

## ***A response to the Interim Report of the Reference Group on Welfare Reform to the Minister for Social Services: Better Employment and Social Outcomes***

### **On behalf of the Brimbank Social Justice Coalition (Coalition) and the Brimbank Disability Network Group (Network)**

The Brimbank Social Justice Coalition and the Brimbank Disability Network Group reflect Brimbank City Council's ongoing work to make Brimbank the 'dynamic centre of Melbourne's West' and 'a proud, diverse and connected community.'<sup>i</sup>

The Disability Network Group (Network) is a group consisting of people with disabilities, service providers and carers who meet regularly to share learning, information and provides a forum for Council Officers to participate and inform the basis of consultation around access and inclusion with projects and planning occurring in the City of Brimbank.

The Brimbank Social Justice Coalition (Coalition) is a community partnership that brings together the views, energy and resources of residents, community groups, local agencies and Brimbank City Council.

The Coalition is committed to supporting the principles of social justice: access, equity, community participation and human rights.

Both the Coalition and the Network are concerned about many aspects of the Interim Report, whilst generally supportive of the key directions of encouraging employment and simplifying the welfare system. This response provides general comments on key aspects of the report as discussed by each group and does not necessarily represent the precise view of any particular member of either the Coalition or the Network.

#### **General comments**

Reform of the Welfare System is likely to have a considerable impact in Brimbank. In 2010 14,000 people who lived in Brimbank were on a health care card and 6,000 were on a low income health care card. In addition, 17,000 Brimbank residents were in receipt of the Aged Care Pension.

The Coalition and Network are concerned that there has not been sufficient time to properly discuss the myriad of issues raised by the Interim Report and to properly understand the ramifications and impacts of the ideas suggested.

The Coalition and the Network are hopeful that there will be more time for the community and agencies to consider the final report of the Review.

The Coalition and the Network are also concerned at recent budget announcements by the government ahead of the full consideration of this report that suggest a general move towards more punitive changes to the current welfare system than is proposed in this report.

Specifically, we are concerned that:

- All people under 25 will now only be eligible for the Youth Allowance, which provides around \$100.00 less per week than Newstart;
- Newstart and Youth Allowance will be frozen for three years; and
- The introduction of a six month waiting period for new Newstart and Youth Allowance recipients as of July 2015.

The budget decisions pre-empt the findings of the Interim Report and mean that some of the report findings will not be able to be properly pursued.

Many of the priority areas of the Brimbank Social Justice Coalition and in particular employment, education, housing and transport are all discussed in the Interim Report and the Coalition and the Network welcomes this, albeit limited, opportunity to provide the following comments.

### **Pillar One: Simpler and sustainable income support system**

#### ***Simpler architecture, Fair Rate Structure, Effective rent assistance, Gender Equity***

The Coalition and the Network support the general tenet of the report that the architecture of the current system, which consists of twenty payments and approximately fifty supplements, is complex and therefore sometimes confusing and difficult to navigate for welfare recipients.

While it is acknowledged that a simpler architecture may provide efficiency savings and greater legibility for recipients, we urge caution around simplification that achieves administrative efficiencies at the expense of flexibility for recipients. Any new system needs to strive for simplicity while retaining the capacity to respond to the distinct needs of individuals.

We accept in principal the proposed architecture of four payments types as presented in the interim report. It makes sense for payments to be focused on aged pensioners, dependent children and young people, people who are unemployed and people with a disability. However this architecture does not easily accommodate the circumstances of students and carers and generally of those who are not unable to work, but who are for other reasons not in the workforce.

Given the strong focus on employment in the Interim Report, it is worth considering a general approach to architecture that more clearly delineates payments for people in the workforce and those who are not. Aged pensioners, carers and students might be viewed as a group that are not required to be in the workforce, along with people who are permanently prevented from working due to disability. Approaches to support for people who are not in the workforce should differ from those for people who are in the workforce, but who are not able to access employment.

With regard to the proposed architecture of the system, we urge caution in the way that access to payments is constructed for each group. The restriction of disability support pension to those who have a permanent impairment is not supported if this means that people with episodic mental health issues are in any way disadvantaged. Careful attention will need to be paid to ensuring that definitions of permanent impairment for the purposes of income support receipt are well thought through.

Similarly, any simplification that maintains the current disparity between students and the unemployed or that is designed to place people on the lowest level of welfare with little regard to individual needs is not supported.

