



UnitingCare Australia **Submission**

to the Select Committee on
Intergenerational Welfare Dependence
Inquiry into **Intergenerational Welfare
Dependence**

UnitingCare Australia

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About UnitingCare Australia

UnitingCare Australia is the national body for the Uniting Church's community services network and is an agency of the Assembly of the Uniting Church in Australia.

We give voice to the Uniting Church's commitment to social justice through **advocacy** and by **strengthening community service provision**.

We are the largest network of social service providers in Australia, supporting 1.4 million people every year across urban, rural and remote communities.

We focus on articulating and meeting the needs of people at all stages of life and particularly those that experience disadvantage.

The UnitingCare network:



50,000
staff



30,000
volunteers



1,600
sites



1.4m
people
supported
across
Australia

Introduction

UnitingCare Australia appreciates the opportunity to make this submission to the Senate Select Committee on Intergenerational Welfare Dependence.

We highlight the need for the Committee's inquiry to be situated in a broader context that recognises the role of welfare spending as well as the factors that increase the likelihood of needing social assistance during working age. And we note that implementation of strengths-based strategies and interventions to prevent the harm caused to children by early life adversity are key to interrupting intergenerational 'transmission' of poverty.

We note our concern with the lack of focus in the Terms of Reference on the systemic drivers that contribute to the need for social assistance during working age. We recommend deeper analysis of such factors and their impact on individuals and communities as part of the development of effective prevention strategies.

The feedback provided for the Committee's consideration in this submission responds both to issues raised in the Discussion Paper informing the Inquiry, as well as its stated Terms of Reference.

The critical social and economic functions of welfare spending

Professor of Public Economics at the London School of Economics, Nicholas Barr, summed up the essential functions performed by the welfare state as follows:

- It exists not only to provide poverty relief (its 'Robin Hood' function) but also to offer insurance and consumption smoothing (the 'Piggy Bank' function) in areas that private institutions are able to cover incompletely, if at all. It also has an important role in fostering social cohesion.
- There is increasing evidence that the roots of exclusion lie in early childhood, stressing the need for policies to support and enhance families. Such policies—a confluence of economics and social policy—involve cash benefits, health care, and education (including nursery education), alongside broader policies to improve parenting. Again, such activities require state action.
- The insurance element will become increasingly important.¹ Risk and uncertainty are likely to intensify. An OECD report (2003) emphasises natural disasters, technological accidents, infectious diseases, food safety, and terrorism. Actuarial insurance is not able to address problems of this type or on this scale. The 2008 economic crisis reinforces the salience of insurance.
- The previous point emphasises the importance of the welfare state as a device for risk sharing. Too little risk is suboptimal because it gives no incentive for risk-taking (e.g. low growth rates under communism). Too much risk is also suboptimal because it

¹ He is referring no doubt to the climate of increasing economic, environmental and global insecurity.

creates incentives against taking risks (in the absence of a safety net, a failed business start-up can leave a family destitute). Thus, one of the purposes of the welfare state is to share risks optimally. From that perspective, far from being a regrettable necessity, the welfare state is an essential nurturing element in economic growth².

Australia's welfare system is the most targeted toward the poor in the OECD³, and performs, in conjunction with a progressive tax system, the valuable role of reducing inequality. A recent IMF paper estimated that a level of income inequality beyond a Gini coefficient of 0.27 acts as a drag on the economy:

...similar to the debt overhang literature, we identify an inequality overhang level in that the slope of the relationship between income inequality and economic development switches from positive to negative at a net Gini of about 27 percent⁴.

In 2015-2016 Australia had an estimated Gini coefficient for income inequality (based on equivalised disposable income after taxes and transfers) of 32.3%⁵.

Given a well-targeted system, in which individual level of need is rigorously assessed, in which welfare payments perform the function for which they were intended, the need for measures that have the effect of stigmatising welfare recipients or making what is widely agreed to be a hard life (due to the inadequacy of current Allowance payments) even harder, would appear to be counter-productive.

Adopting a strengths-based approach

UnitingCare Australia advocates that Government adopt a strengths-based approach in developing policies to prevent disadvantage. This perspective is fundamental when considering issues related to the income support system and its effectiveness.

