about the adequacy of payments to meet the needs of recipients.Adequacy needs to be considered, with examination of rate setting and indexation processes. It is worth considering the usefulness of various approaches and measures, including:* a combination of movements in wages and prices
* the budget standards approach (currently under revision) originally produced by the Social Policy Research Centre at UNSW and commissioned by the then Department of Family and Community Services.[[8]](#endnote-8)

**Disability or ill health**Debates on setting income support payments for people with disability have paid inadequate attention to the extra costs associated with disability. Saunders (2007) used data from the 1998-99 Household Expenditure Survey (HES) to estimate the costs of disability and used these estimates to explore the relationship between the costs of disability and the incidence of poverty. The results showed that where there is an adult in the household with a disability, poverty rates are higher even before allowing for the extra costs of disability. After account is taken of these costs, there is a 21.6 per cent higher risk of poverty.[[9]](#endnote-9)A disability supplement is thus critical to creating a payment structure that meets the needs of people with a disability. The critical question for the Panel is how to create accurate estimates of disability costs to determine the level of the supplement and indexation arrangements. Saunders (2007) utilised a budget standards approach developed in the United Kingdom to derive robust estimates and this would seem to be a good place to start. In income terms, Saunders estimated that the costs of disability are averaged around 29 per cent of (equivalised) household income, rising to between 40 per cent and 49 per cent of income for those with a severe or profound restriction.[[10]](#endnote-10)**Family type and cost of children**A single family supplement should replace Family Tax Benefit Parts A and B to cover the direct costs of providing for children in low-income families. Payment rates (calculated as a per child payment) should increase with the age of the child to recognise the higher costs of raising and supporting older children. Where children have a disability they would be eligible for the disability supplement. **Job search and training**UnitingCare Australia supports mechanisms that create incentives for people to engage in paid employment or the education and training activities which optimise their chance of future employment (assuming that paid work opportunities are available). Similarly, we support reasonable measures that enable employers to take on higher-risk employees.**Singles and couples**We consider that the relativity between the single and couple allowance rate should be improved. We support the suggestion that the single rate should be based on 66.3 per cent of the combined couple rate. While this would require an increase of approximately $50 per week - and has formed the basis of long term campaign by the community sector organisations and peak bodies including UnitingCare Australia - there will be some partial cost offsets. Given that in 2012 the single rate of NSA comprised just 45 per cent of the minimum wage, a NSA increase will not create employment disincentive effects. We also do not believe that the rate difference would be high enough to create a disincentive from people forming couple relationships, but it would make it more possible for singles to meet their living costs. |

### 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?

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| * **UnitingCare Australia considers that indexation of all income support payments should be made annually, and on the basis of the movement in earnings or CPI, whichever is greater**
* **UnitingCare Australia considers that the indexation mechanism should be transparent and regularly applied to give certainty to recipients**

Considerations of adequacy require a changed approach to indexation so that the single base payment moves in line with community standards of living. Both wages and prices impact community standards, which should be reflected in changes to income support payments.We believe that all working age income support payments should be indexed in the same manner, and that the indexation of the base payment should be linked to movements in earnings or prices, whichever is higher in a given period.For example, the single base payment could be indexed annually to movements in earnings and to six monthly movements in the CPI. |

### 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?

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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?

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| * **UnitingCare Australia supports a review into the adequacy of rent assistance.**
* **In order to set and index rent assistance in such a manner that persons with limited means can afford an adequate standard of rental housing, the rate of rent assistance should be linked to an indicator of the rate of private rent levels**. We support suggestions that have previously been made for an upper cap on rent assistance to be set at 25th percentile of rents across capital cities.
* **We recommend that governments address housing affordability as part of any effort to improve the living conditions of people on low incomes including income support recipients**

UnitingCare Australia would welcome a review into the adequacy of rent assistance (RA).UnitingCare services, like other housing and homelessness providers around the country, regularly report high pressure on these services. These types of services report some of the highest levels of inability to meet client needs and turn-away rates of all social services.[[11]](#endnote-11) Consideration needs to be given to how RA could better meet the needs of young people in particular, who are overrepresented in homelessness services, as illustrated by statistics from UnitingCare Wesley Port Adelaide:* In 2013–14, UnitingCare Wesley Port Adelaide assisted a total of **1627** clients through both the Western Adelaide Youth Homelessness Services (WAYHS) and Western Adelaide Generic Homelessness Services (WAGHS) programs. Almost a thirdof these clients (524 people), were children under the ages of 16 years old.
* 790 individuals were assisted through the duty and intake service. Of these people, 250 were children under 16 years old.
* 193 youth clients registered on our waitlist for long term or transitional housing. The 52 clients housed had 17 dependent children between them.
* 126 youth clients with 46 children between them received intensive case management support to maintain their properties in Wesley Port Adelaide’s transitional and stimulus housing program.

