



AASW

**Australian Association
of Social Workers**

*Submission to the Welfare System
Taskforce*

*Re: Interim Report of the Reference Group
on Welfare Reform to the Minister for Social
Services*

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Introduction

Who we are

The Australian Association of Social Workers (AASW) is the professional body representing more than 8000 social workers throughout Australia.

We set the benchmark for professional education and practice in social work and have a strong voice on matters of social inclusion, social justice, human rights and issues that impact upon the quality of life of all Australians.

The social work profession

The social work profession is committed to the pursuit of social justice, the enhancement of the quality of life, and the development of the full potential of each individual, group and community in society.

Principles of social justice, human rights, collective responsibility and respect for diversities are central to the profession and are underpinned by theories of social work, social sciences, humanities and indigenous knowledge.

Social workers work with individuals, families, groups and communities. Professional social workers consider the relationship between biological, psychological, social, cultural and spiritual factors and how they impact on a client's health, wellbeing and development. Accordingly, social workers maintain a dual focus in both assisting with and improving human wellbeing and identifying and addressing any external issues (known as system or structural issues) that may impact on wellbeing, such as inequality, injustice and discrimination.

Our submission

Social workers have an ongoing commitment to delivering better social outcomes for individuals, groups and communities. Therefore we welcome the opportunity to contribute to the ongoing debate about welfare reform. While social workers work with people from every strata of society, social workers have a particular commitment to those who are most disadvantaged. Social workers are particularly sensitive concerning any proposed reforms that would entrench disadvantage or, indeed, further disadvantage the most vulnerable.

Responses

The AASW agrees with two of the underlying major assumptions of the Interim Report:

1. that Australia needs a simpler income support system, and
2. that the best way out of poverty for most people is to find paid employment.

However, in the more detailed responses that follow, the AASW believes that the Interim Report does not go far enough in achieving these goals because of the limited notion of sustainability and the underestimation of the role of poverty alleviation in allowing people to live adequately and hence find employment.

1. Response to Pillar One – Simpler and sustainable income support system

- 1.1 The AASW strongly agrees that the Australian income support system needs to be simplified. It is challenging for professionals working in the field everyday to understand, let alone for the people who are using the income support system. Such systems are not only inefficient, but they result in large numbers of people who need and are entitled to income support not being able to access the income support they need and for which they are entitled. The complexity also leads to greater levels of bureaucracy leaving people feeling more vulnerable as they wait long hours (and sometimes days and weeks) to talk with officers who struggle to explain the complexity.
- 1.2 The AASW agrees that the concept of sustainability, central to the report, is an important concept, but in the Interim Report, the term is used with a narrow focus to mean cost saving in the short term. It does not make sense to describe an income support system as being sustainable in isolation from the wider social, economic and political systems that make up the wider society. Income support systems assist sustainability within the whole of society by reducing poverty and reducing inequality. They are effective transfer systems from the well off and those who can afford it, to those in need, either temporarily or permanently. How much is spent on such systems is not a matter of sustainability in the sense that the Interim Report uses the term, but rather of politics, economics and humanity – how much the competing forces of society agree that they are going to pay and how equitable and humane the society is going to be.
- 1.3 Not understanding sustainability leads to confusion and incoherence when the adequacy of payments is discussed in the Interim Report. Hence on page 41 the claim is made that:
- A properly functioning income support system would have the following features:
- Adequate payments based on need encouraging people to use their own resources to support themselves and seek work where it is reasonable to do so.¹
- By conflating “adequate payments based on need” with other features of an income support system such as people using their own resources where appropriate and seeking work where reasonable, the Interim Report fails to appreciate the central place of income support systems in avoiding poverty. This was the lesson of the Henderson Inquiry nearly 40 years ago when the decision was first made to link the aged pension to average worker income to prevent pensioners ever falling into poverty again.
- 1.4 Currently the most inadequate income support payments relate to Newstart Allowance and Youth Allowance. As is noted in the Interim Report, the inadequacy of these payments is related to the ways in which these payments are indexed. In 1997 the Newstart Allowance for an individual was 92 per cent of the pension rate. Now it is 66 per cent and so low it is acting as a barrier to people finding work. Youth allowance is even lower.
- 1.5 The AASW’s starting point for welfare reform is that persons in receipt of income support payments should not be left in poverty. In view of this the AASW proposes as a first step that the rates of both Newstart Allowance and Youth Allowance be raised to 92 per cent of the pension rate thereafter indexed to the average male income to avoid recipients falling into poverty. The AASW supports the continued indexation of pensions to the average male income. This has for the most part prevented pension rates falling below the poverty line in Australia.
- 1.6 Effectively the AASW is proposing a two-tier system that is even simpler than the three-tier system that is recommended in the Interim Report. The AASW can find no strong evidence that

¹ Interim Report of the Reference Group on Welfare Reform to the Minister for Social Services, *A New System for Better Employment and Social Outcomes*, p. 41.

the rate of payments to students and young people should be less than the Newstart Allowance due to these groups having supposedly lesser costs or only being on the benefit for a short time (many students can be on the allowance for 3 or more years). The construction of a third tier that is less than 90 per cent of the pension rate will always result in numbers of people living in poverty and acting as an impediment to the objective of employment or study.

1.7 The two tiers proposed are:

- **1st Tier** for those no longer in the work force with rates indexed to average male income. This tier would include those currently eligible for the aged pension and those currently on a disability support pension who do not have current or limited future capacity to engage in paid employment
- **2nd Tier** for those with capacity to be in the workforce (unemployed and underemployed, including persons with a disability with capacity and students) with rates indexed at 92 per cent of 1st Tier payments.

