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FINAL

15th August 2014

Mr Patrick McClure
Chair of The Reference Group
Welfare Review
C/- Welfare System Taskforce
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By email to: WelfareReview@dss.gov.au

Welfare Review Representation

Dear Mr McClure

Comment on the Department of Social Services' (DSS) Welfare Reform 'Interim Report'¹ to the Minister the Hon. Kevin Andrews was due by Friday the 8th August 2014. The time frame for comment was too short. That said I am grateful to the Taskforce for granting an extension of time to the 15th August 2014 in which to provide a representation².

As a person with orthopaedic based disabilities, in receipt of the Disability Support Pension (DSP) for about 22 years, I consider myself to be a stakeholder in any review of Australia's Welfare System and do not consider that I am represented by any other party or organisation.

The review of Australia's Welfare System, or rather to put it more accurately: 'A Review into a Part of Australia's Welfare System', is occurring at a time when other initiatives, which if implemented, would disproportionately affect the poor and disadvantaged, are being pursued by the Australian Government³.

**Commissioning Documents, Including Principles, Terms of Reference and
'Overarching Theme of the Welfare Review'.**

In December 2013 Minister Kevin Andrews apparently commissioned the review of Australia's welfare system. Sadly and alarmingly there is nothing I can find on the website about the detail of this "commissioning" (for the Welfare Review). I have sought, but not been provided a copy of all documentation related to that commissioning. Nor is there any information about how the members of the reference group were selected!

1 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

2 Termed by DSS to be a submission

3 In late July 2014 we saw Tony Abbott's Government ram through cuts to the Age Pension, the Disability Support Pension, the Carer Payment, family payments. All of these were pushed through the House of Representatives.

I have gone onto the APH and DSS (and DHS) websites and spent quite some time looking for the commissioning documents from Minister Andrews. Unfortunately I have been unable to find them.

I suspect the reason for the principles only being included in the Interim Report⁴ is that the Commissioning documents provide a much greater and perhaps different constraint or expectation or proposal that what has been done.

One must remember this Interim Report⁵ document is meant to be the one, which guides a reform of the welfare system in Australia. In that, it is rather amazing in its quality, its brevity and facile nature.

I cannot believe the Minister only wrote the following:

“Guiding principles for the review

“The Reference Group was asked to advise on how Australia’s welfare system can:

- *provide incentives to work for those who are able to work*
- *adequately support those who are genuinely not able to work*
- *support social and economic participation through measures that build individual and family capability*
- *be affordable and sustainable both now and in the future and across economic cycles*
- *be easy to access and understand, and able to be delivered efficiently and effectively.”*

If the above Guiding Principles statement, only contained on Page 19 of the Interim Report⁶ is all that was written to underpin and guide the welfare reform, then that in itself is atrociously inadequate and incompetent, in my view. I couldn’t believe it in fact.

So, I then went looking for the original documentation establishing this so called review. The Interim Report refers to a “Commissioning”. One assumes there is some originating ink on paper in existence somewhere.

A document tabled in February 2014 at the Senate Estimates was found⁷ (enclosed) but unfortunately is definitely not the original December 2013 'Welfare Reform' commissioning document from the Minister.

This document is in fact something, either from the DSS Taskforce or the Reference Group and already makes reference to the 'four pillars', which may not even be the Minister's invention.

The ‘four pillars’ themselves have since been shuffled around and there is some editorial change from the Minister’s Senate Estimates tabled document to the Interim Report. From the Senate Estimates document (enclosed) *"Engaging with Business"* has morphed into *"Engaging with Employers"*. Quite different things in my view. There are other changes too. So it seems the four pillars are not set in stone.

4 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

5 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

6 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

7 File: Tabled_doc_3.pdf

The document from February 2014 Senate Estimates (which I tracked down via a press article) (see enclosed tabled document⁸) has a section titled: '*Overarching Theme of the Welfare Review*'. The Interim Report⁹ has strangely completely omitted this fundamental section of the Ministerial instruction. As you can see this whole document is relatively brief. We have this massive Social Security Act¹⁰ but a review proposing to, or potential resulting in, gutting this important social system is underpinned by a few sentences. Please, you cannot be serious.

I make reference to this matter of the vanishing '*Overarching Theme of the Welfare Review*' and claim that it appears a malfeasance and an issue of unfairness has occurred. The people of Australia have not been given (in the Interim Report) the full instructions from the Minister.

You will see that the '*Overarching Theme of the Welfare Review*' (reproduced below) would make for an entirely different and probably more reasonable Welfare Review.

Guiding Principles, Overarching Theme and Pillars of Reform for the Welfare Review

The Reference Group chaired by Mr Patrick McClure AO was appointed and asked to provide advice to the Minister on ensuring Australia's welfare system is sustainable, effective and coherent, and encourages people to work.

And

Overarching theme of the Welfare Review

The overarching theme of the Review established through the work of the Reference Group is maximising participation for wellbeing and better life outcomes, with the ultimate goal of the welfare system being to support people to participate to the extent that they are capable.

The above '*Overarching Theme of the Welfare Review*' is the section of the document tabled in Senate Estimates in February 2014, which is missing from the (June 2014) Interim Report.

The inclusion of the '*Overarching Theme of the Welfare Review*' in any public consultation would change the nature of the public consultation entirely.

Yet the Interim Report¹¹ has gone ahead minus the '*Overarching Theme of the Welfare Review*' and thus people will not get a chance to comment on this theme.

It appears to be a fundamental malfeasance, a deliberate rorting of the process and obviously not merely an accidental omission.

A public consultation should be redone with the full reference and the overarching theme included. There may have been other statements in the original Commissioning, which have yet to be unearthed. There appears no other solution. A public disclosure, explanation and apology should be provided.