A strengths-based approach values and seeks to maximise the capacity, skills, knowledge, connections and potential in individuals and communities⁶. There is already significant focus in contemporary social policy and programs on consumer-directed care and supports⁷, and

² Barr, N (2017) Can we afford the welfare state? In Franklin, B., Urzi Brancati, C. and Hocklaf, D., (eds.) Towards a new age: The future of the UK welfare state. London, UK : The International Longevity Centre, 2016, pp. 35-40. This version available at: <http://eprints.lse.ac.uk/67804/>
Available in LSE Research Online: July 2017

³ Whiteford P. [How Fair is Australia's Welfare State?](#) The Conversation, 11 July 2011.

⁴ Grigoli F & Roubles (2017) [Inequality Overhang](#), IMF Working Papers, March 28, 2017. Gini coefficients were based on net income after taxes and transfers, but did not appear to take the value of government service sinot account.

⁵ Australian Bureau of Statistics (2017) [Household Income and Wealth, Australia, 2015-16](#), Catalogue 6523.0, Table 1. See figure for Gini coefficient for equivalised disposable household income. This figure does not take into account estimated value of government services (see Whiteford P. [Who gets what? Who pays for it? How incomes, taxes and benefits work out for Australians](#). The Conversation, 22 June 2018)

⁶ Parroni, Lisa. 2012. *Strengths-based approaches for working with individuals*. Available at: <https://www.iriss.org.uk/resources/insights/strengths-based-approaches-working-individuals>

⁷ See, for example, information on Consumer Directed Care regarding aged care reform, available at: https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/04_2015/what_is_consumer_directed_care_0_0.pdf

on working together to achieve better outcomes.⁸ UnitingCare Australia believes that there should be even greater policy emphasis on building up the strengths and capacities of those in receipt of support and services.

We regard the strengths-based approach as consistent with the *Australian Priority Investment Approach to Welfare's* focus on "investing in early intervention now [to keep] people from falling into the welfare trap"⁹. It is also synonymous with the concept of 'salutogenesis', that aims to better understand the positive aspects of human experience and highlight the factors that create and support human health,¹⁰ defined by the World Health Organisation (WHO) as "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity"¹¹.

Checking flawed assumptions

UnitingCare Australia observes that current government policies and programs aimed at moving people from welfare into work appear to be based on the increasingly invalid assumptions that unemployment will be of short duration – and that all those who seek a livelihood through work will be able to achieve it. We note that although, historically, unemployment benefits were delivered as a short-term payment (in the 1950s periods of unemployment averaged around six to eight weeks), this does not reflect the reality of unemployment today¹². And we note the estimated ratio of more than 16 job seekers for every vacancy.¹³

Current OECD data indicates that the average duration of unemployment in Australia is 10.7 months, higher than the OECD average of 8.9 months¹⁴ and it is significant that 24.8% of people who are unemployed in Australia remain without work for one year or longer¹⁵.

As our society faces the equivalent of a new industrial revolution associated with new technology and artificial intelligence, and the 'gig' economy increases the proportion of precarious work, there is a need to develop new institutions to support those who cannot sustain a livelihood from the fast-changing labour market.

⁸ See the Australian Government Department of Social Services' *Getting Better Outcomes* approach, available at:

<https://www.actcross.org.au/sites/default/files/public/documents/2017-dss-commissioning-for-better-outcomes.pdf>

⁹ Australian Government Department of Social Services. 2018. *Australian Priority Investment Approach to Welfare*. Available at: <https://www.dss.gov.au/review-of-australias-welfare-system/australian-priority-investment-approach-to-welfare>

¹⁰ See Mittelmark, Maurice and Georg Bauer. 2016. *The Meanings of Salutogenesis*. Available at:

<https://www.ncbi.nlm.nih.gov/books/NBK435854/>

¹¹ [About WHO](#)

¹² Raper, Michael. 2000. *Reforming the Australia welfare state*. Australian Institute of Family Studies (AIFS) Report. Available at: <https://aifs.gov.au/publications/reforming-australian-welfare-state/chapter-12-examining-assumptions-behind-welfare>

¹³ AUWU February 2018, calculated on official figures <http://unemployedworkersunion.com/job-seekers-v-job-vacancy-data/>.

