

SOCIAL WELFARE STRATEGY

ACTU Congress September 1989

1. INTRODUCTION

1.1 The post 1983 Accord Process has enabled the union movement, through participation in government, to play a significant role in pursuing a range of social welfare reforms aimed at developing a "Fairer Australia".

1.2 This strategy of reform has been based on working together with a range of organisations to develop a greater understanding of the issues and support for practical programmes which can be achieved in government despite economic restraint.

1.3 The basis of the strategy has been:

(i) targeting social security programmes to those in greatest need;

(ii) greatest assistance to low income working class families with children;

(iii) the development of an active labour market programme side by side with job creation and entry to education and training; and

(iv) reform of social security payments with emphasis on adequacy and equity.

1.4 Central to this strategy has been direct negotiations with the Australian Government on a range of social wage issues and the work of the Social Security Review Committee.

1.5 The Minister for Social Security, Brian Howe, is to be congratulated for establishing the Social Security Review in 1985, as it has enabled the union movement and other community groups to actively participate in a review of a range of social welfare issues. These issues have included:

Income support for families with children

Income support for older unemployed people

Policies for sole parents

Income support for the unemployed in Australia

Income support for people with disabilities

The development of a National Retirement Incomes Policy

2. ACHIEVEMENTS

The achievements to date have included:

2.1 Families

Significantly increased assistance to families, e.g.

(i) Family Allowances

review of system from 1 July 1989 with government commitment to index family allowances from 1 January 1990 and each January thereafter.

The system of family allowances from 1 July 1989 is:

	Old Rate \$pw		New Rate \$pw		Cumulative Family Gain \$pw
First child	5.25	9.00	3.75		
Second child	7.50	9.00		5.25	
Third child	9.00	9.00	5.25		
Fourth child	9.00	12.00		8.25	
Fifth and each additional child (plus \$1.50 for each additional child)	10.50	12.00		9.75	

The income threshold for family allowance which is currently \$53,500 for a one child family plus \$2,678 for the second and each subsequent child will continue to be indexed each January.

(ii) Family Allowance Supplement

the introduction from December 1987 of targeted non-taxable payments to low income working class families and the achievement ahead of time of the announced government targets of 15% of the combined married rate of pension for children aged less than 13 years and 20% for those aged 13-15 years.

The following table shows the development of the family allowance supplement from December 1987 to 1 July 1989:

		Jun 1987 \$	Dec 1987 \$	Dec 1988 \$	July 1989 \$
Family Allowance	5.25	5.25	5.25	9.00	
Family Allowance Supplement*					
- less than 13 years	17.00	22.00	24.00	24.00	
- 13 to 15 years		17.00	28.00	31.00	34.10
Total Family Payments (FA plus FAS)					
- less than 13 years	22.25	27.25	29.25	33.00	
- 13 to 15 years		22.25	33.25	36.25	43.10

* maximum rate.

Each January, the Government will ensure when family allowances are adjusted that the 1 July 1989 levels of 15% of the combined married rate for children aged less than 13

years and 20% for those aged 13-15 years continue to be maintained.

The income thresholds for access to the family allowance supplement will be indexed annually in January.

Extension of rental assistance to recipients of Family Allowance Supplement Payments.

2.2 Assistance for Private Renters

In addition to increasing the adequacy of the pension, increased assistance has been given to assisting pensioners, beneficiaries and low income families who rent privately.

The maximum rent assistance, as shown by the following table, has been increased by 100 per cent for pensioners without children and by over 150 per cent for pensioners and beneficiaries with 3 or more children.

