



St Vincent de Paul Society
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Submission to the Inquiry into A New System for Better Employment and Social Outcomes Report

The St Vincent de Paul Society (the Society) is a respected lay Catholic charitable organisation operating in 149 countries around the world. Our work in Australia covers every state and territory, and is carried out by more than 60,000 members, volunteers, and employees. Our people are deeply committed to social assistance and social justice, and our mission is to provide help for those who are marginalised by structures of exclusion and injustice. Our programs assist millions of Australians each year, including people living with mental illness, people who are homeless and insecurely housed, migrants and refugees, and people experiencing poverty.

On 29 June 2014, the Review of Australia's Welfare System was released, and opened for stakeholder submissions. The Society has consulted our members nationally, as well as with other community sector peak bodies, and we welcome the opportunity to make this contribution.

The St Vincent de Paul Society Position

The Society believes that the most pressing issue Australia faces in relation to welfare reform is that **the labour market is not providing jobs for many Australians**. Global and macroeconomic forces have changed how jobs are created, and what kind of entry-level jobs are available. Additionally, long-standing, historical structural barriers continue to lock out many people. Re-shaping the way we think about work and employment in Australia to make it more inclusive is the responsibility of all of us, and will not be remedied by punishing people who are excluded. We all, together, have a mutual obligation to ensure that the jobs are there for the people who need them: we need a national conversation about **a Jobs Plan for Australia**. This must include a regional economic development plan.

Given the clear structural barriers that are locking many people out of the labour market, **we believe in a strong welfare system**, which provides adequate income for everyone, to enable all people to live with dignity and respect. The aim of this system must be to prevent poverty and ensure that no one is denied the essentials of life, while also recognising the value of unpaid contributions (eg volunteering, caring, and previous work), acknowledging that not everyone is able to contribute in the same way, as well as properly supporting those looking for work. The aim of the system should not be humiliation, nor control: compulsory income management, and other means of punishing people who are unable to find work, are not acceptable. Similarly, the social security system should not be so meagre as to force people to rely on emergency relief, or on charity and the community sector, for their essential needs.

Australia already spends comparatively little on welfare by international standards. Given the daily battles to survive that we witness in our work with people excluded from the labour market, we believe we **must increase many of the payment rates** for social security benefits to enable people to have a decent standard of living. The Society has consistently pointed to a range of changes in taxation that would enable increased spending in this area.

Pillar One: Simpler and sustainable income support system

Simpler architecture

The Society believes that all Australians have the right to a basic standard of living, which should enable them to lead a meaningful life, and fulfil their potential. For those people who require direct government payments to help them achieve this, our concern is with the quality of the lives that they lead, regardless of how the payment system is structured. This is discussed below.

On the question of what the incremental steps are to a new architecture, however, we believe that there are certain principles that must be followed. These principles reflect the fact that many of the proposed changes will affect a very large number of people, and have the potential to affect them in severe ways.

First, there must be adequate time and consideration given to consultations with a wide range of stakeholders, before changes are made. It is particularly important the architects of the new system consider the lived experiences of people on these payments, and their views as to how to make the system more effective. The six-week consultation period on this Report was not enough for this to happen.

Secondly, there is no evidence that Australia has a sense of entitlement problem. There is no need to change the rules based on current numbers accessing payments. The Report itself identifies, in Appendix G, that reliance on working-age income support payments has steadily fallen over the last 20 years, from 25% of the population in 1996 to just 16.7% in 2013. Indeed, Australia's current levels of public and social spending are already low by international standards,¹ and the amount of cash benefits we pay (income support payments) is about 35% lower than the OECD average.² Moreover, the best evidence we have does not support any significant increase in government payments over the next 50 years, except in old-age pensions and health,³ which are not the subject of this Report.

Thirdly, if "sustainability" in relation to welfare continues to be a concern, despite the evidence to the contrary, we must have a discussion about why we would cut benefits to those most in need, instead of increasing revenue. This has been suggested by many in the area, including most recently by ex-Secretary of the Department of Prime Minister and Cabinet, Michael Keating.⁴ We could undo the income tax cuts of the last 15 years, increase taxation on large multinationals and domestic companies making superprofits, and remove a range of very generous payments in the form of tax breaks to the wealthiest Australians

¹ As a proportion of GDP, we are 5% below the OECD average. oecd.org/social/expenditure.htm#socx_data

² At 8% of our GDP, compared to the OECD average of 12.5% of GDP. oecd.org/els/soc/OECD2012SocialSpendingDuringTheCrisis8pages.pdf, page 5.

³ archive.treasury.gov.au/igr/igr2010/report/pdf/IGR_2010.pdf

⁴ See Michael Keating, 'An Alternative Budget Strategy, Part 2', *Pearls and Irritations* (John Medadue, ed) at johnmedadue.com/blog/?p=2036.