⁸ File: Tabled_doc_3.pdf

⁹ 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

¹⁰ Social Security Act 1991 Act No. 46 of 1991 as amended

¹¹ 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

I phoned the Minister's Office and they would not speak with me or hear my concerns. It had to be in writing. I remain extremely concerned that the original documents from the Minister have not been published. I have written to the Minister.

I wrote by email to the Minister on the 11th August 2014¹² but have yet to receive a reply. I asked:

“The Minister for Social Services

The Hon Kevin Andrews MP

Dear Sir

I am writing seeking from you any document, including any terms of reference or other similar such documents, from your office, probably in or around December 2013, which may have been provided regarding the Commissioning of the current "Welfare Review", including but not limited to any appointment of the Reference Group and establishment of the Taskforce in DSS as well as the establishment of the Principles, the overarching Theme and any other aspect which may limit or characterise or determine or constrain the review.

I am aware of the tabled document which surfaced in a Senate Estimates session (see attached) around the time of February 2014, which clearly is not an original commissioning document from your office.

Minister, it is my opinion that the Commissioning documentation absolutely should be a matter on the public record and is of the national interest.

I look forward to your early and priority cooperative response including the provision of copies of original documentation either by way of email or by post to my home address (below) please.”

It is appropriate that, in the absence of a Terms of Reference, for something as important as nationwide Welfare Reform, the Australian public can have access to and can peruse or scrutinise the Dec 2013 Commissioning documents from the Minister. I propose the Review Taskforce accepts as part of my submission the Minister's response to my request if and when I obtain one.

You may be wondering the reason I am pursuing this matter. Well, as a matter of considerable concern, there is no Terms of Reference for this Welfare Review. This review of the DSS Welfare System is being managed by DSS. Mr McClure AO, Chair of the Reference Group may have his name on the document but this is surely in essence a DSS Departmental Review. So I maintain this is an internal review without Terms of Reference and without the inclusion of even the Minister's brief statement, being the 'Overarching Theme of the Welfare Review'. The Theme of the Welfare Review is on the public record¹³ but has not been disclosed in an adequately transparent manner.

I wish to characterise this so-called reform process and the Interim Report¹⁴ as a headless chook because of the absence of a Terms of Reference.

The problem now is how to deal with the issue of the undisclosed (in terms of the Interim Report) 'Overarching Theme of the Welfare Review'. I am torn between commenting purely on the Interim Report document: 'A New System for Better Employment and Social

¹² By email at: menzies@aph.gov.au

¹³ File: Tabled_doc_3.pdf

¹⁴ 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

Outcomes - Interim Report of the Reference Group on Welfare Reform to the Minister for Social Services' © Commonwealth of Australia, and making further expanded representation.

Statement about The Welfare Review on DSS Website

What does the DSS website (<http://www.dss.gov.au/our-responsibilities/review-of-australia-s-welfare-system>) say?

“About the review

The Australian Government makes a range of payments to individuals and families to provide support at times when individuals cannot support themselves or to assist with certain costs, such as those of raising children.

Over the past decade Australia’s welfare system has grown relentlessly and become unsustainable.

In December 2013, the Minister for Social Services, the Hon. Kevin Andrews MP, commissioned a review of Australia’s welfare system to identify improvements to ensure the social support system is sustainable, effective and coherent, and encourages people to work.

An independent Reference Group, comprising Mr Patrick McClure AO (Chair), Ms Sally Sinclair and Mr Wesley Aird, was appointed to conduct the review.

The Reference Group was asked to advise the Minister for Social Services, the Hon Kevin Andrews MP, on how the welfare system can:

- *provide incentives to work for those who are able to work*
- *adequately support those who are genuinely not able to work*
- *support social and economic participation through measures that build individual and family capability*
- *be affordable and sustainable both now and in the future and across economic cycles*
- *be easy to access and understand, and able to be delivered efficiently and effectively.*

As part of the review, the Reference Group met with an initial selected group of stakeholders to gather firsthand views and feedback about the current system, undertook an analysis of the current system, considered factors and trends that influence the system, and previous reviews and reforms. Further consultations have been held after the release of the Interim Report. The Stakeholder Consultations page lists those organisations that attended these consultations.

The Reference Group looked at the broad range of payments and services available for people of working age, and considered whether they support people to participate in work in line with their capacity.

While the focus has been on payments for working age people, the Reference Group considered issues that affect all payments, such as indexation. The

Reference Group also considered how possible changes to payments within scope may impact on other payments.

The Reference Group's Interim Report - A New System for Better Employment and Social Outcomes - proposes four pillars of reform:

- *Simpler and sustainable income support system*
- *Strengthening individual and family capability*
- *Engaging with employers*
- *Building community capacity.*

***The Reference Group sought feedback on its Interim Report** to help inform the development of its Final Report to the Minister for Social Services. The Reference Group also meet with a select group of stakeholders for additional feedback."*

The embolden sections are my emphasis.

The above statements on the DSS website does not accord with the Minister's Overarching Theme Statement which was tabled to the Senate in February 2014¹⁵.

The Welfare Review's Guiding Principles

No adequate reasons for the choice of the Review's Guiding Principles seem to have been established or provided.

The Guiding Principles do not, I claim, represent a balance between social wellbeing and economic resilience.

It is hard to see that the Guiding Principles on its own would represent or create a durable Public Interest outcome, one created by a caring and responsible society. Indeed if they did there would have been no need for the inappropriately omitted '*Overarching Theme of the Welfare Review*'.