A rental supplement to reduce the level of housing stress being experienced by income support recipients must link rental assistance payments to the financial needs and amount of rent paid by the person as opposed to their residential status. A report by the National Welfare Rights Network (2013) showed that 13.2 per cent of RA recipients in September 2012 paid over half of their income in rent; that the percentage of NSA recipients in rental stress increased from 47 per cent in 2002 to 62 per cent in 2012; and that the increase in average rents has significantly outstripped the increase in the maximum rate of RA.Further, the revised rental supplement should abolish the sharers’ rule, which penalises people based on their living conditions in a manner unrelated to the rent they pay. Given that rent assistance is related to the amount of rent a person pays above a set threshold, sharing rules are unnecessary because a person paying a lower rate of rent due to sharing a house is already eligible for a proportionately lower rate of rent assistance.UnitingCare Australia considers that RA should be increased so that persons with limited means can afford to live in an adequate standard of rental housing and to index changes to movements in an agreed indicator of private rent levels. This revised arrangement would define the rental supplement. Rental Assistance needs to enable people to live in an adequate standard of rental housing, and should be established at a rate that is indexed according to an agreed indicator of private rental costs. UnitingCare Australia considers that a reference to capital cities in determining that level would support access to job markets and reflect housing costs in the areas in which most Australians live. A child supplement would allow families with children to afford appropriate and adequate housing. We encourage the Review to look at a range of options for setting a maximum level for the RA, with adequacy of housing as the key focus. Any mechanisms (including setting of caps and approaches to indexation) introduced to create adequacy benchmarks should be reviewed over time so that they continue to reflect the state of the rental market.UnitingCare Australia does not believe that the long waiting list for public housing is caused due to people turning down paid employment opportunities in order to retain eligibility for public housing (subject raised on page 70 of the Interim Report). There may be isolated instances of this occurring, but we are unaware of evidence to support the contention that this is having any appreciable impact on the waiting list. Rather, the undersupply of stable and affordable housing close to employment opportunities in both the private and public rental market is the primary cause of the long waiting lists.The findings of Anglicare’s 2014 ‘Rental Affordability Snapshot’ illustrate this view. For example, the findings indicate that no rental properties in Sydney vacant at the time of the study were considered to be affordable and appropriate for single people on Newstart, Disability Support or Youth Allowance, while 8 per cent of properties surveyed were affordable for people on the minimum wage.[[12]](#endnote-12)The unaffordability of housing for people receiving income support and also people on the minimum wage explains why public housing waiting lists are so long. The reasons why a person chooses to seek work or accept a position are far more complex than this suggests and will not be solved through adjustments to RA.[[13]](#endnote-13) For example, if a single mother were offered a job that was insecure, episodic and required her to work hours for which she was unable to arrange child care, she may not take it up. However, if the job was ongoing and with reliable hours, and she could arrange childcare with a family member or service provider, she may be more likely to take it up. In order to encourage people to take up employment opportunities, and avoid a situation in which increases in the rate of rent assistance are rendered ineffective by increased rent being charged, it is necessary for the government to address the undersupply of affordable housing. UnitingCare Australia urges the Reference Panel to recommend the government address housing shortages and housing affordability. Without the infrastructure, the results of a rent assistance review are likely to fail to deliver the outcomes intended. |

### 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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| * **UnitingCare Australia favours a single means and assets test for all income support payments**
* **UnitingCare Australia opposes measures that have the effect of reducing payments the closer a person gets to joining the full-time paid workforce, in order to remove the perverse disincentive for participation**

The cohort of people receiving income support payments has changed considerably since the initial design and implementation of the income support system. While payments have historically been divided into two categories (pensions and allowances) the current characteristics of recipients render this distinction out of date. While unemployment allowance was conceived of and designed as a temporary payment for people between jobs, pensioners were not expected to work and pension payments were envisaged to provide long-term support. However, this situation has changed considerably. Many people receive Newstart Allowance are eligible for the payment for long periods of time, while people with disability are expected to work. UnitingCare Australia supports an adequate income support system that treats people in like circumstances equally, rather than classifying people who receive income support categories into two outdated categories (pensioners and allowance recipients). In this respect, we consider it appropriate to apply a consistent means test to people receiving working age payments. The single test should replace separate income and assets tests for investment income. Extending the deeming of income from financial assets to other assets such as rental housing is consistent with the principle of treating people with like income levels in a like manner rather than drawing distinctions based on the way income is derived. This measure will provide savings to government.UnitingCare Australia considers that the income test on Allowance recipients with partial work capacity should be eased in order to create incentives to engage in part-time or casual employment. This objective can be realised by easing the income test applying to Allowances and allowing recipients to ‘average’ their income test free area. We support reducing the effective marginal rate of taxation on NSA recipients with partial work capacity by reducing taper rates to 40 cents in the dollar. Following transition to a single base payment it will be important that thresholds and taper rates give regard to effective marginal rates of taxation (EMTRs) and are designed to encourage part-time work for people who either have partial work capacity or a preference for part-time work compatible with caring responsibilities.Consistent with the principle of treating people in like circumstances in the same way it is important that any participation requirements and activity tests are responsive to any constraints that arise from disability or caring responsibilities and recognise the role of supporting participation in education and training as implicit to supporting future employment outcomes and economic sustainability objectives.The shift to a single base payment with supplements based on additional non-discretionary costs and needs would remove the string of perverse incentives which arise when people are paid less the closer they are to paid employment. People on DSP can fear gaining employment in case they lose the job and then have to make a life on the much lower NSA payment without recompense for non-discretionary costs associated with their disability. The growing prevalence of part-time and casual employment opportunities - including positions suited to people with limited qualifications or labour market experience - requires attention to facilitating transitions from unemployment to part-time or casual work. The related public policy challenge is how to support shifts from what may be insecure and low-paid jobs to more secure and better remunerated forms of employment. |