(including superannuation, capital gains, and negative gearing). Superannuation concessions, for example, cost the government around 20% of its revenue from income tax – around \$24.6 billion in 2009.⁵ These tax concessions overwhelmingly go to the wealthy: the top 5% of earners receive 37% of the concessions, while part-time workers (including many single parents) receive no benefit.⁶

Fair rate structure

At present, the rate structure is not fair. There are a range of barriers to fairness, discussed below, including significant drops in payment rates at certain life transition points (ceasing caring responsibilities, or moving from a pension onto Newstart); different methods of indexation, which have resulted in an old-age pension significantly higher than the unemployment payment; and rest assistance payments that are ineffective. Many of these issues are appropriately identified in the Report.⁷

One of the greatest unfairnesses in the system is the lowness of the Newstart payment, and Youth Allowance (other), for young people living out of home. It has already been identified that the rate of Newstart, at \$255 per week (single, no children),⁸ is a barrier to participation, and employment.⁹ The rate of Youth Allowance is 20% lower than this, creating no doubt that it poses a significant barrier to many young people's ability to lead a meaningful life, and to engage in job-seeking activities. And these activities do cost money: petrol or public transport to attend interviews and trial shifts, buying professional clothing or getting a haircut for interviews, refusing casual shifts in order to attend interviews, buying a printer to print resumes, etc.¹⁰

This is not to mention the less direct ways in which people's life and job prospects will be negatively impacted by a very low income: inadequate access to healthcare, meaning that people are less physically healthy; not being able to afford to live in safe, secure, permanent housing; being unable to spend the time or money necessary to obtain further training and education; being pushed to the physical outskirts of cities, where jobs and public transport are more scarce; etc. The rates are simply too low. As one of our members told us, for those on Youth Allowance, "without family support you have to starve or steal". This highlights the unacceptably low rates of payment.

⁵ The Australia Institute, research paper 61, page 1. tai.org.au/index.php?q=node%2F19&pubid=540&act=display.

⁶ The Australia Institute, research paper 61, page 2. tai.org.au/index.php?q=node%2F19&pubid=540&act=display

⁷ Eg page 29.

⁸ humanservices.gov.au/customer/enablers/centrelink/newstart-allowance/payment-rates-for-newstart-allowance

⁹ See, eg, Business Council of Australia, submission to Submission to the Senate Education, Employment and Workplace Relations References Committee Inquiry into the Adequacy of the Allowance Payment System for Jobseekers and Others, August 2012.

¹⁰ The Report identifies these issues, and the Senate Inquiry into the Adequacy of Newstart, on page 53

We agree with the Report,¹¹ that payment rates must be set according to individual need, rather than some sense of “moral worthiness”. All payments must be enough to enable people to lead a decent life, and when combined with other structural support, must enable people to have access to housing, adequate nutrition, healthcare, community engagement, education and training, and a real chance at participating in the labour market if they are able to.

We **call on the government** to support the establishment of a benchmarking process for an adequate minimum social security payment that is fair for all.

Common approach to adjusting payments

The Society has consistently advocated that the indexation of payments is essential, and that the indexation must be adequate.¹²

When payments are not indexed at all, or their indexation is paused, by definition their real value, and the amount of benefit that they bring people, will drop each year. Similarly, we have argued that the Consumer Price Index (CPI) does not reflect real indexation, as it does not reflect the real cost of living. The CPI is a national average, taken in cities only, of the cost of a wide range of consumer goods. This average does not tend to reflect the prices of the particular goods that those relying on welfare payments are spending most of their income on.¹³ Our research has suggested that the increase in the types of items that make up the vast majority of low income households’ purchases – food, education, public transport, housing, and utility bills – is rising at 8.7% higher than CPI.¹⁴ For example, fuel and power make up 4% of the poorest fifth of the population’s expenses, but only 2% of the richest fifth’s:¹⁵ when those costs go up, they hit the poor harder than the rich. In short, “CPI significantly underestimates the true increase in the price of the basket of commodities which these household groups typically consume.”¹⁶

¹¹ Page 42

¹² See, for example, St Vincent de Paul National Council, *Submission to Inquiry into Social Security Amendment Supporting More Australians into Work Bill*, June 2013, at [vinnies.org.au/icms_docs/168659 Submission to the Inquiry into the Social Security Amendment Supporting More Australians into Work Bill 2013.pdf](http://vinnies.org.au/icms_docs/168659%20Submission%20to%20the%20Inquiry%20into%20the%20Social%20Security%20Amendment%20Supporting%20More%20Australians%20into%20Work%20Bill%202013.pdf).

¹³ Terry McCarthy and John Wicks, *Two Australias: Addressing Inequality and Poverty* (2001), St Vincent de Paul Society, page 23.

¹⁴ St Vincent de Paul Victoria, *The Relative Price Index*, 15 August 2013, at [vinnies.org.au/content/Document/RPI_Summary_Report_Aus_Dec_2012%20\(21%20August%202013\).pdf](http://vinnies.org.au/content/Document/RPI_Summary_Report_Aus_Dec_2012%20(21%20August%202013).pdf).

¹⁵ Ian McAuley, *What Are We Complaining About? An Analysis of Cost of Living Pressures*, Centre for Policy Development Occasional Papers, page 18, cpd.org.au/wp-content/uploads/2012/05/What-are-we-complaining-about-CPD-formatting.pdf.

¹⁶ St Vincent de Paul Victoria, above n 10, page 35

The Society supports the view of the Australian Council of Social Services,¹⁷ that all payments should be indexed to average wages.