On another subject the Selected Stakeholders mentioned on the DSS website (See above) and included in Appendix B of the Interim Report (referred to on Page 19) seems to represent a bunch of organisations which have as their business a role to serve and provide services to welfare recipients. This is a different class of stakeholders to DSS recipients. Indeed I could and do claim that what benefits such stakeholders may not be in the best interests at all of the welfare recipients. In the main it is hard, very hard to see how the stakeholders selected by McClure AO et al have any direct representative capacity for the majority of social security recipients.

If there was a reasonable and transparent process the outcome of any interaction between a Government Reference Group in a Welfare Reform taskforce and stakeholders would be documented and provided in a public fashion on the website so the public can see who is saying what. Otherwise it is simply a weak attempt to reinforce and prop up a very inadequate interim report.

I claim a process dominated by funding led stakeholders is not a substitute for a genuine set of processes, set out well in advance.

15 File: Tabled_doc_3.pdf

Pathway to Final Report

The current Interim Report¹⁶ proposal in 'Pathway to Final Report' on page 20 is thus unacceptable and inadequate. It is poor consultative process. Elsewhere I discuss holding regional forums for rural and remote communities across Australia, as well as more forums across urban areas. This is an important subject and reflects the current inadequate consultation. The key stakeholders, as the Interim Report calls them, actually are in competition with the social security recipients who are the real stakeholders. After all DSS has recipient's addresses, in many cases their emails so it shouldn't be too hard to get in touch. The recipients are the primary stakeholders. The key stakeholders obviously have a valid interest and are affected parties.

Scope of the Review

There is no proper Scope of the Review in the Interim Report (see page 20). it might be a good idea to create one now. Better late than never.

On 'A New System for Better Employment and Social Outcomes' - Interim Report of the Reference Group on Welfare Reform to the Minister for Social Services

I have taken the time and trouble to read carefully the whole of the document 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia and in this submission I quote from it from time to time, often referring to it as the Interim Report. I have also read the Commission of Audit recommendations.

The Interim Report is full of generalisations and ambiguities and I have formed the view that those generalisations and ambiguities are either designed or unwittingly serve to enhance a lack of transparency regarding the true nature of the so called proposed reforms and the associated proposed gutting of Australia's social welfare system.

In an overall sense I have formed the opinion that the Interim Report¹⁷ is not an adequate document to form the basis of a public consultation and certainly not adequate to form the basis of a comprehensive review of the Welfare System of an advanced OECD¹⁸ country such as Australia. The Interim Report has the feel and structure of a preliminary draft rather than an Interim Report. For example consider the statement on page 29 of the Interim Report:

"The characteristics of the group receiving Newstart Allowance have altered as a result of policy changes during the past decade."

What is meant by the above statement? To which "group" are the authors referring? How is it that there is any group at all? Surely the reality is that there is simply an unaligned amorphous divergent collection of humanity with various aspirations, levels of ability and skills and which absolutely could never be considered to be a "group".

Australia has been an OECD member for about 40 years.

The Interim Report (Page 27) claims:

¹⁶ 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

¹⁷ 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

¹⁸ Organisation for Economic Co-operation and Development

“Changes in the Australian economy and labour market are associated with over 20 years of economic growth, which has benefited both high and low income households.”

Interestingly the OECD measures inequality in relation to all the member countries. See <http://www.oecd.org/inequality.htm>

Also interestingly OECD assesses quality of life for its member countries¹⁹. In that index Australia performs relatively poorly in regards to “work-life balance”. *“A full-time worker in the OECD works 1 765 hours a year and devotes 62% of the day on average, or close to 15 hours, to personal care (eating, sleeping, etc.) and leisure”*²⁰

It is notable that there is an OECD report on Australia: OECD (2011), *Divided We Stand: Why Inequality Keeps Rising*.²¹ (Enclosed) Although the References Section (pp 165 to 170) in the Interim Report contain some OECD publications it does not include the report ‘Divided We Stand: Why Inequality Keeps Rising’.

The current Welfare Review has an underlying strategic purpose and intent, which I assert will almost inevitably exacerbate the trend of rising inequality.

“In Australia, the average household net-adjusted disposable income per capita is 31,197 USD a year, more than the OECD average of 23,938 USD a year. But there is a considerable gap between the richest and poorest – the top 20% of the population earn almost six times as much as the bottom 20%.”

One hesitates to make quantum judgements but the OECD summaries do show a picture.

*“In terms of (Australia’s) employment, over 72% of people aged 15 to 64 in Australia have a paid job, above the OECD employment average of 65%. Some 78% of men are in paid work, compared with 67% of women. People in Australia work 1,728 hours a year, less than most people in the OECD who work 1,765 hours. Another key measure, however, is how many people work very long hours. About 14% of employees work very long hours, much higher than the OECD average of 9%, with 21% of men working very long hours compared with just 6% for women.”*²²

That picture should be considered when evaluating the focus given in part of the Minister’s briefing being The Principles on page 19 of the Interim Report²³.

The OECD has core values: The OECD’s core values²⁴ are:

“Objective: Our analyses and recommendations are independent and evidence-based.

- *Open: We encourage debate and a shared understanding of critical global issues.*
- *Bold: We dare to challenge conventional wisdom starting with our own.*
- *Pioneering: We identify and address emerging and long term challenges.*
- *Ethical: Our credibility is built on trust, integrity and transparency.”*

¹⁹ OECD Better Life Index at <http://www.oecdbetterlifeindex.org/>

²⁰ <http://www.oecdbetterlifeindex.org/topics/work-life-balance/>

²¹ Find this report at <http://www.oecd.org/australia/>

²² Find this passage at <http://www.oecdbetterlifeindex.org/countries/australia/>

²³ ‘A New System for Better Employment and Social Outcomes’ © Commonwealth of Australia

²⁴ <http://www.oecd.org/about/>

Already in this Welfare Reform process I consider Australia has not met the above core values of the OECD.