Maximum Rates of Rent Assistance

		Dec 1988 Rate (\$wk)	June 1989 Rate (\$wk)	Dec 1989 Rate (\$wk)	June 1990 Rate (\$wk)	Sept 1990 Rate (\$wk)
Pensioner						
- without children	15	15	20	25	30	
- with 1 or 2 children	15	20	25	30	35	
- with 3 or more children		15	20	25	40	40
Beneficiary						
- without children	10	10	20	30	30	
- with 1 or 2 children	15	20	25	35	35	
- with 3 or more children		15	20	25	40	40
FAS recipient						
- with 1 or 2 children	15	20	25	35	35	
- with 3 or more children		15	20	25	40	40

Rent assistance is paid at a rate of 50 cents in the dollar for each dollar of rent paid above a rent threshold of \$20 a week up to the maximum rate applicable.

2.3 Retirement Income

The development of a long term retirement incomes policy, key elements of which are:

- (i) Implementation of Labor's commitment to an age pension of 25 per cent of average weekly earnings from April 1990.
- (ii) The bringing forward of the date of indexation for all pensions and benefits by 12 weeks in three stages of four weeks on each occasion.
- (iii) Indexation from July 1991 of the income test free area, which will remain tax free.
- (iv) Further simplification of tax arrangements for

pensioners from 1995, so that no age or service pensioner will pay income tax.

(v) Improving access to, and the adequacy of, superannuation.

(vi) New package of bereavement assistance which provides greatly increased benefits to the surviving spouses of pensioners and enables them to take those benefits as a lump sum.

2.4 Employment, Education and Training

active labour market reform programmes including:

(i) Dramatic employment growth - over 1.5 million jobs since March 1983.

(ii) Targeted labour market programmes at disadvantaged groups requiring additional assistance to get back into the workforce, e.g. New Start and JET.

These programmes will provide enhanced access to education, training and employment opportunities.

(iii) Major new framework for the Commonwealth Employment Service aimed at providing a better service to clients, including a focus on youth services, job seeker specialist services, job placement services and specialist industry services.

2.5 Child Care

At the conclusion of the current four year programme, establishment of a total of 98 000 additional child care places or an increase of 200% since March 1983.

2.6 Medicare

Introduction of Medicare, a universal and fair health insurance system.

2.7 Residential Accommodation for the Aged

Overhaul of residential care provisions aimed at establishing new standards guaranteeing quality of care and strengthened residents' legal, consumer and human rights.

2.8 Youth

(i) Increased school retention rates from 36% in 1982 to 58% in 1988, together with an expansion of higher education places, including an extra 49 000 places by 1991.

(ii) A \$100 million expansion of the Government's youth strategy over 4 years to provide additional assistance to disadvantaged young people, especially the homeless, through:

(a) increasing the availability of secure accommodation for an additional 6 000 homeless young people over the next four years;

(b) increased funding to improve co-ordination of service provision to homeless youth;

(c) improved adequacy and accessibility of income support for disadvantaged young people, including a \$7.50 a week increase in the maximum rate of Young Homeless Allowance and related AUSTUDY payments;

(d) expanded labour market assistance and measures to help disadvantaged young people make the transition to work;

(e) a new health initiative focussing on the needs of disadvantaged youth in high risk locations; and

(f) an expansion of the Youth Access Centre network.

2.9 Housing

(i) Overhaul of Commonwealth/State Housing Agreement (CSHA) with the Commonwealth providing better quality assistance through the conversion of nominated loan funds to grants.

(ii) Additional \$15 million to the States in 1989/90 through the Mortgage and Rent Relief Scheme for the purpose of assisting people who experience difficulties meeting rent and home loan repayments.

2.10 Aboriginal and Torres Strait Islanders

Programme aimed at developing more equitable access to essential community services including:

(i) additional funding to infrastructure projects having a major impact on public health and housing and an expansion of programmes to increase Aboriginal employment and development opportunities.

(ii) through a new National Aboriginal and Torres Strait Islander Education Policy, a long term commitment to seeking to address barriers to equity in education faced by Aboriginals and Torres Strait Islanders.

2.11 Assistance for People with Disabilities

(i) Introduction of new Disability Services Act aimed at providing a framework for achieving increased independence, employment opportunities and integration in the community of people with disabilities.