Case study – People on DSP Already Struggling (from Bathurst Region)

Mr X, aged 64, has told us that, due to combined cost pressures, he has decided to move into what we think is barely habitable accommodation in a remote location.

We met him at St Vincent de Paul in June 2013 he had just been discharged from hospital following a heart attack and 11 days of being in intensive care. His world had changed, and he could no longer drive a truck even on a casual basis. He said 'I've become everything I was scared of.' His medical prescriptions cost about \$40 a week. He is on a Disability Support Pension, and after rent and power costs being deducted, lives on \$135 a week.

Mr X has come to Vinnies several times in the past 12 months, asking for help with buying food and paying bills. He has taken the guidance of financial counselling, yet the underlying problem is insufficient income rather than mismanagement, and he is losing the struggle to pay his bills. He is very concerned about **Disability Support pension's indexation being lowered to growth in the Consumer Price Index.**

Today he said that he has decided to move out to a shack on a small bush block that he owns 35 minutes and 38 km out of town. He says that he doesn't want to move, but because his income is not meeting his expenses, he feels under huge financial stress, which is taking a physical toll. However, his shack having no power or water connected; he will have to use lanterns and a battery radio, and work out ways to heat water and keep food cool. He is willing to live there even though it is not designed or insulated to be a home, and every time it rains the roof leaks, so that he is obliged to put out buckets to catch the drips. The move takes him further away from his beloved daughter and grandchildren.

Mr X feels that the only way that he can cope with the cost pressures on his small income is to quit town and move to barely habitable accommodation in a remote location.

Support for families with children and young people

Every parent wants to give the best start to their child. Across many of the St Vincent de Paul Society's activities, we witness the joy parents feel when their children receive toys, when fridges are filled with healthy food, and when families' power bills are paid so that they can stay warm.

But some parents might need a little extra help, particularly to support young children or those with special needs. This may be all the more true if the parents themselves are young, single, or living with their own physical or mental illness.

The Society believes first and foremost in **structural support** for parents, including investment in early childhood development programs, training and support for parents (particularly vulnerable parents) (see below), an affordable child-care system, and high-quality primary and high school education, which focusses not only on academic excellence but also teaches young people valuable life skills.

¹⁷ Australian Council of Social Services, *2013–2014 Budget Priority Statement* (April 2013) p 32, at acoss.org.au/images/uploads/ACOSS_2013-14_Budget_Priority_Statement_final.pdf.

The Society supports serious investment in public primary school and high school education. The education of the next generation is the responsibility of all Australians, and the public nature of an education funding model is crucial given the inability of many families to afford private education. The price of private education is increasing above wages and above CPI. For example, in a 12 month period ending in 2013 education costs increased by 5.6%, and since 1990 education has increased 164% more than CPI has.¹⁸ For these reasons, we have supported the Gonski model for funding, where schools receive funding based on student needs.¹⁹

It is also clear that people who have children also need additional income to help support those children in domestic, non-structural ways. For this reason, we were strongly opposed to the movement of 80,000 single parents from their higher parenting payment onto the much lower Newstart payment, in 2013. This has caused untold suffering for many single parents and their children.²⁰ Along with a raft of other, similar austerity measures, these types of cuts to single parents have been shown in the UK to have had severely negative impacts on the lives of children, pushing a greater percentage into poverty.²¹

Case Study – Sole Parents Doing it Tough

I work for St Vincent de Paul, assisting the needy, many who are single parents, and many are single mothers. Many of these women who through no fault of their own are left to fend for themselves and their children on their own and trying to keep the family together and trying their hardest to give their children the education and the upbringing that most families are able to provide.

A Mother came for assistance, she was living day to day, we were able to assist her with food on that visitation, but what has stayed in my mind is the fact that during the conversation, the Mother mentioned that one of her children's school shoes had worn out and they were held together with tape so the child could wear them and attend school.

I have had mothers cry because they are unable to provide for their children as they would like to. Working is not an option for them, and many people need re-training and that comes at a cost, money they don't have.

Effective rent assistance

Recent research from the National Welfare Rights Network shows that over 502,000 Australians who receive Rent Assistance are in 'housing stress'; that is, paying over 30% of their income on rent.²² That's 40% of those who receive this payment. For example, in the

¹⁸ St Vincent de Paul, Relative Price Index December Quarter (2013) at vinnies.org.au/icms_docs/180040_The_Relative_Price_Index_December_quarter_2013_Second_Release.pdf, page 34.

¹⁹ See, for example, St Vincent de Paul, *Submission to the Inquiry into School Funding* (March 2014) at vinnies.org.au/page/Publications/National/Submissions/Children_and_Education_Submissions/Submission_to_the_Inquiry_into_School_Funding/.

²⁰ See, for example, *10 Stories Campaign*, at 10storiesofsinglemothers.org.au/the-facts/.

²¹ See, for example, ohrh.law.ox.ac.uk/children-in-an-age-of-austerity-the-impact-of-welfare-reform-on-children-in-nottingham/

²² National Welfare Rights Network, *The Impact of Rent Assistance on Housing Affordability for Low-Income Renters: Australia* (2014) at welfarerights.org.au/, page 14.