## 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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| * **Money set aside for the administration of income management would be better invested in providing financial counselling and primary and preventative services that provide cost-effective alternatives for people experiencing financial hardship**

UnitingCare Australia opposes the extension of compulsory income management because there is, at best, weak evidence that it drives positive behaviour changes in people who are its subjects. Research in the fields of psychology, behavioural economics and procedural justice have shown that compulsory income management actually prevents intrinsic motivation for change. Income management can be provided as an ‘opt in’ or voluntary tool for individuals who believe it will assist them, however attention needs to be given to the currently high administrative costs, and fostering greater take-up of financial counselling and budgeting support is essential to sustainable change.Evaluating the impact of income management is inherently difficult due to the paucity of good baseline data and the challenge of isolating the impact of a discrete initiative within a shifting policy landscape. We are concerned that the Reference Group’s Interim Report did not provide accurate and nuanced coverage of what is a weak evidence base. The Phase 1 Report of the largest evaluation of New Income Management (NIM) in the Northern Territory found that there were ‘few, if any, strong and consistent impacts of NIM; rather, there have been diverse outcomes.’ [[14]](#endnote-14) The authors continue: *There is little evidence to date that income management is resulting in widespread behaviour change, either with respect to building an ability to effectively manage money or in building ‘socially responsible behaviour’ beyond the direct impact of limiting the amount that can be spent on some items. As such, the early indications are that income management operates more as a control or protective mechanism than as an intervention which increases capabilities.[[15]](#endnote-15)* A paper commissioned by the former Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) on how income support recipients change their behaviour when faced when new incentives or requirements imposed by government should make the limited evidence of behavioural shifts unsurprising. [[16]](#endnote-16) After reviewing literature from the behavioural sciences, Homel and Ryan found that intrinsic motivation for change will only be activated and maintained if conditions satisfy basic human needs for ‘relatedness, competence and autonomy’. These are fostered by interpersonal communication, opportunity for self-direction, and an internal locus of control.[[17]](#endnote-17) All of these characteristics run contrary to the administration of income management which ‘operates more as a control or protective mechanism than as an intervention which increases capabilities’.[[18]](#endnote-18)The Evaluation of the Child Protection Scheme of Income Management and Voluntary Income Management Measures in Western Australia[[19]](#endnote-19) showed a low (31 per cent) take up rate for financial counselling services for compulsory income management with 15 per cent of clients citing ‘not needing income management skills when having their income managed’ as their principal reason for not using money management services. This raises significant issues about the sustainability of change and the capacity of compulsory income management to reduce dependence and build autonomy.Income management is expensive to administer, draining funds away from alternative programs for which there is evidence of efficacy in fostering sustained changes in behaviour. The Australian Parliamentary Library has estimated that the development and implementation of income management measures around the country from the period 2005–06 to 2014–15 will cost the Commonwealth in the range of $1 billion.[[20]](#endnote-20) The Australian National Audit Office report found that the administration of income management in the Northern Territory cost in the order of $6,600 to $7,900 per person per annum. [[21]](#endnote-21) This funding can be redirected to support services in the early intervention and prevention spheres (which will have lower unit costs) or more intensive interventions to address the underlying causes of financial disadvantage or entrenched unemployment which may include alcohol or substance misuse, poor mental health or homelessness. Engagement with programs that make future employment a more likely outcome should be sufficient to meet participation requirements for the duration of the intervention or treatment. It is important that these services accord with the behavioural change theory discussed earlier. They will increase motivation if they provide information, give participants choice and encourage them to work out their own strategies and solutions. By contrast, environments that are threatening and highly controlling often undermine motivation.[[22]](#endnote-22) |

