



BROTHERHOOD  
of St LAURENCE

67 Brunswick St, Fitzroy Victoria 3065

30 April 2000

The Chair  
Reference Group on Welfare Reform  
C/o Department of Family and Community Service  
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Dear Mr McClure,

Please find attached the Brotherhood of St Laurence response to the Reference Group's Interim Report through your "Issues for Response" questionnaire.

I look forward to having the opportunity to provide further feedback on these and other issues when I meet with you in the near future.

Yours sincerely

Don Siemon  
Acting Director, Social Action & Research

INTERIM REPORT OF THE REFERENCE GROUP ON WELFARE REFORM  
BROTHERHOOD OF ST LAURENCE  
RESPONSE

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Brotherhood of St Laurence

*Introductory remarks:*

The Brotherhood of St Laurence is appreciative of many aspects of the Interim Report. However we see significant gaps, problems and failings within it. Further, the questions which the Reference Group has provided to structure responses are not always suited to simple answers, either because of ambiguity of the wording or because approval is being sought for a number of elements at once. For this reason some of our answers qualify the simple headline response provided

1. *Do you support the broad thrust of the interim report that the key goal of the social support system should be to help people access opportunities for economic and social participation?*

NO

We are taking the term 'social support system' to refer to the income support system, since this is the main topic of the Interim Report and the Minister for Family and Community Services's principal responsibilities are for the delivery of the income support system.

Australia provides a very wide range of supports to its citizens in order to improve opportunities for economic and social participation. Universal pre-school and school education are provided very largely for this purpose, for example.

Similarly employment and training spending is targeted to this end, as are child care subsidies, for example.

The income support system exists principally to provide income transfers for the purposes of protecting people from hardship and destitution, by contrast. The Reference Group itself argues that the system must be judged on the adequacy of these payments as well as its capacity to help people access opportunities for economic and social participation.

A focus on increasing support for economic and social participation, while welcome, does not change the fact that people receiving social security payments are doing so because they are unable to support themselves financially.

The Brotherhood of St Laurence agrees that there is a need for much greater recognition of the social contributions that people reliant on income support make. We agree that the income support system should be better able to support both economic and social participation.

However, we also know that adequate and secure financial support provides the foundation for people to access opportunities for participation. Low levels of income support payments, such as those received by many single and young unemployed people, can be a barrier to participation in a range of social and economic activities. Currently the levels of some social security payments, particularly unemployment payments, are too low to prevent hardship.

Community opinion favours better protection against poverty and hardship. Recent research undertaken for the Brotherhood found that 83 per cent of people believe that nobody should be living in poverty in Australia. The majority describe poverty as a major problem and a majority also believe taxes should be increased to raise government spending to address poverty (Johnson forthcoming)<sup>1</sup>.

Encouraging social and economic participation is a very broad aim. To see income support principally as a tool to such a broad aim will lead to poor social engineering indeed. In particular, trying to compel particular forms of action using withdrawal of income support payments as a sanction is far less preferable than using more direct means.

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<sup>1</sup> Johnson, J forthcoming, *Measuring community attitudes to poverty* (working title), Brotherhood of St Laurence, Melbourne.

2. *Would you support an integrated payment structure for people of workforce age to replace the current categorical system of income support?*

NO

While aware of the potential for positive changes from integrating payments, the Brotherhood of St Laurence cannot support the proposal as it appears to be emerging in the Interim Report.

The Brotherhood appreciates the Reference Group's concern to simplify the payments system and make it more responsive to the diversity of individual circumstances. However, on balance the Interim Report appears to be laying the ground for more demands to be placed upon people now in receipt of DSP and PPS without even any commitment to increasing the base rate of allowances or benefits. On balance the outcome could easily be negative for recipients as a group.

An integrated system of payments for people of workforce age could also result in a further breaking apart of the income support system – leaving a 'residual' system for those of workforce age with levels of payments and conditions increasingly separated from those of aged pensioners and working families.

A further risk is that, in an integrated payment system as discussed in the Report, the reasons why people receive income support payments (broadly because disability, parenting responsibilities or unemployment prevent them from working) may become obscured and a stereotype of people 'on welfare' who must be compelled to engage in useful activities will be reinforced.