ACT, the disparity between low payments and high rents means that a single parent on average would spend 74% of their weekly income on renting a two-bedroom unit.²³ In fact, these prices are not only high, but they are rising at an alarming rate. Since March 1990, rents in Australia have increased 110%, which is 26% above the Consumer Price Index.²⁴

High rental costs are coupled with vacancy rates being at record lows – the national vacancy rate is only 2.2%.²⁵ This varies from a 1.4% vacancy rate in Adelaide, to 1.7% in Sydney, 2.1% in Perth, and 3% in Melbourne.

We are seeing a housing affordability crisis for people on low incomes Australia, which the Society witnesses every day through our work with people who have been locked out of the housing market. We agree with the finding of the Report that the prohibitive cost of housing is also a barrier to employment, by making it impossible for people to move to certain high-cost areas for work. We agree with the Report that rent assistance must be increased for those experiencing the greatest degree of housing stress.²⁶ We also agree with the Report that current wait times for public housing are far too long.²⁷

Moreover, and as evidence against the theory that we should take money away from the poorest to make them look for work, our volunteers tell us that lower rent for public housing tenants does not act as a disincentive to participation: the vast majority of people continue to seek work, and manage their budgets well. The real problem is for those in private rental, where rent is generally more than half the family income. We assist people like Sharon, in Sydney; a single mother with a teenage son, who is unable to find work, or to rent, and so is forced to live in a motel until her money runs out. Moreover, we frequently see private sector dwellings in a poor state of repair – mould is a frequent problem, and appliances need new seals, which increases electricity costs. We have even seen ceilings collapse. This sort of overinflated, inadequate housing is clearly not appropriate.

These are **structural barriers** to participation and employment, which will not be addressed by merely “re-targeting” Rent Assistance. Instead, we must fundamentally re-think the way we negotiate housing policy in Australia, to ensure that every Australian’s right to housing is fulfilled.²⁸ As we have argued, this must include changing the rules around capital gains

²³ St Vincent de Paul, *Housing Stress in Canberra Goulburn Report* (2010) at vinnies.org.au/icms_docs/182502_Housing_Stress_in_Canberra_Goulburn.pdf, page 8.

²⁴ St Vincent de Paul, *The Relative Price Index*(December 2013), at vinnies.org.au/icms_docs/180040_The_Relative_Price_Index_December_quarter_2013_Second_Release.pdf, page 19.

²⁵ SQM Research, 19 December 2013, at propertyobserver.com.au/forward-planning/investment-strategy/property-news-and-insights/28072-vacancies-increase-across-the-country-sqm-research.html.

²⁶ Page 69

²⁷ Page 30.

²⁸ Art 25, *Universal Declaration of Human Rights*; Art 11(1), *International Covenant on Economic, Social, and Cultural Rights*.

and negative gearing, so that investment in housing is focused more towards affordable housing.²⁹

We **call on government** to commit to a plan to increase social and affordable housing stock.

Rewards for work and targeting assistance to need

Again, the Society's core position is that rates of unemployment reflect structural, macroeconomic, and global causes, rather than individual laziness or lack of moral worth. For this reason, any discussion that assumes that people can be "rewarded" or "punished" into finding jobs is misguided. While individual tailoring of assistance is appropriate to the degree that it helps empower people to live the life they want with dignity, the focus of the Report on individual causes of poverty fails to recognise the systemic and structural causes of unemployment.

Similar to the question about a fair rate structure, the Society believes that the key benchmark to means-testing must be around adequacy. We need to have a national conversation around what we believe government has an obligation to provide to ensure that everyone has an adequate income, and decent quality of life. This is the primary consideration.

²⁹ See, for example, St Vincent de Paul National Council, *Submission to the Inquiry into Affordable Housing*, at vinnies.org.au/page/Publications/National/Submissions/Housing_Submissions/Submission_to_the_Inquiry_into_Affordable_Housing/

Pillar Two: Strengthening individual and family capability

Mutual obligation

The Society agrees that, for many people, work brings substantial benefits. However, this does not mean that forcing all people currently without work into the first available job is going to improve their health and functioning. This is discussed further below.

Mutual obligation is a concept that has concerned the Society for some time. It assumes that people do not want to participate, and need either a carrot or a stick in order to engage in paid work. In that sense, it does not acknowledge the deep structural reasons that unemployment in Australia is high: there are too few jobs for the number of jobseekers; and many people have not been given access to a level of healthcare, education, and housing that would make workforce participation possible. However much we force people to comply with jobseeking requirements, it will not change these structural forces of exclusion.

A similar argument can be made about carers and people on disability support pension being obliged to increase their jobseeking activities. This group are at a significant disadvantage in competing for jobs due to the structural barriers placed in their way by the labour market and the socio-economic context in which they live.

Forcing people who have experienced deep exclusion to compete in a market where there is a very small number of jobs, and where they are highly unlikely to ever win any of those jobs, is not the way to increase economic performance, or help people lead meaningful lives. Government has an obligation to think strategically about how to increase the number of jobs in Australia, and about how to create pathways for people, including those with disability or caring responsibilities, to enter into paid work.