Carers require an adequate and flexible system and the Coalition considers that support for carers needs to be properly acknowledged and the needs of carers catered for. While greater assistance needs to be provided to assist carers to transition back to employment and to maintain skills and superannuation contributions, reforms to the welfare system should not place undue pressure on carers to seek or maintain employment in any way that detracts from the vital role that they play.

Simplification of the current system of supplements may also have unintended and negative impacts. When considering simplification of the number of supplementary payments, it is important that those in severe hardship are not disadvantaged. In 2010 more than 40% of all people in Melbourne's West who received special payments for financial hardship lived in Brimbank.

The supplementary payment system also allows for a high degree of flexibility and individualization of payments to meet the specific needs and circumstances of recipients. This is particularly the case for ABSTUDY payments where the ten different supplements associated with this payment allow the individual circumstances of recipients to be addressed

The Interim Report acknowledges that rates need to be increased for the Newstart Allowance and also for rental assistance. The Coalition and Network welcome this acknowledgment, but are disheartened by the announcement of a three year freeze of Newstart and Youth Allowance rates made as part of the 2014/15 Budget. Budget announcements have pre-empted and in some case precluded the proper consideration of recommendations of this review process.

The [Australian Council for Social Services](#) has recommended that the government consider an approach now adopted in the UK where pension and allowance payments have been replaced by a single base level of payment. This level would need to be adequate to meet basic living costs generally and still supplemented by additions to respond to the individual needs of people. These might include the 'extra costs of being single or a sole parent, the costs of disability and caring, and rents'<sup>ii</sup>

The 2011 Price, Waterhouse Coopers Report [Disability expectations; Investing in a better life, a stronger Australia](#)<sup>iii</sup> made the point that almost one in two people with a disability in Australia live in or near poverty (45%), which is more than 2.5 times the rate of poverty experienced in the general population and more than double the OECD average of 22%. Australia's record in this regard is poor and we perform worse than any other OECD nation. Clearly, DSP rates also need significant and separate review. DSP payment rates should work to move people out welfare but are currently contributing to keep recipients in welfare in the long term.

After housing, poverty is one of the main reasons that people are likely to remain welfare dependant for long periods and is a key contributor to inter-generational welfare. An adequate rate of Rent Assistance is essential as nearly one third of DSP recipients and one fifth of carers rely on rent assistance in order to maintain their housing.

Gender considerations are not immediately apparent in the Interim Report, but need to be much more fully considered in any restructured welfare system. Women's access to work, remuneration at work and incentives to work need to be considered fully. Gender equity is not properly considered in the Interim Report

Economic participation for women means adequately recognising the value of their paid and unpaid work, both socially and economically. While poverty can be an experience for both men and women, it is recognised that women continue to be disproportionately affected by financial disadvantage. In Australia, women working full-time today earn 16 per cent less than men. Women are also more likely to be engaged in low paid, casual and part-time work. This needs to be properly reflected in the rate structure and in efforts to assist women to access employment.

Women and girls with a disability are doubly excluded and experience multiple barriers compared to their male counterparts and are constantly exposed to increased vulnerability. Women with a disability experience higher rates of poverty, housing insecurity and stress, lower levels of education and employment, when compared with men with a disability and women who do not have a disability.<sup>iv</sup>

Statistics indicate that 90 per cent of women with an intellectual disability have been sexually assaulted

compared to approximately one in five Australian women.

Significant barriers remain in women's access to appropriate government funded sexual and reproductive health services and women with a disability are less likely to have access to sexuality education and health services. Women with disabilities are more likely to experience pressure to terminate pregnancies as well as lack of timely access to their choice of termination of pregnancy, limiting parenting support and a disproportionate representation in child protection cases.<sup>v</sup>

The Coalition is also concerned about the ongoing negative impact of measures that may force young people to remain at home, sometimes in unsafe and inappropriate family situations. There is a real possibility that young people may be forced to stay in homes that are fraught, violent and abusive because they do not have enough money to live independently.

## **Pillar Two: Strengthening individual and family capability**

### ***Access to Education and Training, Mutual obligation, Early intervention,***

The Coalition and the Network support all efforts to build capability in individuals for employment in Brimbank. A number of member organisations of the Coalition actively support and manage employment programs and activities. We recognise this as vitally important since only 47% of people in Brimbank have finished Year 12 level schooling or the equivalent and only 13% have completed a higher degree.