(ii) Increased funding for Disability Services Programme, the additional money targeted at new services to assist in providing high quality employment, accommodation and advocacy for people with disabilities.

2.12 Whilst this list is not exhaustive, it does show the progress which has been made in seeking to assist the most needy, together with more long term strategies which will hopefully over time enable people to improve their standards of living.

3. PRIORITIES FOR ACTION

The direction of reform has now been established.

3.1 The challenge to the union movement, which has already proven itself a force for social change through its social wage activities, is to maintain the gains of reform and to pursue vigorously further reform.

3.2 These activities will also, in the light of recent attacks by the Liberal/National party, require the union movement to defend the social security system.

3.3 The social wage initiatives of recent years have established beyond any doubt that the standard of living of workers is not just related to workplace activities but also involves negotiations on a broader economic and social range of issues.

3.4 For this reason alone, the integrity of the social welfare system must be defended whilst at the same time ensuring that its services are effective and administratively efficient.

3.5 The task now ahead of the union movement, through co-operation with other organisations and community groups concerned with welfare, include:

(i) Maintenance of the gains achieved to date together with the full implementation of announced Budgetary programmes, e.g. the ongoing indexation of family allowances, the family allowance supplement, age pension increases and the rental assistance programme.

(ii) Ongoing improvement of adequacy of payments under Families Package, in accordance with ACTU policy.

(iii) Attention to the need to maximise access to social security entitlements such as FAS, through continued government and trade union efforts to publicise details of entitlements.

(iv) Ongoing improvement in the adequacy of all pensions, the long term goal being 40% of average award wages, with all social security recipients to be treated equitably.

(v) Conclude the 3% superannuation round by ensuring all remaining awards are varied and developing appropriate action to ensure award compliance by employers.

(vi) Seeking further increases in employer superannuation contributions, particularly to those most in need, at a time consistent with our overall wages strategy.

(vii) Adequate retirement advisory service through provision of union approved agencies and more liaison between the Department of Social Security, Commonwealth Employment Service and Taxation Office.

(viii) Trade union action to assist people with disabilities being integrated into the overall workforce together with consideration of needs of workers in sheltered

workshops, e.g. training and health and safety.

(ix) Ongoing reform of the taxation system, including support for the endeavours of the Commissioner of Taxation through tax audits to ensure that business and individuals pay their correct tax.

(x) Continued support for the construction of public housing aimed at significantly reducing the waiting list for access to public housing.

(xi) Use of superannuation resources for socially orientated benefits such as housing together with access by individual workers to part of their individual superannuation accounts for the purpose of home ownership.

(xii) Short term targeted relief in the form of rental assistance and mortgage relief for low income earners.

(xiii) Support for government initiatives aimed at further reducing unemployment through an active labour market programme which provides targeted counselling, training and support opportunities including child care.

(xiv) Ongoing action around the issue of youth poverty including income support and housing.

(xv) Urgent action to prevent privatisation of the Housing Loans Insurance Corporation as proposed in the 89/90 Budget, including by meeting with Government.

3.6 Our ability to deliver these type of reform will be dependent on the government of the day and its commitment to the underprivileged.

3.7 An alternative government would not be as supportive and Congress should note the attack on social wage issues under the Fraser/Anthony Government of 1975-83 and in particular the recent public utterances of the Federal President of the Liberal Party on what would be the attitude of the conservative parties in government to social welfare. Noting that there will be "pain as one takes away some of the welfare shackles", he said:

"Look at the different mentality of our citizens where they basically are saying we deserve a piece of the welfare cake. Whether it be family allowances ... I think there's about thirty per cent of Australia that gets some form of handout. Surely this malaise that government knows best and that we have free health care, and we have work without the dole (sic) ... seem to be enshrined in the last twenty years in our philosophy and way of life. It's no wonder we're falling behind ... In my view we've got to reset the value system in this country." (National Nine News, 27/7/89)

3.8 In contrast, the current Labor Government has delivered on a range of social wage issues for which it is to be congratulated.