

# MEDIA RELEASE

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## McClure Report Principles on the Right Track

The WA Council of Social Service welcomed today's release of the long awaited McClure report on welfare reform, *A New System for Better Employment and Social Outcomes*.

"The Report acknowledges the key problems in the payment system needing reform: complexity, unfairness, inadequacy and disincentives to work. While it falls short of proposing the right mix of solutions, it substantially advances the public debate on these critical issues of simplicity, equity and effectiveness," said WACOSS CEO, Irina Cattalini.

"The Report also provides some very constructive suggestions for engagement with the community sector, co-design of services, greater linkages across types of support, more targeted investment for longer term outcomes and a focus on early- intervention."

"More work is needed on the model to ensure it achieves its practical commitment to simplicity and transparency and avoids some key risks."

"There are many principles reflected in the report that would drive reform in the right direction;

- simplification of the number of payments and supplements,
- making it easier for people receiving payments to understand they system,
- removing disincentives to work,
- establishing and maintaining adequacy of payments, and
- maintaining relativity between different payment types."

"However, the report fails to propose a model that would deliver on these intended principles, instead recommending a tiered structure within the five payment areas that is still very complex, with multiple tiers and assessment processes. This is unlikely to deliver the intended simplicity. Four income support payment levels instead of three is neither simpler or fairer; and four definitions of disability is likely to be unworkable."

"In the current system, people in similar circumstances with similar basic living costs receive different levels of financial support and face different expectations of work. Unfortunately, the Report recommendations preserve many of these inconsistencies and create new anomalies in the system through its complex tiered payment proposal."

"Some current income support recipients would go on to a higher payment than they receive currently, but many newer applicants would be worse off under the proposed rules, failing the fairness test."

"Setting lower payment rates for people with higher capacity to work, assumes people can get paid work to supplement their payments through earned income. Payments need to be adequate for people when they are unable to get work."

“We strongly support the recommendation for a jobs plan for people living with a disability or mental health conditions in the first instance, but it should also include other disadvantaged groups in the plan, especially people who are unemployed long term.”

“Reform must be complemented by increased support to assist people to find paid work, particularly people who are long-term unemployed, older people, single parents, carers and people with a disability.”

“We need to move to a more rational system based on people’s financial need rather than on notions of what they deserve based on assumed or assessed capacity.”

“The Council suggests this report should be used as a starting point for further discussion with the community to design a system that is simple, fair and effective both in providing adequate payments and supporting people to work.”

"There are already some great examples of successful community programs in WA helping disadvantaged young people to achieve their employment aspirations. Our best approach is to build upon, strengthen and help link up successful local initiatives rather than reinventing the wheel," concluded Ms Cattalini.

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