Access to education, training and skill development opportunities at all life stages, along with quality career advice and support are some of the vital ingredients in successful programs. The Coalition and Network have been very disappointed, therefore to see the reduction, in real terms, in both Federal and State funding targeted to successful programs that have been developed to build individual and community capability around economic participation. In this context, Budget cuts to the Youth Connections program are extremely disappointing, serving only to further disadvantage young people

The quality of available training opportunities is a continuing and worsening issue of concern. The strong push to force people seeking work, and young people in particular, has led to a proliferation of training providers, many of whom offer low quality training experiences, while at the same time technically meeting the requirements of the Australian Skills Quality Authority. This sector requires stronger and more robust monitoring and review.

The Interim Report includes a broad discussion of a range of mechanisms designed to create or enforce an obligation to work. These include consideration of tailored approaches that extend current mutual obligation programs, possibly to include obligations around parenting, budgeting and life skills development. In general terms, the Coalition and Network do not support income management and

similar programs and systems where these are any way imposed on individuals and families or connected to measures that impact on overall income. The 2012 DSS commissioned evaluation of the Northern Territory income management arrangements concluded that there was not strong evidence that the program had major impacts overall<sup>vi</sup> and other investigations (e.g. Mendes 2013, WACOSS 2011) have recorded negative impacts arising from removal of rights, the high cost of the program, lack of outcomes and discomfort and shaming of recipients.

It is also true that the participation requirements that form a part of mutual obligation systems require an investment in flexible programs and services that provide individualized support. Again, the Coalition and Network are concerned about moves to reduce or cut funding for these programs in the recent budget.

The suggestion of greater focus on early intervention services that have the capacity to identify and work closely with at risk young people is welcomed. The recent LeadWest report Education and Engagement in Melbourne's West found that there are 2,686 young people aged 10-14 years not at school in Brimbank in 2011.<sup>vii</sup> Alarming, nearly 20% of ten year-old children were not at school and nearly a quarter of sixteen year olds were early school leavers. Early intervention in this context is clearly critical, and is most effective when connected to schools and focused specifically on early school leavers.

We also seek a commitment to funding for the Brimbank Melton Local Learning and Employment Network (LLEN) as the LLEN is a good practice example of improving education, training and employment options and outcomes for young people.

### **Pillar Three: Engaging with employers**

***Making jobs available, pathways to employment, supporting employers.***

Coalition and Network members are committed to working with employers to improve local employment outcomes. Member organisations are particularly invested in the development of programs for people who are disproportionately disadvantaged in the job market including newly arrived migrants, refugees and asylum seekers with work rights. Despite the work of members, unemployment remains unacceptably high in Brimbank.

Alongside with job development and job placement programs, considerably more support and assistance needs to be provided to employers if employment outcomes for the most vulnerable are to be improved. Employer training and support should include mental health first aid training and employee support for people with episodic mental health conditions in the workforce. Stronger regulation and training around cultural awareness and equal opportunity are also important.

Pathways to employment for people with disabilities are particularly difficult. Transition to work programs are important in assisting some young people with disability move from school to work. Effort should be made to identify the most effective of these programs from a funding perspective and agencies should be held more accountable for individual outcomes - it makes strong economic sense to assist people with disability to be employed.

Accounting firm, Price Waterhouse Coopers (PwC) has released [a report](#) outlining a series of principles that it believes should guide the implementation of the National Disability Insurance Scheme. In the report, PwC cites statistics, which indicate that Australia ranks 21st out of 29 Organisation for Economic Co-operation and Development (OECD) countries in employment rates for people with a disability.

As seen recently through the Federal Courts the most commonly used wage assessment tool is called the Business Services Wage Assessment Tool (BSWAT) – about half of supported workers have their earnings assessed using this tool. This tool does not provide a fair assessment of wages and it has recently been challenged in the Federal Courts with the case *Nojin v Commonwealth & Anor*. The outcome of this case declared that two Australian Disability Enterprises (ADEs) had discriminated against two of their employees. This was because the employees had to undergo a wage assessment using the Business Services Wage Assessment Tool (BSWAT) in order to secure a higher wage. The two employees had intellectual disabilities and were employed at the Grade 1 classification under the Supported Employment Services Award 2010 (the 2010 Award).<sup>viii</sup> The hourly rate for Grade 1 is \$1.89 per hour. The Federal Court in its decision had declared that the Australian Disability Enterprises (ADEs) in question had unlawfully discriminated against the Applicants in contravention of s15 of the Disability Discrimination Act 1992. The ADEs had discriminated by imposing on the Applicants a requirement or condition that in order to secure a higher wage the Applicant undergo a wage assessment by the Business Services Wage Assessment Tool.<sup>ix</sup> This tool needs to be re-assessed for fairness and frameworks need to be developed to move towards a more equitable and fair process.