Compulsory income management is a particularly offensive means of degrading people and stigmatising them because they are living in poverty. Compulsory income management was enforced as part of the Northern Territory Intervention, and is now being trialled in various locations around the country,³⁰ with the view to further roll-out. We believe that controlling how someone spends their income is inherently disempowering, disrespectful and that it fails to address the core issues of income inadequacy and a labour market that is not delivering jobs. It inappropriately individualises what is a broad, structural problem. Recent research shows that income management programmes have not had the intended

³⁰ Bankstown (NSW), Logan (Qld), Playford (SA), and Perth (WA) humanservices.gov.au/customer/services/centrelink/income-management.

outcome in any case,³¹ and removing income management would save around \$100 million per year.³²

Instead of forcing people to engage in certain behaviours, for many of which there is little or no evidence they do any good, and for some there is evidence of harm, **government must create a Jobs Plan** to work towards ensuring that there is actually work in the community that matches the needs of jobseekers.

Early intervention

As above, the Society is a strong supporter of early intervention models. Like all prevention and harm minimisation policies, these models are far more effective in the long-run, cause less loss of social capital, and cost less financially overall.

For young people, there are several forms that early child development programs may take. For example, home visits by nurses, para-professionals or volunteers; parent education and training programs; childcare and pre-school programs; broad based family support; and community interventions.³³ The Australian Institute of Family Studies (AIFS) has conducted a comprehensive literature review of the efficacy of early childhood intervention programs around the world.³⁴ It found that the best programs were those that were well designed and implemented, with higher levels of contact between parents/children and the program – preferably every day for at least one year. Better programs tended to be centre-based instead of home visit based, and be child-focussed, working with preschool age children.³⁵

The Society believes that more of these programs must be made available to parents, and particularly disadvantaged parents, around the country. These programs should be optional, rather than forced on parents, or made a requirement of their receiving income support. There are already examples of successful programs that could be replicated, for example the Triple-P program, and Home Instruction Program for Preschool Youngsters,³⁶ and the Brighter Futures program in NSW. These programs should be free (as many are), and should be recommend to parents through their local Centrelink offices. Information and education about these programs should form a key part of Centrelink’s engagement with clients (along with, for example, help with financial planning, assistance securing housing, etc).

The Society also supports early intervention for those exiting prison, who are at high risk of homelessness, unemployment, and mental health issues. While, again, this requires initial

³¹ dss.gov.au/sites/default/files/documents/11_2012/nim_first_evaluation_report.pdf.

³² Luke Buckmaster et al, *Income Management: An Overview* (Parliamentary Library, 2012) aph.gov.au/About-Parliament/Parliamentary-Departments/Parliamentary-Library/pubs/BN/2011-2012/IncomeManagementOverview#_Toc328056521

³³ sprc.unsw.edu.au/media/File/Report_QCOSS_ReviewPaper.pdf, pages 1-2.

³⁴ aifs.gov.au/institute/pubs/resreport14/foreword.pdf.

³⁵ aifs.gov.au/institute/pubs/resreport14/aifsreport14.pdf, page 10.

³⁶ hippyaustralia.org.au/home.html.

upfront costs, including increased engagement with social security officers, the pay-offs in the medium- to long-term are significant.

Case Study: Oaks Estate

Since at least 2000, the Oaks Estate public housing units, and their surrounds just south of Canberra, were rife with crime. Assaults and burglary were very common, and the area was a dumping ground for stolen cars. Drug use was high. One resident of Oaks Estate had witnessed someone being killed in a recreation area. In response to the crime rates, the police were performing constant drive-bys of Oaks Estate, and had even established a permanent presence, day and night, in a police van parked on the road beside Oaks Estate.

About four years ago, as part of a program funded by the ACT Government to support mental health, the Society entered a head lease arrangement with Housing ACT for an initial 8 housing units, which has now grown to 32 units within Oaks Estate. Two of the units were set up for communal leisure and development activities, and Society employees are onsite throughout the day Monday to Friday, and on call at other times, providing a range of support services. The program accepts many people exiting institutions including prison and adult mental health facilities. The ACT Health funding of \$500,000 per annum runs the Oaks Estate program, and a similar program elsewhere in Canberra.

The change in Oaks Estate since the Society moved in has been phenomenal. Oaks Estate is now described by residents as safe, happy, and, most importantly, as a community. The Society works regularly with around 50 residents, who attend cooking classes and excursions organised by the Society. The community enjoy weekly meals together, a thriving shared vegetable garden, and a reading group. **Residents also have access to education and employment services via the internet provided in the community room, and Centrelink officials who visit the site to provide support. Individuals can access case management and referrals to other programs.**

Relationships are better too. The St Vincent de Paul Society program has helped open communication pathways: instead of solving problems with violence, residents are more likely to talk to each other about the issue now. The emotional “hollowness” in ex-prisoners is slowly wearing away, as people realise that they are valued, and that they add value, within the community. Drug use and drug-related crime have also decreased.