The title of the Interim Report: 'A New System for Better Employment and Social Outcomes' clearly infers that the purpose of Australia's social welfare system is intended to be better employment outcomes and that this is ipso facto synonymous with better social outcomes. The notion that social security purpose should be diverted under such a spurious pretext is very concerning.

It would be reasonable to draft and to consult widely over a clearly articulated purpose for Australia's social welfare system.

The notion that employment may not be a social outcome is ridiculous.

Structure of the Interim Report

It could be claimed that the way the report is structured is clever but it is not transparent. Indeed it is decidedly untransparent.

For example specific words have chosen meanings and those meanings are not identified at the time of the chosen word (say by way of a footnote) but are codified in the glossary on Page 127 of the Interim Report²⁵. By that time the gentle reader does not realise the intent of the statements, which have included the contorted meaning of the specially chosen word.

Such an untransparent and conniving approach is to be deplored. It fails the trustworthy test. It fails the transparency test. It is a failure.

A wonderful example of the puerility of some of the definitions is shown by a consideration of the definitions of "capability" and "capacity" in the Glossary²⁶.

What is the point of such connivances? Who are you asking to trust you in doing that?

On The Four Pillars of Reform - Mantra

The Interim Report proposes four short statements be regarded as "pillars of reform".

Four "pillars" are depicted on the cover of the Interim Report²⁷ replete with text and have been presented in such a way, including through the submission process and the Welfare Review Submission Template, as to appear to be a fait-accomplii.

I am in no doubt that the four pillars of reform are symbolic of the pillaging which will underpin the Liberal mantra (sustainable) driven cuts, where the rich get richer and the poor, poorer.

The Liberal Party is rather besotted by the concept of the term "Pillar": See for example: <http://www.liberal.org.au/our-plan/5-pillar-economy>

"Building a diverse 5-Pillar economy"

²⁵ 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

²⁶ Capability Encompasses an individual's functional skills, which are needed to participate in employment or the community. These skills fall broadly in the areas of vocational and non-vocational life skills.

Capacity An individual's capacity to engage in work is taken to be a combination of their capability and their availability.

²⁷ 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

“To guard against having all our eggs in the one basket of mining, we will build a more diverse, world-class economy – a 5-Pillar economy – to unleash Australia’s real economic potential. We will build on our strengths in Manufacturing Innovation, Agriculture Exports, Advanced Services, world- class Education and Research, as well as boosting our Mining Exports, to make the most of our comparative advantages in international markets.”

The pillars, which could be more correctly described as columns, would I contend, quite possibly have an underlying meaning:

(See: http://atheism.about.com/library/FAQs/religion/blgrk_temples03.htm)

“Doric columns appeared on government buildings to suggest justice, incorruptibility, and the secular, republican virtues which American government was drawing from ancient Roman and Greek philosophers. This classical architecture style was not chosen simply because it looked good, but because of the secular, political message it could convey.

Government buildings were never designed to look like Christian churches nor did they ever adopt any standard forms used in Christian sacred architecture. Instead, public buildings in America were designed to look more like the civic, public buildings of ancient Greece and Rome. If America was designed to be a Christian Nation, why weren't public institutions patterned after Christian institutions, either in terms of internal structure or external architecture?

Even churches used Doric columns, though, in order to suggest a return to simpler and more original Christian message. For the government, Greek classical architecture represented secular, republican values; for churches, Greek classical architecture represented an original, unfettered form of Christianity.”

Just as they have been used on buildings they now euphemistically appear on the cover of reports and perhaps seek to legitimise the otherwise unjustifiable. To some they would appear merely an inscrutable embellishment.

Four Pillars has in the past been used in several contexts. Please see;
http://en.wikipedia.org/wiki/Four_Pillars_%28disambiguation%29

“Four Pillars or four pillars may refer to:

- *Four Pillars of the Green Party*
- *Four Pillars of Destiny, a Chinese component used in fortune telling*
- *Four Pillars of Nepal Bhasa, four people who spearheaded a campaign to revive the language and literature*
- *Four Pillars of Transnistria, basis of the declaration of independence of a separatist region in Moldova in Eastern Europe*
- *Four pillars policy of the Australian government to maintain the separation of the four largest banks*
- *Four Pillars, a research programme by the Geneva Association*
- *Four pillars of communication rights*
- *Four Pillars of Dominican Life, principles of the Dominican Order*

- *Four pillars of manufacturing engineering, devised by the American SME*
- *Four Pillars of Geometry, a 2005 book by John Stillwell*
- *Four Pillars of Heaven, the Egyptian hieroglyph "tjs-ut"*

So now there is yet another. Thus there is the strong potential for confusion.

Perhaps the greater question is whether the mechanism of the four pillars device assists the debate over Welfare Reform and whether it allows or better allows people to better understand Australia's Welfare system. It must be asked whether there is a need for four pillars at all.

At the purely architectural level columns, which have thinner middles, are not really sustainable. An analysis of Greek and Roman temples and ruins which have stood the test of time, a measure of sustainability, does not provide many clues, except to say all sustainable structures had more than four pillars.

The lack of reasons means the Four Pillars cannot be supported.

The first pillar²⁸: *"Pillar One: Simpler and Sustainable Income Support System"*

This is obviously not one pillar but two. There is no logical link between a simpler system and a more sustainable one.

Regarding the Mischievous Claim of Cash Transfer Payments

On pages 5 and 25 the Interim Report²⁹ clearly states that cash transfer payments are a feature of the welfare system. The exact quote is:

"Government cash transfer payments to individuals and families represent the most significant component of Australia's social support system in expenditure terms."

