



Welfare Review

C/- Welfare System Taskforce

Department of Social Services

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By email: welfarereview@dss.gov.au

8 August 2014

Dear Welfare System Taskforce Team,

Thank you for the opportunity to provide a submission to in response to the Interim Report on Welfare Reform: *A New System for Better Employment and Social Outcomes*.

Despite the reference to 'Welfare Reform' in the heading of the work of the Interim Report, the application of this term, under the banner of Cape York Welfare Reform, is very different from our approach to addressing disadvantage through a capabilities and responsibilities framework.

It has been almost six years since the people of Aurukun, Coen, Hope Vale and Mossman Gorge took the courageous step to opt-in to the Welfare Reform project and begin their journey of rebuilding latent social norms, tackling passive welfare and engaging with the real economy—these are the objectives of Welfare Reform on Cape York. The lessons from this work are directly relevant to all other parts of Australia where intergenerational disadvantage and passive welfare dependency continues to erode and destroy the human capital so vital to the future wealth and prosperity of our nation.

In too many Cape York and Australian families, welfare dependency has become an intergenerational problem, and the income support system sustains disadvantage by funding dysfunctional life choices—alcohol abuse, illicit substance abuse, gambling addictions and consequent child neglect and abuse. Welfare has become a destination, and disadvantage appears permanent and seemingly intractable. The only road out of disadvantage is through social and economic participation. There is no overcoming disadvantage whilst millions of Australians live their entire lives in the welfare system.

The message that welfare provides 'money for nothing' is still far too strong. In Cape York, linking of welfare payments to school attendance, other triggers and the support of the Families Responsibilities Commission has resulted in the awakening of many families to understand the purpose of welfare as a remuneration and investment in people for clear and quantifiable



achievements and responsibilities. From this turning point many individuals and families are now on the journey of imagining and making a better life for themselves beyond welfare.

In the Cape we have seen firsthand the benefits that conditional income management can provide for families struggling with dysfunction, passive welfare and having discretionary power over payments. Income management helps to put food on the table for children, and make sure that basic household needs are met.

The recently released Forrest Review has put forward a breakthrough idea in proposing a form of cashless welfare through the Healthy Welfare Card but your Interim Report does not currently consider this approach. The Healthy Welfare Card is about supporting disadvantaged Australians to meet their basic needs, without setting up dependency as a long-term destination. I would urge you to consider this measure for your final report.

Aside from the issues of cashless welfare and conditional income management, the biggest gap in your current discussion is the absence of the critical components of 'opting-in' (or indeed 'opting-out') and 'opportunity'; I have provided similar feedback to Andrew Forrest regarding the outcomes of his review. A commitment to 'opt-in' and 'opportunity' have proven vital elements of our success in the Cape.

Motivating communities, families and individuals to change must be central to the task of overcoming welfare dependence. Reforms to the welfare system must link people to increased opportunity. In this way we can far more effectively mobilise people to change their lives, and those of generations to follow, for the better.

In Cape York we have put significant thought into a future approach where families and individuals will be able to 'opt-out' of the Welfare-centric System and into a structured Opportunity System. Under this approach, people would be guaranteed opportunities in return for assuming certain welfare reform responsibilities and obligations. They would be invited to enter into a pact with government on behalf of the wider Australian society which sets out the respective commitments of each party: the government will provide access to opportunity, and the individual and family will agree to live under those commitments that define the opportunity system.

This pact is voluntary but must be honoured. The opportunity guarantees provided by the government are binding—and must be delivered as of right when the contracting individual or family have committed to welfare reform. This binding commitment is akin to the GI Bill in post-war United States.

In the US, the GI Bill, or Serviceman's Readjustment Act 1944, gave WWII veterans immediate financial support 'in the form of unemployment insurance' (specifically, an unemployment payment of \$20 per week for 52 weeks – referred to as the '52-20 club'). It also contained extensive



educational support and liberal access to home and business loans. The results were a great success in terms of education, employment and home ownership outcomes.

Cape York Institute proposes an Opportunity System—so that people can opt-in (or out) of a high level of obligation for welfare payments, but be rewarded by being given subsidised opportunities across health, education, employment, bank and home loans. A shift from a Welfare System to encourage movement of people into an Opportunity System would effectively provide individuals and families with both the ambition and the means to move beyond the welfare destination.

My Chairperson, Noel Pearson, and I would welcome the opportunity for further discussion on these ideas.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Fiona Jose'.

Fiona Jose

CEO

Cape York Institute for Policy and leadership