Resident Keith believes that the program run by the Society has a huge rehabilitative power for those coming out of prison. He says that leaving jail and coming into such a supported environment gives people a real chance to properly re-integrate back into society, as opposed to leaving prison homeless, with no mental health or employment support, and no community to go to. Case Manager Narya agrees, and has seen patterns of institutionalisation broken by the program. She recalls one resident who had been in and out of prison his whole life, who went through the program. There, he received housing, anger management education, and stabilisation of his medication, along with the benefits of having, possibly for the first time, a real community of his own. Since leaving the program, he has bought his own house in the country, is in a stable relationship, and is a contributing member of his community.

In addition, the cost to the broader community has decreased. Narya says that over the last three years, assaults have significantly dropped off, and residents agree. Keith can't remember a break-in since the Society moved in the started bringing people together. The police no longer do drive-bys, and their permanent van is now gone from outside Oaks Estate.

Education and Training

The Society strongly supports relevant training for people who are looking for work.

However, Work for the Dole is a policy unsupported by any genuine rationale or evidence. There is no evidence that there are large numbers of young people who are currently unengaged and uninterested in work, and there is no evidence that Work for the Dole style programmes really help anyone find work. In fact, due to the menial nature of many of the tasks; the fact that attendance is compulsory rather than optional; the fact that so much time must be spent “working” for no pay, rather than seeking paid work; the absence of structured training or education components; and the stigma attached to the program, it seems likely that this program will **decrease people’s ability to find paid work**.³⁷ It is unclear why a program which creates a lot of stigma, humiliates young people, interferes with their jobseeking activity, and risks replacing paid jobs in the economy with unpaid labour, is being reintroduced.

While a focus on education and training is important, **we need a real Jobs Plan that addresses some of the underlying structural barriers to work**, including the shortage of affordable housing for those on low incomes, a lack of public transport for those on the outskirts of the city, the rise in healthcare costs that will hit the poor the hardest, inequitable school funding, which currently disadvantages students based on their postcode, and the increasing cost of access to tertiary education. All of these issues are contributing to rising inequality in Australia today, which the Society is deeply concerned with.

Improving individual and family functioning

The Society believes that “family functioning” is a contested notion. First, it pre-supposes that some “families” are inherently dysfunctional, and need state intervention. This view is totally opposed to the Society’s strengths-based approach to providing services, in which we seek to empower rather than pathologise. The negative view of some families as “needing” intervention also ignores the deep, structural causes of poverty and disadvantage, placing all the blame onto the families themselves, and ignoring the myriad ways in which people have been systematically excluded their whole lives.

Secondly, the notion of “improving family functioning” takes on a very particular view of the way people live their lives. It presupposes that people have families in a particular, nuclear sense of the word. The fact of the matter is, for many people we assist, their sense of family is very different to a nuclear model that the report may have in mind. We see sole parents who care for children part-time, we help extended families who don’t live together

³⁷ See, for example, melbourneinstitute.com/downloads/labour/6_wfd_FinReport.pdf, OECD Organisation for Economic Co-operation and Development, OECD Economic Survey of Australia, Paris, 2000, p.100, ACOSS, “Does Work for the Dole lead to Work for Wages?” ACOSS Info 223, November 2000.

but function as a unit, we provide aid to grandparents who take on caring responsibilities, and we assist couples of all ages with no children. And then, there are large numbers of people who simply don't have family to rely on. The Society encounters large numbers of young people who aren't able to live with their parents for a range of reasons, we meet older people with no living family nearby, and we provide assistance to people whose immediate family lives overseas, and have been banned from entry due to punitive policies on asylum seekers.

Instead of blaming individuals and families for their disadvantage, and imposing blanket, punitive measures on them, we need to look at the deeper, more complex, structural causes of disadvantage that some individuals and family units experience. This is highlighted by the following example from one of our members. She was considering the proposal that parents have their income taken away if their children do not attend school. She noted that the reasons children do not attend school are complex, and may not be fixed by just removing income from their parents. For example, she says, one family she worked with had a teenage son who refused to attend school. When asked why, he revealed that he felt overwhelmingly physically sick in the stomach every time he arrived at school. She wonders how many disadvantaged children experience this sort of anxiety disorder around the school environment. Clearly, the underlying assumption that non-attendance at school is solely due to bad parenting is unfair, and untrue.

This assumption - along with the assumption that people are poor because they can't manage money, and require compulsory income management - is deeply offensive, and stigmatising. **If people need support with parenting, or with household budgeting, that support should be available for them regardless of their income, race, or location.**

Pillar Three: Engaging with employers

Employment focus – making jobs available

There is only one job for every five job-seekers on Newstart.³⁸ When we add the number of people already working low hours, but actively looking for more work, we find there is only one job for every *ten* job seekers.³⁹ Of these ten job-seekers, presumably, the most qualified and experienced will be able to win that one available job.

With well over a million people competing for 150,000 jobs, there are simply not enough jobs to go around. Hundreds of thousands of Australians, particularly young jobseekers, those who have been denied equitable access to education or experience, those with a disability or illness, and older jobseekers, are regularly and systemically discriminated against in the labour market.