### 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?

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| * **UnitingCare Australia supports early intervention programs that support young people at risk**
* **However, UnitingCare Australia cautions against adoption of the New Zealand model at this stage, until there is a clear evidence base to support the efficacy of the model**

UnitingCare Australia supports early intervention programs and strategies that target young people to increase their employment and education opportunities, as well as support them in any parenting or caring roles they may have.The New Zealand model could be considered as an alternative to the present deficiency in support for young people in Australia, who are currently overrepresented in homelessness and unemployment figures. However, given that the implementation of the New Zealand model is in its very early stages, there is currently a lack of a clear evidence base to support its efficacy. Further, other indicators relating to the sufficiency of income support in New Zealand (such as measures of child poverty[[23]](#endnote-23)) indicate that the New Zealand model may need further adjustments. We therefore suggest that it would be more appropriate to consider the model as part of a wider study of other possible models, in forming conclusions about how early intervention would best work in Australia.UnitingCare Australia also supports the better coordination of services between the Australian, state and territory governments, which as stated in the Interim Report, adds complexity to the delivery and targeting of early intervention support services.UnitingCare Australia has expressed reservations on previous occasions about the imposition of income management, which is a cornerstone of the New Zealand model. Studies have indicated that income management may have short-term apparent benefits, but does not improve long-term outcomes for income support recipients.[[24]](#endnote-24) We are not aware of any studies showing that people with low incomes are any more or less likely to be able to manage their money than any other population group. However, research has shown that people with access to financial counselling or advice *are* more likely to be able to manage their money.[[25]](#endnote-25) Rather than imposing income management, which may in fact hinder young people’s attainment of budgeting skills and reduce individual motivation to seek financial independence, we suggest that early intervention services should include financial management.[[26]](#endnote-26) |

* How can the social support system better deliver early intervention for children at risk?

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| * **UnitingCare Australia emphasises the benefits of early childhood education and care (ECEC) for children at risk**
* **UnitingCare Australia considers that access to childcare subsidies should not be dependent on whether the child’s parents are employed in the paid workforce**
* **UnitingCare Australia urges the Reference Group to consider making a recommendation that additional funding should be delivered to programs serving regions where children have low scores on the Australian Early Development Index**

Evidence suggests that good quality ECEC is associated with improved childhood development, and is particularly beneficial for children from disadvantaged backgrounds. As the Australian Institute of Health and Welfare reports:*Indigenous children and economically disadvantaged families are less likely to attend an early childhood program than their non-Indigenous and more advantaged peers…**The low participation of Indigenous families in early learning programs is influenced by socioeconomic factors, history and cultural issues, staffing and program quality, and availability of services…**Uptake of early learning programs by Indigenous families is enhanced by community partnerships, culturally relevant practice that values local Indigenous knowledge, and appropriate teacher training and support*.[[27]](#endnote-27) Generally, factors impacting on uptake of ECEC on disadvantaged groups include access issues (such as cost of transport, food appropriate clothing; transport, co-location with schools; and opening hours) and service issues (e.g. quality, children becoming sick, teacher/child ratio or poor fit)[[28]](#endnote-28)Although there are barriers to disadvantaged groups accessing ECEC, the benefits of quality ECEC are greatest for disadvantaged children. It is therefore imperative that the government support the provision of quality ECEC in disadvantaged areas, and address the needs of children at risk. These can be assessed at community level through reference to latest figures from the Australian Early Development Index (AEDI).UnitingCare Australia suggests that early intervention and prevent strategies respond to the existing indicator of children’s vulnerability and developmental risk factors as assessed via the AEDI. Several UnitingCare services, such as *Triple P* and *The Incredible Years*, have effectively targeted children from disadvantaged communities and, in turn, their parents. Such programs are much more effective than punitive measures.Early intervention programs need to deliver high quality early childhood services. Evidence shows that quality early childhood care is a reliable predictor of later cognitive attainment and social/behavioural outcomes.[[29]](#endnote-29) Further, the benefits of high quality preschool were greatest for boys, children with special educational needs and disadvantaged children.[[30]](#endnote-30)Accordingly, UnitingCare Australia asks the Reference Group to recommend that public subsidies or payments for families to access ECEC not be dependent on whether a parent is in employment. Children in families where no-one is in employment are often disadvantaged and will benefit greatly from these services. |

### 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?

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| * **UnitingCare Australia recommends that literacy, numeracy and job relevant training delivered to young people at risk should be available in non-institutional settings and linked to local employment opportunities**