¹⁴ OECD. 2018. *Average Duration of Unemployment*. Available at: https://stats.oecd.org/index.aspx?DataSetCode=AVD_DUR

¹⁵ *Ibid*.

Given these facts, the serious inadequacy of income support benefits, coupled with strict mutual obligation conditions¹⁶ mean that unemployed people quickly find themselves living in poverty¹⁷.

We note that while there is no evidence that the experience of chronic financial stress is either character forming or otherwise beneficial to adults,¹⁸ there is abundant evidence that it is harmful to adults and particularly harmful to young children, whose risk of poor development¹⁹ and even of maltreatment²⁰ is strongly associated with the level of poverty of their families.

The major flawed assumption in the concept of 'intergenerational welfare dependency' is that it is receipt of welfare per se that is responsible for the higher likelihood of welfare receipt in the next generation. Analysis of data from the Christchurch Health and Development Study indicates that the chances of welfare receipt in early adulthood rise steeply with the number of adverse experiences in childhood, with parents' ever having received welfare or having received it for 3 years or more, each counting as a single adverse experience.²¹ This suggests that limiting overall exposure to adversity in childhood would be an effective policy for countering individual (as opposed to geographical or structural) factors related to poor labour market outcomes.

Defining 'welfare' too narrowly misses the point

The discussion paper notes that "a fundamental question for the inquiry is the definition of 'welfare'. At its broadest, welfare can be defined as all social assistance payment"²².

UnitingCare Australia observes that the concept of welfare is subject to ambiguity. As Luke Buckmaster from the Australian Parliamentary Library has observed:

At its broadest, welfare may refer to 'well-being, happiness; health and prosperity (of a person or a community et cetera)'. It may also refer to arrangements aimed at ensuring or bringing about well-being. Thus, a useful definition of welfare is that it is that which 'refers to the well-being of individuals or groups and, by implication, those measures which can help to ensure

¹⁶ See, for instance, UnitingCare Australia's submission to the Senate Community Affairs Legislation Committee on the Social Services Legislation Amendment (Drug Testing Trial) Bill 2018, available at: <https://www.unitingcare.org.au/media-publications/submissions/submission-to-the-senate-community-affairs-legislation-committee-on-the-social-services-legislation-amendment-drug-testing-trial-bill-2018-2>

¹⁷ Raper, Michael. 2000. *Reforming the Australia welfare state*. Australian Institute of Family Studies (AIFS) Report. Available at: <https://aifs.gov.au/publications/reforming-australian-welfare-state/chapter-12-examining-assumptions-behind-welfare>

¹⁸ *Ibid.*

¹⁹ Shonkoff J et al (2012) [*The Lifelong Effects of Early Childhood Adversity and Toxic Stress*](#), *Pediatrics* v.129, No.1, January 2012 Adversity and Toxic Stress

²⁰ Pelton L (2015) The continuing role of material factors in child maltreatment and abuse. *Child Abuse & Neglect*, v 41, pp30-39.

²¹ Seth-Purdie R (2000) [*Multiple risk exposure and likelihood of welfare receipt :Implications for social policy and human capital*](#). Family Matters No. 57 - September 2000.

²² Section 2.3, page 3.

levels of well-being through provision of education, health services, managed housing, and social security benefits²³.

UnitingCare Australia cautions that varying understandings of the concept of welfare prevent the ability for public policy to be developed in a truly effective way, and that it is imperative that such ambiguities be acknowledged. As is noted in a 2015 paper from the Australian Parliamentary Library on welfare spending:

“If public debate is to be informed by facts, commentators need to pay close attention to the way categories such as welfare are defined. When categories remain vague and ambiguous, the statistics can conceal as much as they reveal”²⁴.

UnitingCare Australia’s view is that the concept of ‘welfare’ should be defined to capture more than simply social security payments and the structures built to support this. Rather, it should reference what should be the end goal of welfare support, namely, “wellbeing, happiness, health and prosperity (of a person or a community)”. Policies should be developed in support of this goal, progress should be monitored, and government should be held to account for progress. ‘Welfare policy’ will otherwise fall short of its potential.

