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Article No: \_\_\_\_\_

**TITLE:** ACT Council of Social Services President claims the complicated nature of our social security system is hindering people from obtaining their full entitlements. A simpler social security system is suggested, whereby a minimum income is guaranteed regardless of other income earned which would be taxed.

**SPEAKERS:** John TOMLINSON – President, ACT Council of Social Security.

**REPORTERS:** JULIE DARRETT

**ENRICHMENT:**

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JULIE DARRETT: The Prime Minister's 1987 manifesto claims that no child need live in poverty by 1990. Although applauded widely at the time that this was made, it may possibly be the statement that the Prime Minister regrets making the most, and is certainly quoted and misquoted by journalists and politicians alike.

John Tomlinson, Director of the ACT Council of Social Services, maintains that 7,000 people in Canberra alone, are living below the poverty line because of the complicated nature of our welfare system. Apparently there are 127 different forms of welfare payment administered by 10 commonwealth departments; so, it's no surprise that thousands of Australians have trouble finding their way through the system. John, in fact, says that after 25 years of working in the system, he can't figure it out!

So, John, welcome to the studio.

JOHN TOMLINSON: Good morning, Julie.

JULIE DARRETT: Thank you very much for coming in. One hundred and twenty-seven payments – it makes it pretty hard, doesn't it?

JOHN TOMLINSON: It certainly is. And when it's spread across so many departments with their different rules and eligibility requirements – Social Security Department alone has 4,000 pages of manuals, and that's as well as their Act, and the Audit Act and the Finance Act that people are expected to understand if they are working in the system – they're very confused themselves, and people coming in often face literacy problems and have great difficulty finding their way through what we call the 'welfare maze'.

JULIE DARRETT: So, you expect that there are a lot of people out there who are entitled to different payments but just can't figure out how to get them or don't even know they exist?

JOHN TOMLINSON: Well, even the most simple one, the Family Allowance Supplement which is available to all families on low income that have children or all single parents that have children, they're able to apply for that if their income is low enough, and 50 per cent of those people who would have an entitlement, on the best figures that Social Security can provide us with, indicate that they're not applying.

JULIE DARRETT: Why not?

JOHN TOMLINSON: Well, one of the reasons they don't apply is that people don't want government interfering in their lives. They've had unhappy experiences with departments in the past. Other groups of people are people of migrant backgrounds who've come here, don't speak English very well, don't read English very well, don't understand what their entitlements are. Aboriginal people, of course, in Central Australia and Northern Territory and north west of Queensland have massive problems in getting their entitlements. The other people are people who have changeable income and this week they might be entitled and next week they're not, and it's too much of a hassle.

JULIE DARRETT: Does the government realise that it's an unwieldy system or are they quite pleased that it's overwhelming difficult to manage and the money just isn't going out?

JOHN TOMLINSON: Well, I think it's probably a bit cynical to suggest that the Government is happy the people don't apply but, clearly, if they were serious about people applying, they would do a lot more to make the system simpler. I know that every Council of Social Service in Australia has been telling the Government for the past 10 to 12 years that the system is unworkable, and I've personally discussed with Brian Howe on eight or nine occasions and told him that I think it's crazy that he's got a system as complicated as that.

JULIE DARRETT: And what's his response been? Brian Howe, of course, is the Minister for Social Services.

JOHN TOMLINSON: Yes. The .. well, his response has been that he's got to make sure that people don't get things they're not entitled to. And my argument is that while he's doing that, half the people who are entitled are missing out. So, if you were selling cars and you were the sole supplier of cars to the Australian people and you only got cars to half the number of people who wanted to buy them, that would hardly be regarded as efficiency. When .. what Social Security is the major supplier of social security benefits and if they're only getting to half the people who have an entitlement, they're being very inefficient.

JULIE DARRETT: How would you simplify it?

JOHN TOMLINSON: Well, I'd simplify it by basically adopting Professor Ronald Henderson's 1975 poverty inquiry suggestion, which was to introduce a guaranteed minimum income which would be the same for all people in Australia. Ronald Henderson actually made it a bit more complicated than I'd make it. He had two tiers and he based it on the family. I'd base it on the individual because many groups of people live together, and whether or not they're a family is a moot point. Some people live together for a very short period of time. Some people, like my

mother-in-law and father-in-law, have been living together unhappily for a long period of time. Now, whether or not they're a family, I don't know.

JULIE DARRETT: I'm sure they didn't want you to say that on air. John, well, we should move right along there. So, you'd give everybody an income?

JOHN TOMLINSON: Everybody would be entitled to an income at the poverty line.

JULIE DARRETT: Regardless of whatever else income was coming in?

JOHN TOMLINSON: Regardless of that other income, and the other income would be taxed. The first dollar would be taxed and every other dollar would be taxed on that. And if you paid tax of 50 cents in the dollar on all earned income but you had an income guarantee of, say, \$140 a week which is currently what'd be needed for a single person.

At the end of a \$400 a week job, you'd be paying roughly the same tax as you are now, because you'd get from the Government \$140 a week, and they'd take back \$200 a week in tax from your \$400 a week job; so, in fact, you'd lose \$60 on your \$400 a week.

JULIE DARRETT: It all presumes, of course, that people aren't just going to say, 'Oh, right, well'. Throw my hands up and say, 'Well, I'll just live on the minimum allowance. I'll just take that, thank you very much'.