The social security system in almost all cases does not make "cash" payments at all. This is a thinly disguised attempt to denigrate and besmirch the social security system with connotations it represents a cash economy. This is scurrilous and deeply offensive.

Indexation and Benchmarking

On page 29 of the Interim Report³⁰ under 'Indexation and Benchmarking' the Report makes it clear that the outcome in this area has already been decided, see quote below. Couldn't wait it seems. The report has been shown to be little more than window dressing.

"In the 2014–15 Budget the Government decided to phase in Consumer Price Indexation as the common form of indexation across all payments."

I consider this form and level of indexation to be completely inadequate and it seems I will not be alone. I suggest The Reference Group reconsiders this issue. I will vigorously oppose this faulty and inequitable proposition.

I urge the Government and the Welfare Review to rethink this aspect. The current 28% of Average Weekly (Male) Earnings benchmark should prevail for all sexes.

²⁸ (See page 41 of the Interim Report)

²⁹ 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

³⁰ 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

Regarding The DSS Claim that over the past decade Australia's welfare system has grown relentlessly and become unsustainable.

*"Over the past decade Australia's welfare system has grown relentlessly and become unsustainable."*³¹

The term sustainable is referred to as a part of the "four pillars" of reform. It is not defined in the Interim Report's glossary. An article was published³² on 10 February 2014 by Peter Whiteford³³ is a Professor in the Crawford School of Public Policy at the Australian National University. A PDF file of the article is enclosed³⁴. In essence it refutes the relentlessly and unsustainable claims.

In the terms of this review the use of a contested word such as "sustainable" seems unwise.

The claim of 'unsustainable' and 'relentless' growth seems to be a misrepresentation and misdirection. Even the Interim Report's³⁵ Appendix G (pages 162 to 164)³⁶ seems to explain the trends and suggests something other than unsustainable and relentless growth.

Interim Report Appendix G Regarding Figure 1 of Appendix G

For some time I have been trying to clarify the Interim Report's³⁷ Appendix G data for Figure 1. The reference in the caption is incomplete and the data referred to seems not covered in the References. I have downloaded the ABS cat 3101.0 and that is fine. But I cannot find the "DHS administrative data" anywhere in the Interim Report.

I have sought the data upon which DSS relied upon to create the Figure 1 in Appendix G. The Taskforce provided the following response³⁸: *"Thank you for email. I am unable to assist you further at this time as a response to your request in more detail would require a significant diversion of resources which is not possible."*

The Figure 1 of Appendix G is (without the underlying data) an imprecise and thus inadequate representation of a complex set of trends. The provision of the complete set of data would enable stakeholders and the public to better consider the proposition put in the text.

Indeed I claim that the graph does not in fact support the claims for reform elsewhere in the report and that the claims made in the DSS Interim Report³⁹ cannot be substantiated. So access to the data is important in my opinion but has not occurred. I call for the Administrative Data referred to in Appendix G to be published please.

The Interim Report states the data is from DHS but I presume the DSS Taskforce assembled and published the graph to which I refer and thus has the data.

31 <http://www.dss.gov.au/our-responsibilities/review-of-australia-s-welfare-system>

32 <http://inside.org.au/is-australias-welfare-system-unsustainable/>

33 Peter Whiteford receives funding from the Australian Research Council, with a linkage partner being the Department of Social Services. He was a member of the Reference Group for the Harmer Review of the Australian Pension system.

34 Inside Story - Is Australia's welfare system unsustainable by Whiteford.pdf

35 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

36 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

37 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

38 Email from Peter Huta, Director, Welfare System Taskforce, Department of Social Services received on 7-8-2014.

39 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

The Economy is only one Part of Society – Nothing More

It is offensive that the economy is erroneously seen as something separate to society. It is not. The economy is in fact (as the GFC certainly proved) an artificial construct of society. The DSS system is there for society not for the economy in any case. The fact that it is an artificial construct was well illustrated by the Global Financial Crisis. Fundamentally the economy is there for the benefit of society.

The Interim Report (page 11) claims:

“It is important to ensure that any approach to adjusting payments balances sustainability of the income support system, fiscal flexibility for governments and changes in community living standards as the economy grows.”

I cannot agree with such a meaningless pragmatic statement.

And asks:

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

And

“Many Australians are well educated and able to take advantage of the emerging job opportunities in the new economy. However, too many people are still missing out on the benefits of work.” (Page 23)

This glosses over a difficult and complex area. What is one meant to say about such broad misleading generalised statements? Many more examples could have been provided.

The Need for Reform

The Interim Report (page 26) claims:

“The current Australian income support system is no longer in step with community expectations or Australia’s labour market and economy. Years of incremental change in some areas and inaction in others have resulted in an unwieldy system that does not reflect the values, expectations and day-to-day experiences of the Australian community.” (Page 26)

Focus on Work

Who made the decision that the welfare system should: “encourage people to work”? The DSS submission process encourages evidence to back up one’s statements but I can find no firm policy on this fundamental claim that the welfare system’s purpose is to encourage people to work. In essence I dispute that the DSS system is designed for that purpose.

It is claimed in the Interim Report, for example on Page 28⁴⁰

“There is also broad community acceptance that people who have the capacity to work should work”

⁴⁰ Changing expectations section on page 28

But there appears no backing to such statements, which occur a number of times throughout the report. No evidence to support the assertion has been provided.

Is the existence of changing expectations sufficient in itself to constitute a public interest?

What I do know is that people tend to not be content with resting on Social Security support unless there is no practical viable alternative.

As a Tasmanian resident, I look around at the community in Northern Tasmania and observe significant downturn and recession. There are many shops closed and unoccupied and businesses have closed. There are not jobs to be had.