Payment inadequacy and loss of human capital

UnitingCare Australia emphasises the need to recognise the inherent link between welfare adequacy and the protection of human capital. If payments are not adequate, they will not support health and wellbeing, and the longer individuals depend on them, the more their human capital will decline.

As observed in an Australian Institute of Family Studies report on *Reforming the Australian welfare state*, it is noted that:

One of the myths fuelling the ‘welfare dependency’ debate is that income support payments are too high and as a consequence there is little incentive for people to enter the labour market. ACOSS argues that far from encouraging people to become dependent on the income support system, income support payments are simply keeping people alive – although in many cases living in a state of poverty²⁵.

The report also highlighted that:

...for many households, social security payments are insufficient to ensure ‘a standard of living which . . . would still allow social and economic participation consistent with community

²³ Buckmaster, Luke. 2009. *Money for nothing? Australia in the global middle-class welfare debate*. Available at: <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p?query=Id%3A%22library%2Fprspub%2FZRJT6%22>

²⁴ Arthur, Don. 2015. *What counts as welfare spending?* Available at: https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1516/WelfareSpend#_ftn1

²⁵ Raper, Michael. 2000. *Reforming the Australia welfare state*. Australian Institute of Family Studies (AIFS) Report. Available at: <https://aifs.gov.au/publications/reforming-australian-welfare-state/chapter-12-examining-assumptions-behind-welfare>

standards and enable the individual to fulfil community expectations in the workplace, at home and in the community²⁶.

It is therefore crucial that programs, including welfare payments, are adequate to support the growth and maintenance of human capital – particularly in families with young children.

Improving data collection and analysis

UnitingCare Australia supports the Discussion Paper's assertion that "accurate data is essential to determining the scale and scope of intergenerational welfare dependence"²⁷. Accordingly, we recommend the development of more effective data linkages between data sets and government agencies. This would enable the delivery of more effective income support and related programs.

We understand that the Commonwealth Department of Social Services is presently working with other government agencies to build better data linkages and we strongly support continued priority for this work. Sufficient resourcing should be made available to ensure that data collection and analysis systems are established and implemented effectively.

Promoting outcomes measurement

UnitingCare Australia advocates monitoring, evaluation and measurement of outcomes for individuals receiving income support. Comprehensive measurement of the effectiveness of specific interventions delivered throughout the welfare system is required to identify policies and strategies that are effective, as well as those not delivering positive benefits for individuals, families and communities.

We refer to advice from the Commonwealth Department of Social Services regarding the Data Exchange (DEX) initiative that they administer, and the importance of monitoring and responding to client outcomes that are measured. DSS notes the Data Exchange's intention to "shift the focus of performance measurement from outputs to more meaningful information about service delivery outcomes"²⁸. DSS highlights that:

Outcomes...refer to the results being achieved for clients over time and across programs, recognising that clients often have complex needs requiring the intervention of multiple services and organisations²⁸.

We commend the outcomes measurement approach for adoption across the income support system to facilitate data linkages and the identification of strategies that can best support people to overcome disadvantage and move away from reliance on welfare.

²⁶ *Ibid.*

²⁷ Section 2.17, page 7.

²⁸ Commonwealth Department of Social Services. 2018. What is the Data Exchange? Available at: <https://dex.dss.gov.au/about/>

We believe that significant scope exists for replication of processes and tools (rather than specific datasets) used by the DEX system to measure the impact of welfare supports for individuals, families and communities. Caution should be exercised, however, in how linkages are made between datasets across DEX systems, given the sensitive nature of data reported, particularly in relation to the most vulnerable clients and families. De-identification of client data would be essential, as would the need to secure full consent from individuals and families regarding their personal information, which may be difficult or not possible to secure in some instances, and thus preclude its use. Complexities around the data sharing arrangement across government agencies would need to be carefully explored to ensure that the protection of client privacy remains paramount.

In summary, we advocate the development and comprehensive measurement of wellbeing outcomes across social services programs and supports, for use in provider selection, performance management and provider, program and system level evaluation.