JOHNTOMLINSON: Well, there's been some experiments done on that and quite widespread experiments right through the United States and Canada. We have had some experiments done by the Brotherhood of St Lawrence in Melbourne in the period of the early eighties where they ran what they called an 'arc program' and they actually did provide a guaranteed income for families that used to come and see them for assistance, and that worked there.

There's no evidence to suggest anywhere in the world that people don't want to work. There are certainly some groups of people who wouldn't work in an iron lung. Now, you don't get any production out of them anyway, and industry would be far more efficient if they were paid to stay away than being there and just creating a nuisance. It slows down production lines. It slows down all sort of productivity.

JULIE DARRETT: So what you're saying: if people are people, good and bad ....

JOHN TOMLINSON: Well, that's right. Once you sort out the income issues, then the other issues such as education, housing, health, are very easy to sort out because there are no complications. At the moment someone goes into a hospital, we've got to work out whether or not they're on private funds, whether or not they're on Medicare, and whether or not they've got an income from this source or that source, whether it's State income, whether it's part State income, part private income. It just gets so complicated. Whereas, if you had a system which was totally integrated with the Taxation Department and Social Security – I'd in fact abolish Social Security and have the Taxation Department run all income, both in their taxing side of it and their giving side of it; that was the way it was done in Australia up till 1927, and it's the simplest way to go ahead because you'd then only got one checking agency. At the moment you've got 10 agencies checking on people with tax being just one of those people that invade your privacy.

JULIE DARRETT: John it's a .. well, that's a map for social change if every I saw one. Is anyone going to take you seriously?

JOHN TOMLINSON: Well, the last report that came out of Brian Howe's department at least recognised that that's a suggestion which has to be considered; that was in response to the issue of their unemployment paper, but certainly the Labor Government in the 1970s, the Whitlam Government, took that seriously. Bill Hayden announced in the 15 March 1973 that they were going to introduce a guaranteed income. Don Grimes, the next Labor Minister in Social Security under the Hawke Government, said that they were going to look very seriously at a guaranteed minimum income. Brian Howe, himself, on the day he took up his office, when he replaced Don Grimes, said he was going to introduce a guaranteed minimum income. Malcolm Fraser considered a partial guaranteed income during his period of office.

JULIE DARRETT: Then why hasn't it happened?

JOHN TOMLINSON: Well, it has happened in New Zealand and it hasn't happened here because, basically, I think Australian people are scared that their neighbours would stay away from work. They know that they wouldn't, but they think that the young people down the street might. And what's happened in this country is that we've become divided between the old and the young, between householders and renters, and those divisions have created suspicion. What we need to do is understand that all of us are struggling either to pay off mortgages or to pay rent and to pay electricity bills. We're all Australians, and as a right of citizenship we should be guaranteed an income. Very few people in Australia would actually support having people starve to death, irrespective of what they did, whether they worked or not, and we therefore pay Social Security. If we are going to pay Social Security, for a very small amount more, we could have a very simpler system which was (1) guaranteed everybody an income above the poverty line, and (2) would ensure that everybody paid their appropriate rate of tax.

JULIE DARRETT: Why would that cost more? I would have thought that if you get rid of those 4,000 pages of regulations, you won't have to have 9,000 clerks running around trying to make it all work?

JOHN TOMLINSON: The extra costs would come in ensuring that women at home who look after children and who don't go to work and who are currently excluded from payment of social security or men at home who are looking after children, that aren't working, they would then be paid as citizens. In Australia, we regard that as a very worthwhile and honourable activity ....

JULIE DARRETT: But we don't pay anybody to do it.

JOHN TOMLINSON: We don't pay anyone to do it and that's really sad, because if parents believe they should stay home and look after their children, then those children are better off if those parents believe that, whereas other parents believe that their children are better off if they're placed in child care. And the only research that I've ever seen that's been quite devastatingly clear has been .. it relates very much on whether the parent believes that their form of child care is the best form of child care, whether they stay home or whether the child goes into care.

JULIE DARRETT: I've heard that about education as well. It doesn't

JOHN TOMLINSON: That's right. And .. but if we as a society are saying that motherhood and fatherhood is a good thing, then we should be prepared to pay for that because that next generation is going to pay for your and my pension. I mean, the money that we pay this year in tax doesn't get saved up by Mr Keating, put in a box and said: `This is John Tomlinson's

pension funds'; this goes to pay for pensions and benefits this year to people who are older or incapacitated or out of work this year. And so, what we need to do is make the next generation of children far more productive so that people of our age can look forward to a decent retirement.

JULIE DARRETT: And a simpler system would do all of that?

JOHN TOMLINSON: A simpler system would do that and it would do it much better because we'd have a system where people didn't miss out. And what happens to people who miss out currently, is they usually go and rely on assistance from other people who are getting a pension or benefit or they rely on other family members who are working; so that we're often forced into situations where we're paying for people who should have an entitlement to a payment, but haven't been able to work their way through the system.

All of us would know people who've been out of work for a while, who haven't got onto the appropriate benefit or pension and who need help, and that most people are giving that help to their family or friends and that help should be coming directly from the State out of the tax. I mean, if we have a defence Force because we say we need to be defended from the enemy, then we don't say we have a Defence Force that's only going to defend the workers. It's also going to defend the unemployed and the pensioners, and it's even going to defend that very small group of people – about half a percent of people who wouldn't work no matter what the situation was – but the Defence Force doesn't say: 'I'm not going to defend Australia for that group of people who won't work'; so why should the social security system be any different?

JULIE DARRETT: John, I take your point. Thank you very much for coming in today. It's a fascinating sweep around the social security system and a map for social change.