1.8 The AASW believes that if basic rates of income support payments are indexed to avoid poverty, the number of supplements could be reduced. This is to be encouraged so that the system is further simplified.

1.9 The AASW largely agrees with the analyses of rent assistance in the Interim Report, especially the fact that rates of rent assistance grew by 40 per cent between 2001 and 2013, but the median rents grew between 65 and 100 per cent during this period. We agree that rent assistance should be reviewed to determine appropriate levels of assistance and the best way of indexing. In addition there is merit in investigating extending rent assistance for parents who support young people beyond school to independence.

1.10 The AASW strongly agrees that persons on income support should be rewarded for engaging in part-time work as this is the pathway to even more employment and potentially a gateway out of the income support system. Generally the AASW supports a simpler income test with the only distinction being between the single person and dual earner couples.

1.11 The AASW agrees that there should be a consistent approach to waiting periods with a one-week waiting period from when income ceases for all income support applicants unless facing hardship. Longer waiting periods thrust people into poverty.

2. Response to Pillar Two – Strengthening individual and family capacity

2.1 If the rates of income support are so low that people are impoverished, then efforts to strengthen individual and family capacity will fail.

2.2 It is reasonable to expect that persons who are receiving income support while looking for employment make reasonable attempts to actually find work and build the skills necessary to find employment. The current suggestion by the Government (not actually in the Interim Report) that such people apply for 40 jobs a month is an unreasonable, ineffective and punitive policy.

2.3 The AASW agrees that there is merit in investigating early intervention as used in the New Zealand model. It is clearly better to intervene early, rather than waiting until a person has been unemployed for years, and is disheartened and deskilled.

2.4 The AASW stresses the actual difficulty of working with people with complex needs. Many AASW Accredited Social Workers and AASW Accredited Mental Health Social Workers have particular high level skills and experience in this traditional area of social work practice.

3. Response to Pillar Three – Engaging with employers

- 3.1 The AASW supports initiatives that encourage business, especially big business, to employ persons with a disability or mental health condition. In recent years the Federal Government has invested substantial funding under the National Disability Insurance Scheme (NDIS). It is envisaged that the NDIS will provide reasonable and necessary supports to “develop and support the capacity of people with a disability to undertake activities that enable them to participate in the community and **employment**.”² For the scheme to be successful, employers will need to respond to this new opportunity.
- 3.2 Employers seek workers who are adequately prepared for work. In major areas of employment growth, such as health, social services and disability, workers require a large range of skills to meet the needs of complex social challenges. It is important that income support is available for people to support training and education and to support people in the transition to employment.
- 3.3 Labour mobility is a complex area. As the Productivity Commission’s April 2014 report, *Geographic Labour Mobility* noted,

Yet, more geographic labour mobility is not always ideal. Very high rates of mobility can lead to costly levels of staff turnover and entail economic and social costs for individuals and their families, as well as for the broader community.³

We also note the Productivity Commission’s finding that “People tend to move long distances only if the prospects of secure employment are strong at their intended destination.”

4. Response to Pillar Four – Building community capacity

- 4.1 Building community capacity is about ensuring that communities have the infrastructure needed for workforce participation. Ensuring people have access to local training opportunities and support in place to enable people to make good job and training choices. Support in accessing work and training opportunities – practical support in terms of stable housing, access to public transportation and mentoring can all help people make the transition to workforce participation and to making a worthwhile contribution to their communities.
- 4.2 Most communities that have high rates of unemployment are impoverished communities. Impoverished communities require not only investment by government, business and civil society but, to be successful, need an integrated approach. Integrated approaches require powerful advocates with institutional backing and community development skills and expertise. Integrated approaches also need long-term commitment by the various sectors, particularly the government, to see through processes of change.
- 4.3 While models of community capacity building, such as the Foyer Model, have merit for particular groups, a higher level of integration is needed for working with whole communities.

² National Disability Insurance Scheme Act 2013, Section 4, (11) (c)

³ Productivity Commission, 2014. *Geographic Labour Mobility: Productivity Commission Research Report*, April 2014, p. 239.

4. Op. cit. p. 169.

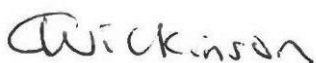
- 4.4 Extreme caution needs to be taken in extending 'income management' to other communities or groups of people. While the research to date seems to indicate some important benefits for children as the authors of the *Evaluating New Income Management in the Northern Territory: First Evaluation Report 2012* noted,

Our view is that these findings point towards the conclusion that income management can be an effective measure to deal with particular issues faced by a proportion of those subject to income management, and that for a small number of vulnerable people there may be longer term benefits in having their income managed on a voluntary or compulsory basis. Similarly, the BasicsCard appears to provide a number of benefits to some people which go beyond its value in income management. However, at this stage there is little indication that 'income management' is itself effective in changing parenting behaviour, reducing addiction or improving capacity to manage finances.⁴

Conclusion

The AASW supports the need for a simpler income support system and also effective strategies that assist people to gain paid employment. However, we make the crucial point that no system will ever be successful if it leaves people in poverty whereby they cannot adequately feed and accommodate themselves, let alone have the resources to apply for work. Impoverished people and communities inevitably feel disempowered and disenfranchised. There is an urgent need to lift the rates for Allowances above the poverty line as a first step and to return indexation to the average male income. Both these measures will enable the other reforms considered in this Interim Report to have a chance of success.

Submitted for and on behalf of the Australian Association of Social Workers Ltd



Glenys Wilkinson

AASW Chief Executive Officer

⁴ Bray, J., Gray, M., Hand, K., Bradbury, B., Eastman, C., & Katz, I. 2012. *Evaluating New Income Management in the Northern Territory: First Evaluation Report*, Social Policy Research Centre, July 2012, p. 267.



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