As such, the Society strongly agrees, and has been arguing for some time, that **there must be a Jobs Plan as well as a welfare plan.**⁴⁰ As a community, we need to increase the number and availability of jobs that are appropriate for disadvantaged jobseekers to enter into. This is a deep structural problem, and we are very glad that the report acknowledges this. Various ways of encouraging employers to hire people experiencing disadvantage are possible, including financial incentives, education about the value of diversity, increasing the availability of flexible work environments, and mandatory reporting on staff demographics (disability, indigeneity, previous unemployment, etc). As identified in Anglicare's recent report, *Beyond Supply and Demand*,⁴¹ another important factor in successful job-matches is a real partnership between the business and the jobseeker, which acknowledges their individual strengths and aspirations.

However, the solution doesn't just lie with employers. There is a macroeconomic climate that is making things tough for small businesses, who are by and large cutting staff rather than hiring them. It is reasonable for employers, and particularly small employers, to be resistant to the idea of being encouraged to hire more staff when they simply don't have the need or the money to do so.

³⁸ May 2014, ABS data (abs.gov.au/ausstats/abs@.nsf/mf/6354.0); May 2014, DSS data (dss.gov.au/sites/default/files/documents/06_2014/labour_market_and_related_payments_may_2014.pdf).

³⁹ September 2013, ABS data on underemployment (those seeking more hours) (abs.gov.au/ausstats/abs@.nsf/Latestproducts/6265.0Main%20Features3September%202013?opendocument&tabname=Summary&prodno=6265.0&issue=September%202013&num=&view=).

⁴⁰ See also Graeme Innes, abc.net.au/radionational/programs/lifematters/graeme-innes/5563826.

⁴¹ Ian Goodwin-Smith and Claire Hutchinson, *Beyond Supply and Demand: Addressing the Complexities of Workforce Exclusion in Australia* (July 2014) at anglicare.asn.au/site/latest_news.php?task=detail&id=148.

The market has failed to deliver appropriate jobs for the unemployed, and individual businesses cannot carry all the responsibility for job-creation either. **Government needs a Jobs Plan, which must include measures it can take to help stimulate the economy and create more jobs**, especially through regional economic development targeting areas of high concentration of unemployment. It is not enough to blame those without jobs, and neither is it enough to encourage businesses to create more positions. This is ultimately the government's responsibility, as managers of the Australian economy.

Improving pathways to employment

As above, the main issue that Australia is facing regarding employment is a lack of jobs. We believe that a national Jobs Plan must address this structural cause of unemployment, as well as the other barriers that stop people getting work: access to income, healthcare (including mental health), and housing. Of particular importance to many of the sole parents we assist is also access to convenient, affordable childcare. For example, we were assisting a mother, who had completed a certificate in Aged Care, and secured a job in this area. However, the job started at 6am every day, and it proved very difficult to obtain reliable, affordable, convenient childcare beginning from that time. Sadly, for this reason, the job didn't last, although the employer was happy with her work.

These structural issues need to be addressed, if people are to be able to participate fully in paid work. On the individual side, the Society also agrees that targeted, meaningful, individual training is also essential for many people to contribute meaningfully to the community.⁴² However, this training will not be effective without better employment service and support systems. For example, we heard about one young man we assist who has been having major challenges over a prolonged period, including treatment for leukaemia. He had been told that he did not need to attend an appointment with job services, because of these issues. However, subsequently, his payment was cut off without warning. When we saw him, he had been trying to contact Centrelink urgently, because he desperately needed the money for his living expenses. This Centrelink blunder caused a huge amount of stress, to someone recovering from cancer.

Good quality employment and support services are an investment, which if we make today will reap huge economic and social benefits in the long run. **We urge the government to consult on and review the way in which employment assistance is run**, as part of the Jobs Plan that we believe Australia needs.

⁴² See, for example, Kate Carnell, CEO of Australian Chamber of Commerce and Industry, at <http://www.abc.net.au/am/content/2014/s4038140.htm>.

Pillar Four: Building community capacity

Role of civil society

The not-for-profit sector in Australia is large, diverse, and vibrant, contributing at least \$43 billion dollars a year to the economy, and providing at least 8% of employment.⁴³ However, our view has always been that civil society organisations should not provide governments with an excuse for abrogating their responsibilities to their citizens. The same is true of philanthropy, which the Report identifies as a potential important source of capacity building.⁴⁴

What has happened over the last 20 years, and accelerated hugely by the last Budget, is that charities are becoming the default providers of many services for people. As government decreases the financial assistance it provides to the very poorest among us, in some cases cutting them off altogether (eg some asylum seekers who receive no support, and now young job-seekers for a period of 6-months), these desperate people are forced to rely on charities like the Society for many more of their financial needs.

This is a warping of the purpose of the whole relationship between government and civil society, and one that we strongly oppose. We are similarly concerned with the focus on philanthropy, volunteering, and corporate investment in disadvantaged communities. While we all have a role to play, **the primary responsibility for removing structural barriers to equality, and protecting human rights, lies with the Australian government.** It is not appropriate to try to shift the state's responsibility to its citizens onto other citizens.

Role of government

First, we again register our extreme concern with compulsory Income Management as a tool for government to control people. It is inherently disempowering and humiliating. While optional financial management may bring wonderful benefits to some families, imposing mandatory confiscation of people's income based on their poverty is no way to build community capacity.