At the same time some companies are importing cheap overseas labour to do manual tasks which Australian citizens would do but may not be competitive in price terms compared with what amounts to be slave labour. Do you really expect companies to be altruistic and to pay more for Australian labour when they have the scale of business, which allows the importation of overseas labour?

Perhaps the laissez faire Liberal Government can don its thinking cap and deal with that difficult and contentious issue. Hasn't Telstra just gone to India for a new call centre? My expectation is that Australians will get first bite at the cherry in terms of jobs.

Partial Capacity to Work

This is now a confused concept especially in relation to capacity and capability definitions.

“Partial capacity to work (means) A person with a disability has a partial capacity to work if the impairment prevents them from working at least 30 hours per week at the relevant minimum wage or above, independently of a programme of support.”

Do you call this simple?

Work for the dole

I do not support work for the dole. It seems to be a faulty concept which when implemented, will be easily subject to abuse, tantamount to slave labour.

There are surely more sensible programs to bring people back into being productive contributors to our society.

Simplification Issues and Reduced Pensions and Supplements

Under the Interim Report heading on page 28 of Income support system and subheading Complexity it asserts:

“The income support system has evolved to include around 20 income support payments and 55 supplementary payments. While this may enable targeting, it also makes for a complex system that both recipients and administrators can find hard to understand and manage.”

I do not accept the above contention expressed in the report. Just imagine if Coles and Woolworths or Bunnings only had 75 products or even 90 products and if they found that

number of products too much complexity. In truth those companies have thousands of stock items - products. This is perhaps a simplistic comparison but there are many, many businesses, which deal with a considerable number of complex products or services and feel no need to reduce the complexity of their offerings. The complexity does not relate to the products or the services or benefits which the DSS system provides at all. I believe the above contention has misled the public.

The complexity comes with dealing with disadvantaged and poor people who have few resources and limited options, who often are trapped and feel trapped. That is where the complexity lies in the situation where the provider does not have and probably will never have the easy solutions. This is because easy solutions are not at hand, not within the power of the department or the recipient.

So this is where your focus should be, not on complexity but on humanity. How do you overcome the difficult economic and social circumstances where people end up, often through no fault of their own, on social security benefits? You can resort to fear motivation, to pillaging the poor, to scapegoating but really these are blunt instruments, which undermine and negate people's potential. People are far more complex than systems such as the DSS and DHS ones which in any case are constrained by the legislation which is mainly of long standing, providing a level of certainty for many. There would need to be far better excuses to undertake a massive restructuring of the DSS and DHS system.

I cannot and do not support the axing of many of the pensions and allowances. The complexities in the DSS and DHS system would probably get worse if DSS did so because a level of differentiation would require some other more complex and less transparent way of the necessary accommodation of targeting the differences. I suppose one could use that simplification rhetoric as an untransparent way of redividing the social welfare cake but that cannot be supported.

Not mentioned in all this is the underpinning Social Security Act 1991, Act No. 46 of 1991 as amended. It is a voluminous document, presumably much amended. The complexities of managing a social security system would not be reduced simply by reducing the classes of benefits, which allow some differentiation, which often has a sound basis in terms of administration.

I would agree that simplification could definitely occur but that would entail DSS being willing to decodify and simplify their procedures and standards. I suppose they have become that way out of some perception that it makes for a more robust and secure system immune from roting or whatever threat is perceived. A plain language program would definitely assist.

Claim Of Too Many Depend On The Government For Their Incomes.

"More than five million people now are in receipt of one form of welfare or another," Mr Andrews told ABC radio on Tuesday⁴¹.

The numbers of DSS recipients has been set out in Table 1 of Appendix C of the Interim Report⁴². It states there are 5,110,365 recipients. But what Minister Andrews fails to fairly

41 Dated January 21st 2014 <http://m.theage.com.au/federal-politics/political-news/social-services-minister-kevin-andrews-signals-overhaul-of-welfare-system-20140121-315go.html>

42 42 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia, See pages 140 to 143.

and reasonably describe and what is absolutely known to him, is that of that 5 million there are 2.36 million people receiving the Age Pension. The Age Pension dominates Australia's Welfare Payment system in a major way. This can also be seen at a glance from Figure 1 of Appendix C.

Minister Andrews' Comments on the Age Pension and the Inappropriate and Irresponsible Avoidance of the Age Pension in this Welfare Review

This Review has inappropriately sought to avoid significant mention to the Age Pension. However from the definition on Page 127 of the Interim Report: "income support system" includes the Age Pension.

The Figure 1 on page 45⁴³ of the Interim Report also includes the Age Pension.

The Table 1 on Page 140⁴⁴ also details the Age Pension.

The Minister for Social Services, Kevin Andrews, set out a philosophical framework for the Abbott government's policies on social welfare and the economy in (date). Andrews delivered the speech to an Aon Breakfast Forum. Aon is one of the world's largest insurance brokers⁴⁵.

"The silver lining of longer lifespans is surrounded by a cloud of pressure on the Budget from increased health and pension costs imposed by a growing cohort of seniors.

When the age pension was instituted in 1909, average Australian life expectancies were 55 years for men and 59 years for women.

In other words, the system was designed upon actuarial calculations that a sizeable proportion of the population would not live until pensionable age of 65 years.

But this is no longer the case.

Over the past century, average Australian life expectancies have lengthened by about 25 years.

The number of Australians aged 85 or over has quadrupled since the 1960s.

A new wave of healthcare innovations such as gene therapy and nanotechnology promise to extend lifespans yet further.

As Britain's Office of National Statistics related last December, one third of the infants born in 2013 Britain can be expected to reach the age of 100 years.

Not quite in same league as the biblical Methuselah's 900-plus years on Earth, but we're making steady progress in that direction.

But amidst these glad tidings remains the challenge of how to pay for it all.