Strategies to improve outcomes for children

The UnitingCare network's experience in delivering strengths-based services highlights that positive change to improve the life trajectory for children is achieved by:

- Increasing a family's sense of choice and control;
- Strengthening attachment between parents and children;
- Enabling behaviour modelling through families learning from each other;
- Facilitating goal setting, accountability and reflection between families;
- Increasing reciprocity between families²⁹.

We advocate that government policies and programs be developed with these elements as central. As examples of these elements in practice, we commend the following early intervention models delivered across the UnitingCare network that are alleviating intergenerational disadvantage:

Newpin

Newpin (New Parent and Infant Network) is a therapeutic restoration program that supports and empowers families to break the cycle of child neglect and abuse and to provide safe, nurturing environments for children. Parents engage in parenting groups, personal development programs and have positive and engaging supervised experiences with their children to encourage effective parenting and family relationships. The program assists parents to develop the skills they need to provide a safe, stable and secure environment for children and their families.

More information is available at: <https://uniting.org/services/services/uniting-burnside/newpin-australia>

²⁹ Conclusions drawn from program evaluation outcomes provided by Uniting Communities, South Australia.

Home Interaction Program for Parents and Youngsters (HIPPY)

HIPPY is a two-year home-based parenting and early childhood enrichment program that empowers parents and carers to be their child's first teacher. HIPPY builds the confidence and skills of parents and carers to create a positive learning environment to prepare their child for school. HIPPY also offers some parents and carers a supported pathway to employment and local community leadership.

More information is available at: <https://hippyaustralia.bsl.org.au/>

Positive employment strategies

With regard to employment, UnitingCare Australia emphasises that the inherent dignity and value of individuals should not be defined solely by their contribution through paid employment. It follows that individuals who are unable, or face barriers to participating in the workforce, should not be penalised as a result this.

Rather, UnitingCare Australia believes that meaningful employment opportunity should be made accessible to all and that the welfare system should provide a safety net to support those who are unable to attain or retain meaningful work.

In facilitating greater employment opportunity for individuals, we forward the following strategies for the Committee's consideration:

- Targeted supports for cohorts that face acute disadvantage, including people from culturally and linguistically diverse backgrounds and young jobseekers who are in particular need of coaching around language, literacy, numeracy (LLN), communication and interpersonal skills. This includes awareness training and skills development across employment service providers to identify those jobseekers in need of extra support, coupled with the skills to effectively provide (or make efficient referrals to) the assistance they require.
- Wider introduction of evaluation and outcomes measurement processes to demonstrate the effectiveness of employment programs and strategies in different contexts and opportunities for their further improvement.
- Stronger Government endorsement of initiatives that can facilitate increased employment in limited markets. Particularly in remote and regional communities where economies may be stagnant, we forward the need for consideration of guaranteed income models, such as Basic Income, to stimulate local economies and increase the prospect of employment for jobseekers.

Key recommendations

UnitingCare Australia recommends the following as areas for the Committee's particular consideration:

- Analysis of the systemic and other factors that lead to intergenerational disadvantage experienced by individuals and communities.
- Stronger emphasis across government policies and programs on prevention and early investment to overcome disadvantage at the earliest opportunity.
- Adoption of a strengths-based approach when Government considers issues related to the welfare system and those in receipt of income support.
- Development and comprehensive measurement of wellbeing outcomes across social services programs and supports, for use in provider selection, performance management and provider, program and system level evaluation.
- Stronger coordination between government agencies delivering income support to measure outcomes and the effectiveness of policies and programs delivered. This should include measurement of health and wellbeing outcomes for individuals, communities and families to provide a holistic understanding of the effectiveness of particular policies and programs.
- Greater government focus on employment creation mechanisms to grow the employment market.
- A mechanism in Government that can consult with key stakeholders and the community to collect evidence around social inclusion (and exclusion) and strategies to overcome access and equity barriers.

UnitingCare Australia would also welcome the opportunity to facilitate focus groups or opportunities to enable further consultation with individuals, communities and sector stakeholders around the issues raised in this submission.

Conclusion

UnitingCare Australia commends the need for deeper analysis of such factors and their impact on individuals and communities that live with entrenched disadvantage.

We welcome the opportunity to comment further on any of the issues or recommendations raised in this submission.

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