UnitingCare Australia urges the Reference Group to recommend a shift away from Work for the Dole (WfD)-type arrangements and towards establishing better links with employers. The panel should consider how literacy and numeracy courses can be developed and delivered in non-institutional learning settings for young people who have disengaged with school, and how unemployed young people can be linked with local employers through wage subsidies and workplace mentoring.Training needs to be relevant to jobs that exist or are emerging. The satisfaction of this criteria demands localised data on job opportunities and more direct relationships with local employers. Government contributions through subsidies may help to create suitable employment opportunities in disadvantaged labour markets.Young people at risk of unemployment are likely to have had poor experiences in institutional educational settings, feeding into a disengagement with education and training. If access to literacy, numeracy and job relevant training is only available in these settings, it is likely that at-risk youth will disengage again. Therefore, offering training at alternative settings and linking it to employment outcomes will increase the chance that young people will choose to engage with such training. |

* How can early intervention and prevention programmes more effectively improve skills for young people?

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| * **UnitingCare Australia considers that individualised and comprehensive case management best supports young people, and that funding should be continued for current programs that take such a case management approach and show strong results**

Young people need to be encouraged to complete Year 12, or alternatively a Certificate III or IV or higher qualification which is linked to available jobs. There should be a stronger focus on foundation skills in both schools and vocational education and training, and on transitions from school to work.A proportion of young people disengage from school prior to completion of Year 12, or have poor attendance/engagement resulting in low literacy levels and poor social interaction. These young people usually present with long-term complex issues, including low literacy & numeracy, involvement in the juvenile justice system, substance misuse, mental health issues, homelessness, financial stress and multigenerational unemployment. For this group, sustaining education or training is problematic due to their chaotic lives, characterised by frequent periods of crisis. For such people, a more individualised and comprehensive case managed approach is the most effective intervention:* Provided by qualified and reputable agencies or staff
* Following a model that is client focussed and holistic
* Building on the knowledge and existing referral networks of experienced staff
* In combination with small group work to introduce employability skills and positive social interaction.

The current jobseeker model favours young people with existing support systems, social advantage and a level of educational attainment that provides them with a reasonable opportunity of successful engagement in employment.Employment Service Providers (ESP’s) meet regularly with their clients; however they do not have the capacity to provide the intensive and individualised support necessary to identify and address the complex issues that may be preventing the young person from successfully engaging in training or employment. Often a young person is referred to TAFE or a Literacy & Numeracy program for example, but without the additional case management, sustained engagement can be difficult and often results in a high dropout rate for a range of reasons.Under the current system, ESP’s can refer an Early School Leaver (ESL) to a Youth Connections provider who can work intensively to identify and address the complex issues presented by the client, with additional support through workshops or engagement in community activities. Using this approach to address the clients’ needs holistically, linking to professional support and development of employability and social skills, the clients’ capacity to transition into accredited courses and ultimately employment is enhanced.However, the range of intensive support services, including Youth Connections, available to the most vulnerable young people will greatly reduce on 31 December 2014.Since commencement of the Youth Connections program in January 2010, more than 80,000 young Australians have been assisted by Youth Connections nationally, with 60 per cent receiving a ‘final outcome’; a sustained 13 week reconnection to education or employment.A recent destination study (Youth Connections, 2014) of 835 young people who were on the program in 2012 and received a final outcome showed that in January 2014, **80.2 per cent** of young people were still engaged in either education or employment. For many this was more than 18 months after exiting the program. The remaining 19.8 per cent were either looking for employment, or carers for children or family members. Considering **63.7 per cent** of the young people surveyed were disengaged from their education for at least one month and up to two years before enrolling in the program, this is an outstanding success rate.Two case studies of participants in the Youth Connections program are provided as a CONFIDENTIAL attachment to our submission. |

* How can a focus on ‘earn or learn’ for young Australians be enhanced?

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| * **UnitingCare Australia supports participation requirements that give young people a sense of autonomy, relatedness and connectedness**

UnitingCare Australia considers that strategies to encourage young people to ‘learn or earn’ need to give young people a sense of individual responsibility as well as relatedness and connectedness.In order to deliver effective employment incentives, job growth needs to be simulated and in areas where employment growth is occurring. In these areas, the government could directly engage with employers, including through the provision of subsidies, to create training and work opportunities for disadvantaged young people. Enabling employess to take on high-risk employees without shouldering that risk alone is also important. On-the-job learning and mentoring support or case management via employment service providers (not currently part of the service suite) could support successful training outcomes for young people who were early school leavers. Government could also work with employers to provide young people with information about and access to careers paths in areas of skills shortage – such as community services.We do not consider that an expansion of the WfD program adequately addresses these needs. The only independent and rigorous research study of WfD found that – far from improving outcomes for the unemployed – participation in the WfD programme is associated with a ‘large and significant adverse effect on the likelihood of exiting unemployment payments’[[31]](#endnote-31). That is, WfD participants were less likely to move off welfare payments in the 12 months than a comparable group of Newstart Allowance recipients who did not participate in the program. The main potential explanation is the existence of a ‘lock-in’ effect whereby programme participants reduce job search activity. The budget measure fails to both stimulate employment growth in areas of significant youth unemployment or to reference national and international evidence which shows that programs which target the needs of local employers and place an explicit emphasis on the development of formal skills have the greatest effect (see Borland, 2014[[32]](#endnote-32)). It is important to understand that punitive approaches to welfare policy - particularly those which impoverish young people and create dependence on emergency relief services – do not create incentives for behavioural change. Research from the behavioural economics, psychology and procedural justice literatures show that change is most likely when people have a sense of autonomy, relatedness and connectedness.[[33]](#endnote-33)UnitingCare Australia asks the Reference Group to recommend the limitation or abolition of 'work for the dole' programs, on the basis that they are unsupported by independent evidence, and risk reducing participants' capacity to secure a position in the paid workforce. |