It could be possible for an integrated payment for workforce age people to proceed, but only if payment levels were linked to those of age pensions and if there was sufficient diversity within the payment to allow for the special needs of sole parents and people with disabilities to be public recognised.

3. *Do you agree with the report's suggestions about the obligations of government, business, the broader community and individuals in increasing economic and social participation?*

NO

On the basis of the information provided in the Interim Report, the Brotherhood of St Laurence does not believe the framework of obligations presented by the Reference Group has the potential to create new opportunities for participation.

We welcome the Reference Group's broad interpretation of the concept of mutual obligation. However, we are concerned that, in the detail of the proposals and case study examples contained in the Interim Report, the emphasis remains on the obligations of individuals. The discussion in the Report appears to be underpinned by an assumption that lack of desire or motivation is the main barrier to the economic and social participation. We believe there is little evidence to support this.

The obligations of Government, and in particular, business and the broader community are not spelt out in any detail. If the individual case studies of income support recipients can be taken as a guide, there are few expectations that these groups should be contributing more than they currently do. There appears to be an assumption that current arrangements are sufficient to ensure communities and business will provide adequate opportunities and support.

In the Report the Reference Group has put forward the view that 'Expectations of mutual obligation should be established in the context of community values and norms' (p. 55). It has also noted that the community desires business to play a stronger social role. However the Report does not contain suggestions for action which could be taken by Government to facilitate a greater contribution from business nor does it discuss further the expectations that may exist in the community in relation to the social responsibilities of business, particularly as employers.

For example, in recent years there has been a public focus on job losses in large corporations which are making large profits, and on the closure of both private and public sector services in regional and rural areas. Recent focus group research by the Brotherhood of St Laurence identified strong beliefs in the community that large corporations have a moral obligation to play a greater role in job creation. This was accompanied by beliefs that large corporations have not met their social obligations and that they are implicated in the creation of poverty in Australia<sup>2</sup> (Johnson, forthcoming).

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<sup>2</sup> Johnson, J. forthcoming, *Poverty in Australia: Listening to the Community*, Brotherhood of St Laurence, Melbourne.

4. *In what circumstances is it reasonable to require some form of social or economic participation, from people who have the capacity, as the basis for income support provision to people of workforce age? Why?*

The Brotherhood of St Laurence notes that access to social security (to ensure an adequate standard of living for people unable to support themselves financially) is a fundamental human right.

The Reference Group has argued in its report that the purpose of mutual obligation is for the community 'to provide support that individuals need to develop and realise their own capacity for self-reliance' (p.51). Based on our experience and knowledge of the available evidence we believe there is little basis for regarding compulsion to participate in approved activities or behave appropriately with the threat of loss of income support as fundamentally necessary or helpful to the achievement of self-reliance.

The Brotherhood of St Laurence has strongly supported the development, alongside the income support system, of programs and processes which provide opportunities or pathways from which unemployed people can benefit, particularly those whose chances of gaining work unassisted are low.

We have accepted the incorporation within the income support system of some expectation that unemployed people take up opportunities to participate in suitable activities which enhance their chances of gaining employment. However we are very conscious that individual choice and freedom is a core aspect of good practice in assisting unemployed people. Good outcomes are generally achieved when the person recognises that such action is in their interest; if they do not,

The current framework of mutual obligation appears to be based on a wrong assumption – that lack of individual motivation or desire to participate in society, or to take up assistance where it is accessible and appropriate, are the main barriers to the achievement of self-reliance for most income support recipients.

We also believe that there is little evidence to suggest that there would be significant benefits in compelling sole parents and people with disabilities to engage in job search or other activities. There are plenty of positive ways to better assist; there is little evidence to suggest that lack of willingness to seek work is a major reason for joblessness when compared with the more obvious and tangible reasons.

We also find it difficult to reconcile the notion of social participation with the compulsory 'requirement' to engage in particular behaviour or social activities. We believe recognition of the value of participation in the range of social activities that people undertake is more likely to be undermined than enhanced in a situation where participation must first be approved by the Government.

5. *Do you consider that improved (financial) incentives are required to increase economic participation? If so, what do you see as being the highest priority for this?*

YES

The Brotherhood of St Laurence strongly believes that improved basic levels of income support payments, especially for unemployed people, are required to ensure that poverty does not act as a barrier to participation.