Secondly, a deep concern that the Society has had with the Report is the narrow focus on employment as the only purpose of government welfare, and the only valid means of participation.

Around 95% of the people who carry out the works of the Society are volunteers. They are not paid for their time, and neither does their participation generate taxes. There are a range of reasons for this, including old age, ill health, or lack of necessity. Similarly, a large

⁴³ Productivity Commission, *Contribution of the Not-for-Profit Sector* (February 2010), at <http://www.pc.gov.au/projects/study/not-for-profit/report>.

⁴⁴ Report, page 113.

proportion of the people who we assist are not participating in the labour market. Sometimes this is because they have caring responsibilities, or are too physically unwell to find work. Often, we also see people on Newstart, desperately trying to find work, but unable to secure ongoing employment due to a lack of jobs that suit their skills.

While many of the people within the Society, and those we assist, are not in paid work, what unites all of them is that – without exception – they are making valuable contributions in other ways. They are volunteering their time, in a formal or informal capacity, to help others. They are taking care of dependent children, or family members living with a disability. They are supporting and caring for one another, strengthening relationships, participating in local and sometimes national politics, engaging in local community life, and supporting the civil society that makes Australia a great country.

Community capacity is about far more than government getting people into jobs, in the same way that a good and meaningful life is about far more than just work. Community capacity is about decreasing exclusion and disadvantage, and increasing opportunities for all kinds of participation. While many people will benefit from access to paid work, we must also value those who aren't able to participate in the labour market, and recognise the huge contribution that unpaid work has to social cohesion.

Role of local business

The Society agrees that micro-businesses, mutuals, and cooperatives may have a role to play in job-creation for Australians who are without work.

However, our volunteers have pointed out that most small businesses are not in a financial position to put significant resources into these sorts of initiatives. Most are struggling to survive, and will be unable to take on extra risk without government support. In any case, it is not the core role of business to perform these sorts of social functions. While corporate social responsibility is important, the onus for removing structural barriers to work should not fall on small businesses.

The Society supports increasing regulation of big businesses, to create obligations and incentives that will help break down some of the walls that prevent Australians who are locked out of the labour market from participating. For example, as we have argued before, big business must be far more flexible about working arrangements.⁴⁵ Current notions of an “ideal worker” who can operate from a fixed desk, 9-5, Monday to Friday, are outdated, do not support productivity, and continue to lock many Australians out of the workforce. Large companies that are able to do so must be encouraged to think about more flexible

⁴⁵ See, for example, St Vincent de Paul, *Submission on the Fair work Amendment (Tackling Job Insecurity) Bill 2012*, http://www.vinnies.org.au/page/Publications/National/Submissions/Low-Income-Submissions/Submission_on_the_Fair_Work_Amendment_Tackling_Job_Insecurity_Bill_2012/.

working arrangements, job-shares, working from home, and work that fits around caring and other responsibilities.

Access to technology

The primary barrier to accessing technology is, of course, cost. Once again, we believe that government allowances such as Newstart and Youth Allowance must be increased, so that they provide an **adequate standard of living**, which includes access to information and communication technology.

Community Resilience

The notion that poor communities are not resilient, and that this is perhaps a cause of their poverty, is highly questionable. Again, it individualises blame for social exclusion, locating it in the personal moral or other failings of the people who are excluded. This is a position that the Society, which works with people living with the experience of poverty and structural inequality every day, cannot endorse. People who find themselves without jobs are in no meaningful way different to people fortunate enough to have jobs: they have hopes and dreams, strengths and resilience, a strong sense of pride and compassion, and a desire to make better lives for themselves and their families. Our volunteers see enormous resilience and self-sufficiency in disadvantaged communities, and there are many examples of diverse communities pulling together in times of need.

One key to improving opportunities for disadvantaged Australians is by empowering them to work in paid employment within their communities. This means not forcing them to leave their support structures for the chance of a job fruit-picking on the other side of the country. It means not forcing them to “work for the dole”, as a substitute for education, training and real employment with decent wages. And it means not outsourcing jobs in local communities, or bringing in “experts” to solve problems.

We need a Jobs Plan for Australia, which considers the options for job creation, economic development and the provision of social infrastructure in disadvantaged communities.

Conclusion

Our labour market in Australia is not providing enough jobs for the number of people who are looking for work. Moreover, many people face complex and multiple structural barriers to employment, including caring responsibilities, ill health, lack of education and training opportunities, and physical location.

We need a new approach to welfare in Australia. We believe that the final Report should recommend a **forward-thinking, evidence-based Jobs Plan**, which will give real thought to how the government can use its role as macroeconomic manager to help promote job growth, increasing the demand for labour. On the supply side, we must have a social support system that provides people with what they need to get into work, if they are able,

including housing, education, healthcare, and enough income to live with dignity and respect. We believe that the final Report must continue to advocate for the role of business in supporting people into work, and increasing the rates of payments so that people have the material resources required to find work. However, we believe that the final Report must abandon both Income Management and Work for the Dole: both schemes are based more on ideology than rationality.

This review represents an opportunity to take the issues of poverty and unemployment in a new and positive direction. We strongly hope that the final Report takes up this challenge.