### 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?

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| * **UnitingCare considers that the goal of services to enhance family functioning should initially be health, wellbeing and participation related outcomes**
* **At a later stage, family functioning services may be more strongly linked to education and training and employment support**

As a first premise, UnitingCare Australia considers that the first goal of family functioning services is to improve health and wellbeing and participation-related outcomes, such as parental and child mental health, children’s participation in education, a reduction in the risk of homelessness, and lowered incidence of domestic violence.Once the above outcomes have been achieved, it is then appropriate (and realistic) to link family functioning services to education and training as well as employment outcomes for parents.Internal research (February 2013) conducted by UnitingCare Community (using Social Return on Investment methodology) demonstrated the significantly positive impact of financial counselling on participants’ emotional wellbeing and return to employment. Similarly an October 2012 report by the Salvation Army and Swinburne University of Technology provided the results of a survey of 225 people who had received financial counselling. It revealed that the counselling: (Brackertz, 2012) [[34]](#endnote-34)* Improved the security of accommodation (53 per cent)
* Helped to avoid bankruptcy (53 per cent)
* Resolved financial difficulties (63 per cent)
* Improved physical (43 per cent) and mental health (63 per cent)
* Helped to avoid or curtail legal action (73 per cent)
* Improved relationships with children (46 per cent)

This study did not specifically make the link to employment outcomes. However many studies make the link between positive emotions and good health and enabling people to take control over their lives.A case study of a participant receiving financial counselling is provided as a CONFIDENTIAL attachment to our submission.**Example of an effective service improving family function: Building Family Opportunities Program**The SA Government funded Building Family Opportunities (BFO) program supported 218 families in Western Adelaide to voluntarily participate in intensive 'whole of family' case management from 2010-2013. They aim to assist a further 350 families in Playford (Northern Adelaide) over 3 years to December 2016. Through the period 2010-2013, the proportion Aboriginal families participating in the program ranged through 30 per cent to 60 per cent. Over 80 per cent of families identified as single parent families.The BFO program assists long-term jobless families to set and action goals and strategies to overcome multiple and complex barriers that are inhibiting their social participation - in particular sustainable engagement with education, training and employment. Assistance was provided to not only *job seekers* in families but to other family members as well, resulting in a broader set of benefits to the families and the community that also reach beyond the basic economic gains achieved through employment. This ‘whole of family’ approach helps the BFO to assist families in tackling intergenerational joblessness.Successful implementation of these strategies is often dependent on open and collaborative service arrangements among the wide range of service providers in the community. This is a critical element that provides opportunity for coordinated agency responses to issues in a wide range of family and social 'life domains' such as Physical Health, Mental Health, Drug and Alcohol, Children, Legal, Social Participation, Housing and Transport as well as in Education, Training and Employment. Services need to be accessible and able to provide a timely response to identified needs in communities. Often the BFO will advocate for service access on behalf of participating family members who lack the confidence to press their case for assistance. The BFO also convenes local agency meetings to develop responses to particular identified needs and/or gaps in service provision that impede the progress of families. Place-based approaches such as these have often been highly successful in achieving positive results for participants. |

* How can services be improved to achieve employment and social participation for people with complex needs?