We also welcome proposals to ease the income tests on social security allowances as positive responses to the problems of poverty traps currently faced by many unemployed people and low-income families with children. We believe these reforms, along with the easing of waiting periods and the option of an earnings or transition bank for casual earnings, are preferable to proposals for in-work benefits. Our greatest concern about the use of in-work benefits is the risk this strategy carries of creating a two-tier system of support in which those people without earnings are treated less favourably than those with earnings.

A participation support supplement is a positive initiative which can offset some of the additional costs associated with involvement in activities such as study, training, work experience or voluntary work.

If however it was accompanied by new participation requirements for people so that, for example, 'voluntary' work becomes compulsory for older unemployed people we would not regard it as a positive initiative as it would effectively undermine people's capacity to freely contribute their time and skills to their communities.

6. *What changes to service delivery arrangements would be required to facilitate income support recipients of workforce age increasing their economic and social participation?*

The Reference Group has recognised that increased investment is required to resource a service system that is responsive and effective for all individuals and the Brotherhood of St Laurence welcomes this.

While a more individualised assistance model for Centrelink services has the potential to be more responsive than the current system, we believe the additional resources which will be needed for staff and training, particularly to ensure that appropriate 'assessment', and consistent and fair treatment are guaranteed for all, will be considerable. In regard to these concerns the Brotherhood of St Laurence supports ACOSS's proposal for the maintenance of legislative safeguards in the system. Further to this, we believe that the capacity of service providers to work with clients to identify appropriate services, supports, activities and goals in accordance with individual capacity, need and aspiration is undermined by the requirement that to also police the behaviour of clients and apply sanctions. The removal or substantial easing of the current punitive elements of the system is necessary to overcome this.

Good quality employment assistance, based on the principles and characteristics outlined in the papers<sup>3</sup> included with the Brotherhood of St Laurence submission to the Welfare Reform Reference Group, must be available to all job seekers – including access to specialist services for different cultural groups and others with particular needs such as people with disabilities. Expansion of the availability of intensive assistance to a greater range of job seekers should be a priority as should early support for groups at risk of long-term labour market disadvantage. Additional investment is needed to directly support participation in education and training.

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<sup>3</sup> In particular see MacDonald, H 1998, 'Assisting young people: directions for employment services'.

7. *Are there any other issues you would like to raise?*

In its Interim Report, the Reference group identified four trends as underpinning 'the need for bold change in our support system' (p. 3). These were:

- ♦ the inequitable distribution of new jobs;
- ♦ a shift in the balance of jobs from permanent full-time job, from male jobs and from manufacturing and primary industries to part-time and casual work, female employment and to jobs in service industries;
- ♦ more people receive support; and
- ♦ an increase in the demand for highly skilled workers.

Disappointingly the Report does not provide an adequate response to these trends. No clear link is made between the factors driving these trends and the proposals for reforms to the income support system. Nor is there any real examination of the limitations of the income support system in responding to broader economic, labour market and demographic change.

In addition, the problem of unemployment appears to have been redefined by the Reference Group as solely a problem of the unequal distribution of employment. For example, there is little discussion of the fact that for over two decades the number of available full-time jobs has been heavily outweighed by the number of people actively seeking such jobs.

While the Report notes that improved jobs growth is not *sufficient* to ensure entrenched social and economic disadvantage, there appears to be little acknowledgment in the Report that such growth remains *necessary*. This is particularly disappointing given that Government and private sector responsibilities in generating more and improved employment opportunities could and should have been addressed within the framework offered in the discussion of mutual obligation and social partnerships.

The Brotherhood believes that the evidence clearly indicates that the main barrier to economic participation for those people who are currently seeking work and for the thousands of 'hidden' unemployed is lack of job opportunities. While we welcome the Reference Group's proposals to improve supports and assistance to ensure that people wanting to take up paid work are ready and able to do so we are disappointed with the implication in the report that deficiencies of the income support system or the individuals it exists to support are the core of the problem.

The greatest failure of the income support system, meanwhile, continues to be that it does not provide adequate levels of income support (and indeed, in some cases consciously excludes some people from support). The Reference Group's failure to address the fundamental issue of poverty is therefore disappointing.