Cutting edge pharmaceuticals and medical technologies are already quite expensive and can be only expected to become more costly.

⁴³ Figure 1: Annual income support packages for single recipients, March 2014

⁴⁴ Table 1: Participation group by payment type by expenditure and recipient numbers, 2012–13

⁴⁵ <http://australianpolitics.com/tag/aon>

The architects of our social welfare system never imagined a world in which millions of Australian seniors would be drawing upon the aged pension over two plus decades of life.

Add to that the coming decline in the ratio of working-age to pension-age Australians over the next few decades.

The Intergenerational Report of 2010 projected that this ratio will fall from the present-day five-to one to around 2.7-to-one by mid-century.

These demographic facts of life alone are enough to tell us that serious structural reform of government is an absolute imperative.

Then there's the larger context in which the Government is operating.

In the year 2014 that larger context is dominated by the need for fiscal constraint at home within the framework of a turbulent economy abroad.”⁴⁶

And then it goes on to blame Labor and spook more Liberal laissez faire mantra. It is a well crafted speech but...

Minister Andrews then seemingly quarantined the Age Pension from the Welfare Review.

How does such incompetent management happen? Perhaps it's the prospect of being re-elected and the assessment of where the votes come from.

In essence the exclusion of the Age Pension from the review has the simple effect of creating a situation where in the circumstance where you are planning a cheap and nasty welfare system for this bit you are reviewing, the exclusion allows greater marginalisation to the section under review by removing about 50% of the welfare recipients in one manifestly unjust sweep of the Laissez Faire pen.

The avoidance and quarantine of Age Pension review in this Welfare Review when it is clearly part of the welfare system of Australia is not supported. To be clear: It is opposed.

On Newstart and the DSP

Many can see that Newstart is too low. This problem has been identified as being due to the two standards of indexation being aligned with either wages or GDP.

“The DSP is designed to support people who have a disability and are genuinely unable to fully support themselves through paid work. It is important that the government protect the truly disadvantaged and target assistance to those most in need. The payment has regard to community standards through indexation of the rate to wage movements, meaning recipients share in productivity improvements and rising living standards of the rest of the population.”⁴⁷

I can assure you that my complex medical needs put me firmly in poverty and that the system does not adequately consider the range of complex needs for people who have to contend with long-term medical issues. Fancy proposing to get rid of the carers pension. I am aghast. I have little doubt many people would be disadvantaged by such a move. Are people expected

⁴⁶ <http://australianpolitics.com/2014/04/30/kevin-andrews-aon-speech.html>

⁴⁷ <http://www.ncoa.gov.au/report/appendix-vol-1/9-12-disability-support-pension.html>

to devote their lives to the volunteer care of those individuals who are unable to care for themselves or will the government seek to institutionalise these unfortunate and needy people?

Regarding those who are Better Off

The tricky bit is where the DSS Welfare system goes to assist people who may actually have quite reasonable wealth resources. The trouble is that achieving this requires finesse. What reforms would one pursue to resolve this issue?

Paid Parental Leave

I am opposed to the Liberals generous wage dominated maternity package giving more assistance to the more the well paid would be career parents. Paid parental leave should absolutely be a fair and reasonable part of the Welfare System. I think I would prefer a more moderate scheme, which allowed leave for a longer period, but I leave this to others.

The Car

"... in a June 2014 submission to the Senate Economics Committee inquiry into the proposed excise rise, the Australian Automobile Association stated that: "Research indicates that the people who use their cars most frequently are in the outer metropolitan areas and rural and regional areas where there are lower incomes, less jobs, and little or no access to public transport""⁴⁸

Why is this quote in here? What has it to do about Welfare Review? Well when one is poor any change that increases costs especially to permanently poor people, such as DSS recipients, becomes a major problem. In any case Treasurer Hockey doesn't appear to have read it!

A visit to some of my medical providers is usually about 140 kms. Yes I own a car and No I do not sleep in it – should I be doing so Joe Hocking? Visiting my GP is well over 150 kms and yes there is someone closer but I have been seeing my GP (who was originally closer but still 30 kms) for years; he knows my history; he has my confidence and trust. How would I see my medical practitioners without a car in Tasmania?

Try going anywhere in rural Tasmania without a car. It is hard or near impossible. Try it on public transport with a set of disabilities. Rural people in Australia have a significant dependence on motor vehicle travel regardless of extenuating circumstances. In any review of the Welfare System some understanding of that reality is in order and should be accommodated in some meaningful way.

If people cannot afford to run a car how would the Newstart recipients meet Erich Abetz's proposed mandatory 40 job applications (or was it interviews) per month for Newstart recipients?

⁴⁸ <http://m.theage.com.au/federal-politics/political-news/critics-attack-joe-hockeys-claim-poorest-dont-drive-cars-as-completely-fallacious-20140813-3dmrj.html>

Guiding Principles and Purposes Proposed

The Social Security Act 1991 does not have an adequate set of principles. Perhaps we have them somewhere else but I cannot find them.

I strongly recommend The Welfare Review actively and determinedly seek to establish genuine and well-reasoned ethical and probity principles and objectives for the revised legislation in any review of Australia's Welfare system.

True and Full Consultation with Stakeholders Avoided

You will see little media criticism of the massive reforms proposed because the organisations the Government has "*selected*" to consult as the "*stakeholders*" are in the main on the Government teat. It is just a different teat to the one the Government is pillaging through the Welfare Reforms processes.

It is reasonable DSS would have told everyone on their books about the review. Many people on social security will invariably not have made comment because they do not know about the review.

The point is that the DSS have failed to contact or alert the true stakeholders, the social welfare recipients.

DSS has many of their emails and other addresses but has not deemed them to be fit to be considered a stakeholder or to be told directly about this important review.