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| * **UnitingCare Australia considers that investment in tailored services that provide basic life and social skills are likely to result in stronger employment and social participation of people with complex needs.**

Many young people face a range of barriers to education, training and employment. Some have learning difficulties and are dealing with challenging family circumstances that may include conflict, violence, housing crises, parental ill health and poor development of social skills. UnitingCare agencies have experience in supporting disadvantaged job seekers to gain employment. Many of our clients have experienced intergenerational unemployment and require help building basic life and social skills (e.g. dressing, nutrition, presentation, time keeping) to enable them to be employment ready. Programs and support services that provide basic life and social skills need to be combined with tailored training and work opportunities. We believe that social enterprise is also an effective way to create pathways to employment for disadvantaged job seekers.A Social Ventures Australia report ‘Solving Employment Exclusion using Social Enterprises’ (November 2012) reviewed three Queensland projects funded by state and federal governments (‘Supporting Social Enterprise Project’, ‘Queensland Inclusive Social Enterprise Project’and ‘Youth Enterprise Partnership’). The results indicated that:*Employment-based social enterprises are businesses that concentrate on creating jobs for people who are excluded from the labour market. Social enterprise is attractive to funders, including government, because it:** *Creates jobs for those who are otherwise excluded*
* *Does so by creating businesses that are partially or fully funded from commercial activity*
* *Creates new economic activity.[[35]](#endnote-35)*

The report found the projects were very successful in creating jobs and employment pathways for disadvantaged job seekers such as people with a mental health issues and young people who had entered the youth justice system or were at risk of homelessness. It recommended further investment in social enterprise especially through the establishment of *‘social enterprise intermediaries in Australia, to ensure a continuing and growing supply of social enterprises to redress employment exclusion.*’[[36]](#endnote-36) |

### 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?

| * **UnitingCare Australia considers that outcomes should be measured and evaluated across the whole service system, recognising the impact of external circumstances on individual programs**

Programs addressing complex social issues require multi-agency and multi-disciplinary input. For example, many UnitingCare agencies have expressed support for the progress that the Department of Social Services has made to better integrate program design to. It will be important to build on his work and to increase clarity about outcomes related to the combined impact of a range of multiple funded programs. Different types of outcomes that are relevant in different contexts. Models should be based on a hierarchy of outcomes that takes into account the fact that individual services are part of a wider service system and that external factors change how outcomes must be attributed. For example, if a policy decision led to an increased number of people seeking to access emergency relief per month, and a provider was unable to meet the sudden increase in need, being forced to turn away a greater number of people per month than before the policy was introduced, this should not be seen as an indication that the provider was not achieving its outcomes. This would attribute the outcome incorrectly.Evaluation mechanisms should also be appropriate to each program and its goals. For example, UnitingCare Burnside (part of UnitingCare Children, Young People and Families) is delivering NSW’s first Social Benefit Bond pilot to fund and expand its New Parent and Infant Program (Newpin). The model draws on bridging finance provided by private investors ($7 million) and savings that accrue to government when children in out-of-home care are restored to their families or prevented from entering care. The payments received by the program, the capacity to expand to new sites and the return achieved by investors are all contingent on the program delivering defined and sustained outcomes. This is an example of an evaluation mechanism being well tailored for an individual program and its goals. |
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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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| * **UnitingCare Australia considers that the focus of the third pillar should be engagement with employ*ment* rather than employers**
* **UnitingCare Australia considers that macroeconomic conditions should be taken into account in the design of any participation requirements**

UnitingCare Australia wishes to make an overarching point about the proposed third pillar. As previously stated, UnitingCare Australia believes that engagement with employers is critical to an effective social security system for those people receiving payments who are able to work, including with those can work provided they have access to supports.However, we believe that the relationship between the income support system and employment outcomes requires a broader focus than engagement with employers. We believe this third pillar must be based on *engagement with employment* and not only with employers. Historical data, including that presented by the Reference Group, shows that the primary driver of employment and unemployment is the macro-economy. Macro-economic decisions, and economic sector interventions, are likely to have the largest effects on employment opportunities.Much contemporary discussion of income support does not take account of the conditions of the economy. The number of unemployed, underemployed, and potentially employable people in Australia is somewhere between five and fifteen times the number of job vacancies, depending on how the categories are defined. Even if economic stimulus or changes in economic conditions were to cause the number of available jobs to double, the majority of people currently seeking work would still be unable to secure employment.Given this reality, it is inappropriate to reduce payments or penalise recipients for failing to secure a job.UnitingCare Australia asks the Reference Group to recommend that rates of payment not be set according to the 'readiness for work' of the recipient, and that, subject to a reasonable one-off initial 'waiting period', all active job seekers living independently, regardless of age, be eligible for income support until they obtain employment.**Social enterprises**As previously stated, social enterprises have the potential to offer a lot in creating employment opportunities for people who are often excluded from the labour market. Care needs to be taken in designing them successfully and locating them in the right places. Macro-economic settings have an enormous impact on their viability. Evaluations of Government programs in the social enterprise field, like the New Enterprise Incentive Scheme (NEIS), have been quite positive, and UnitingCare Australia considers initiatives that support self-employment are worthy of inclusion. Training and mentoring for unemployed people either commencing start-ups or gaining employment in social enterprise is highly recommended as it has the capacity to enable job creation as well as meet the employment needs of individuals. Training and mentoring needs to include business planning. While social enterprises present excellent opportunities, they are not an effective solution to job creation in communities with depressed local labour markets. As previously stated, the macro-economy matters, and the success of social enterprises is contingent on demand. For example, in many communities characterised by socio-economic disadvantage an enterprise requiring a customer-base with a discretionary income would likely struggle to stay afloat due to lack of purchasing power in the local community. If a social enterprise was to set up a café run by local unemployed young people in such an area, the resulting shift of a small number of local unemployed from benefit payments to minimum wage jobs would not create the increase in demand necessary to make a new café viable. Supporting social enterprise is important, but government investment in economic and social infrastructure in disadvantaged regions will generate more pronounced employment and economic benefits.In relation to social benefit bonds in particular, Australian experience to date is that there is no problem sourcing capital for investment in these outcome-based investments. Identifying opportunities in the first place however, then designing them successfully and agreeing on outcome measures that can be meaningfully assessed and robustly linked to returns on investment, are all very challenging steps, and quite costly. If governments want more social benefit bonds to operate, they will need to provide some capacity and financial support during the early phases of development, particularly in the next few years, until the business (and in particular the evaluation) models become better understood, and both services and investors gain more experience and confidence in what works. Partnerships between businesses, researchers and not-for-profits in this area have also been successful and in some situations could potentially be replicated. |