Recognising best practice around supported employment and social enterprise models are critical in providing opportunities that are responsive to creating positive work environments for people with disabilities. A social enterprise model that provides people with disabilities real life work opportunities and real award wages, enable people to participate in the labour market and have a sense of control with their lives and feel respected members of the community, which in the long term provides improvements in people's health and wellbeing.

Yooralla's UCAN Cafes are a not-for-profit social enterprise providing employment and professional development for young people with disability. This model not only provides real working opportunities that lead to further employment and training pathways, but also provides employees with award wages. Currently UCAN have established two-community café's positioned in Hobson's Bay. Both these café's

are located in the municipalities' libraries at Altona and Williamstown. This model not only provides a strong base of skill development and career development but also by raising awareness of disability and promoting change throughout our local communities. Additional research needs to be undertaken to determine realistic funding and policies to support these social enterprise models becoming more prevalent within our communities.

## **Pillar Four: Building community capacity**

### **Role of civil society and government, building community resilience**

Both the Coalition and the Network are agents of community capacity development for the City of Brimbank. Member organisations and individual members are centrally involved in the work of community capacity building and it is therefore not surprising that both the Coalition and the Network are supportive of the propositions in the Interim Report that suggest that community capacity, community resilience and community wellbeing are fundamental to national discussions about welfare.

Community capacity is significantly underpinned by an active, flexible and responsive service system including adequate access to childcare, to quality education, to leisure and recreation and, critically, to affordable, safe and secure housing. Reductions in real government spending on these will impact on the capacity of civil society to build social capital and reduce community resilience over time. The Interim Report is largely silent about the importance of government-funded programs in the development and maintenance of these essential social determinants of health and wellbeing. The exception is the acknowledgement that the role of government in providing safe, reliable and affordable transport. Transport is a central issue for the Coalition, which supports the comprehensive [Western Transport Strategy](#),<sup>x</sup> which has been developed by LeadWest in response to the real and continuing transport challenges in the west of Melbourne.

The Coalition and the Network also welcome the recognition the Interim Report that people who live in disadvantaged communities are more likely to suffer from a range of social and economic challenges including poor social connections, poor neighbourhood quality and low levels of personal safety.<sup>xi</sup>

The Coalition and the Network are supportive of the focus in the Interim Report on locational disadvantage, but are disappointed that the discussion in relation to this focuses almost exclusively on programs for remote and Indigenous communities.

## References

---

- <sup>i</sup> Brimbank City Council Plan 2013-2017 Updated 2014.
- <sup>ii</sup> Australian Council of Social Services website <http://www.acoss.org.au> - media release “One sided obligations will make it tougher for people looking for work: ACOSS” viewed August 6, 2014
- <sup>iii</sup> Price Waterhouse Cooper (2011) *Disability expectations; Investing in a better life, a stronger Australia*, Sydney
- <sup>iv</sup> iv VicHealth 2012
- <sup>v</sup> Women with Disabilities Australia 2012
- <sup>vi</sup> Bray et al (2012) *Evaluating New Income Management in the Northern Territory: First Evaluation Report*, Social Policy Research Centre , UNSW, Sydney
- <sup>vii</sup> LeadWest 2(011) *Education and Engagement in Melbourne’s West*
- <sup>viii</sup> <http://www.dss.gov.au/our-responsibilities/disability-and-carers/program-services/for-people-with-disability/wage-assessments-in-australian-disability-enterprises>
- <sup>ix</sup> [http://www.disabilitydirectory.net.au/fed\\_court\\_bswat/](http://www.disabilitydirectory.net.au/fed_court_bswat/)
- <sup>x</sup> Leadwest and Western Transport Alliance (2012) *Western Transport Strategy*
- <sup>xi</sup> McClure, p 111.