This must be the most untransparent and confused report I have ever read. Appendix C and G are important reading. It has all the hallmarks of an internal departmental review.

It has constructed an inordinate amount of spin simply to propose that the poor and disadvantaged will be worse off.

I believe everybody would like to make a contribution, if only they were given the opportunity. I urge you to facilitate the opportunity for all in the upcoming process .

This Representation and In Brief

Due to my disabilities I have been unable to complete my representation on what is a complex and demanding subject. Again I thank the Taskforce for the week's extension of time, which has assisted. But this is a large task and 6 weeks was simply not enough time. You gave the so-called selected stakeholders much greater opportunity for interaction.

I would have wished to write about assets tests and how they may be revised or reformed, the issue of owned property and rented property and the reasons for rent allowance.

The issue of sustainability needs much more consideration and definition. It becomes a philosophical issue about the purposes of human existence and endeavour. Are we all there simply to ensure multi nationals in a globalised economy generate more profit for shareholders whilst minimising its tax burden? In this Interim Report "sustainable" simply means cheap. That definition is rejected.

The issue of indexing rates deserves greater discussion rather than the *faite-accomplii*, which simply serves to anger one.

The architecture of the system and the design of a modernised system is a complex subject, which has not been adequately covered in the Interim Report. The current paper is completely

inadequate in providing sufficient detail to embark upon any sort of detailed comment over the architecture of the Welfare System and how it may be revised. The architecture of the system should be subject to a separate discussion paper, where genuine detail is discussed in the absence of rhetoric and mantra.

Other solutions about how a welfare system may be fair reasonable and just for the various classes of recipients as well as for the rest of society.

Whilst noting the higher level of welfare payment which currently comes with the DSP notwithstanding, and which may reflect the needs of life long or permanent impairment, the whole circumstance and level of health care can make life for some very difficult at times financially and in every other way. Specialists rarely charge the recommended fee and rarely bulk bill. The Government obviously does not propose to interfere with the medical welfare system other than to attempt to extract more from the poor. No proposal for the wealthy to be more moderate with their fees for example. The DSP should, when a recipient is permanently impaired, apply and continue to be granted to that recipient in an ongoing sense past the age pension age. There is a range of reasons for this proposal, which I am willing to elaborate upon later.

An answer to the highly important question: What level of poverty should welfare recipients endure? What poverty means for those temporarily without a job and for those with permanent incapacity to work and earn an income.

What budgetary funding arrangements in a whole of budget sense should be considered to address the funding needs of the welfare system? Should a death tax be considered for the wealthy for example?

The accumulation of wealth in the few and the increased gap between the wealthy and the poor in Australia is an issue which should be included in The Review. A Terms of Reference could still be created and would add significant legitimacy to The Review.

The serious problem of the intergenerational welfare recipient and the problem of whole areas suburbs or towns with high proportions of welfare recipients needs special focus.

The vexed question of whether people should in essence be compelled to leave one area and the creation of rural decline, ghost towns and so forth. My view is that draining skills and people from areas in downturn is most unwise. Creating jobs across the nation would be strongly preferred. Should for example Queenstown in Tasmania become a ghost town simply because of a mine closure? Or are there better solutions?

The Interim Report⁴⁹ has been manifestly inadequate in proposing changes with any rigour. Where changes are proposed such as eligibility the transparent way is to show the current criteria and the options for or a set of proposed new criteria side by side with the existing ones. To avoid this fair and reasonable comparative method is to be unjust and untransparent. Thus in those terms the Interim Report fails to achieve such fairness.

You should be cognisant that welfare support affects people of all intellects, all levels of education and a wide range of living circumstances. That is where the complexity lies and this Interim Report⁵⁰ shows me and hopefully also the politicians that there is much to be done process wise and engagement wise with the Australian public before one considers writing a Final Report.

⁴⁹ 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

⁵⁰ 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

Conclusion

It is abundantly clear that this Welfare Review is purely about reducing the cost of Australia's Welfare system, whilst quarantining about 50% of recipients. Yet Australia's welfare system of the remaining approx. 50% is not out of control. It may need some adjusting but it is not out of control.

DSP recipients are indeed regarded by many as Second Class citizens to use a pejorative term. I think I can say that if a DSP person was able to work in some practical sense he or she would. DSP recipients hate being classed as a burden or a problem and I would wish to refute it. People are disparaging of the disabled without more bureaucratic bigotry and lies adding to the discrimination and marginalisation.

As a DSP recipient, having been on DSP since 1992 and having a permanent incapacity, the challenge of meeting the almost inevitable additional medical costs, including those largely outside of Medicare system contribute to the long term financial problems of being on the DSP. Often one's focus is on achieving activities of daily living.

The Interim Report⁵¹, proposes massive and mostly almost certainly grossly unfair reforms to Australia's social security system and the proposals in the main are not accepted. The illegitimacy of the commissioning has been discussed and questioned and strongly criticised.

Presently The Review is a unbelievable sham, a nasty, evil concoction of spin and mantra, which demonises people within the Welfare System⁵². I suggest you rename the review: 'A Review into a Part of Australia's Welfare System'.

I call for a better, more inclusive process including regional meetings for rural Australians, including for remote communities and recipients so the Taskforce and reference group can LISTEN and can fully appreciate the citizen's anger and the large range and diversity of their genuine concerns.

When you couple this Welfare Reform stuff with the Medicare proposals it would be a financial nightmare.

I look forward to and expect a revised more inclusive and fair process as soon as you are able.

END

Yours faithfully,

⁵¹ 'A New System for Better Employment and Social Outcomes' © Commonwealth of Australia

⁵² See article: Demonising disability pensioners won't help them into work. by Ryan Batchelor