### 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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| UnitingCare Australia provides services and support in remote Indigenous communities in South Australia, and offers observations about pathways, and sustainability, of public sector employment in some of these communities.An appropriate and effective welfare system will take account of the limited employment opportunities in remote Aboriginal communities such as those across the Anangu Pitjantjatjara Yankunytjatjara (APY) Lands in South Australia.While the data is complex, in broad terms, the 2006 Census records indicate that 46 per cent of Aṉangu on the APY Lands, aged 15 years or over are employed. Many of these jobs are with the Community Development Employment Program (CDEP). If the CDEP scheme were to be removed from the APY Lands without additional intervention, the unemployment rate among Aṉangu would be over 77 per cent. In the absence of available jobs, the majority of people in remote communities have no alternative means of providing for themselves and their families other than by relying on income support and various configurations of WfD or the remaining provisions of the CDEP. Many of the existing jobs in these communities are however being placed under threat and the situation of high unemployment is likely to be exacerbated as a result of the proposed Federal Budget cuts to the provision of Municipal and Essential Services (MES) to these communities. From 1 July 2015, $9.5million will be cut from the MES budget allocation for remote Aboriginal communities. (Municipal and Essential Services include basic community services such as rubbish collection, water and diesel supplies, sewerage, and aerodrome and road maintenance.) This will have a significant impact on one of the key training and employment organisations on the APY Lands – the Regional Anangu Services Aboriginal Corporation (RASAC), which is responsible for providing municipal and essential services to communities and homelands. The future ability of this Aboriginal Corporation to continue to provide these services and to offer employment to Anangu, may well be jeopardised by these proposed budget cuts.UnitingCare Australia supports the maintenance of community-based and public sector employment in these communities, where they provide cost-effective local training and employment opportunities, and avoid the significant social and financial costs associated with displacing Indigenous communities from their traditional lands. |

### 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?

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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 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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* How can the expertise and resources of corporates and philanthropic investors drive innovative solutions for disadvantaged communities?

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| * **UnitingCare supports social responsible investment strategies and urges consideration of strategies through which governments could encourage the business community to make such investments**

UnitingCare Australia is pleased that this matter is being addressed in the McClure Review, as there is potential for the further exploration of how expertise of corporates and philanthropic investors could contribute to solutions for disadvantaged communities.We welcome efforts to expand the ideas and contributions of different parts of society in order to address problems faced by disadvantaged communities, and agree that the solutions most likely to be effective are those that engage and benefit a wide group of stakeholders. We support the inclusion of stakeholders not traditionally involved in social welfare policy. However, UnitingCare Australia cautions against any approach that relies on one perspective, especially if the perspective does not come from the disadvantaged community itself (e.g. the recommendations on income management contained in the Forrest Review).UnitingCare Australia supports socially responsible investment strategies and the consideration of mechanisms through which government could encourage businesses to consider socially responsible investment.**Social impact investment** Australia is well positioned to explore alternative funding models to address social issues. Impact investing offers a promising means for bringing greater capital to bear on existing problems, especially with a growing appetite from the corporate sector for more meaningful partnerships. For example, UnitingCare Queensland has recently accepted an invitation to join a new venture, Impact Investing Australia. We are one of five not-for-profits to join as an anchor partner. Our participation provides us with an opportunity to be at the forefront of exploring and growing opportunities for impact investing in Australia. As discussed earlier, UnitingCare Burnside in NSW has developed and implemented Australia’s first Social Benefit Bond in partnership with the NSW Government and Social Ventures Australia.  |

### 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?

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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?

**notes**

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