



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Reference: Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Bill 2005; Family and Community Services Legislation Amendment (Welfare to Work) Bill 2005

TUESDAY, 22 NOVEMBER 2005

CANBERRA

BY AUTHORITY OF THE SENATE

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:
<http://parlinfoweb.aph.gov.au>

SENATE
COMMUNITY AFFAIRS LEGISLATION COMMITTEE
Tuesday, 22 November 2005

Participating members: Senators Abetz, Allison, Bartlett, Mark Bishop, Boswell, Bob Brown, George Campbell, Carr, Chapman, Colbeck, Coonan, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Forshaw, Hogg, Hurley, Joyce, Lightfoot, Ludwig, Lundy, McEwen, McGauran, McLucas, Milne, Nettle, O'Brien, Parry, Payne, Robert Ray, Siewert, Watson, Webber and Wong

Senators in attendance: Senators Adams, Allison, Barnett, Bartlett, Humphries, McLucas, Moore, Polley, Siewert and Wong

Terms of reference for the inquiry:

Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Bill 2005 and Family and Community Services Legislation Amendment (Welfare to Work) Bill 2005

WITNESSES

BAKER, Dr Ken, Chief Executive, ACROD	57
CLOHESY, Ms Alanna, Deputy Director, Advocacy, People with Disability Australia Inc.....	79
COLEMAN, Mrs Marie Yvonne, Chair, Social Policy Committee, National Foundation for Australian Women	102
DALTON, Mr Anthony Edward, Chair, National Social Justice Committee, St Vincent de Paul Society.....	44
DUDLEY, Ms Sheridan Helen, Chief Executive, Job Futures	11
EGAN, Ms Susan Wendy, Executive Officer, Physical Disability Council of Australia	92
FALZON, Dr John, National Director, Social Policy, St Vincent de Paul Society	44
FORREST, Ms Heidi, President, People with Disability Australia Inc.	79
HECKENDORF, Mr David, Private capacity.....	66
McINNES, Dr Elspeth Margaret, Convenor, National Council of Single Mothers and their Children Inc.....	24
O'NEILL, Ms Collette Maree, National Policy Officer, Australian Federation of Disability Organisations	79
PATTISON, Mr Mark, Executive Director, National Council on Intellectual Disability.....	92
PERRY, Ms Julia Sybil, Private capacity.....	71
SALTHOUSE, Ms Susan Margaret, Secretary, Women with Disabilities Australia, affiliate organisation of Australian Federation of Disability Organisations	79
SIMONS, Dr Rob, National Manager, Strategic Research and Social Policy, The Smith Family	1
TAYLOR, Ms Jacqueline Sharon, Executive Officer, National Council of Single Mothers and their Children Inc.....	24
WICKS, Mr John Patrick, Vice-President, National Social Justice Committee, St Vincent de Paul Society.....	44

Committee met at 9.06 am**SIMONS, Dr Rob, National Manager, Strategic Research and Social Policy, The Smith Family**

CHAIR (Senator Humphries)—I declare open this public hearing of the Senate Community Affairs Legislation Committee. I thank senators and witnesses for their attendance here today at the resumption of the inquiry into the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Bill 2005 and the Family and Community Services Legislation Amendment (Welfare to Work) Bill 2005. Welcome, Dr Simons. There is a usual warning I give people about the giving of evidence being subject to parliamentary privilege, but I am sure, Dr Simons, you are aware of the restrictions on the giving of evidence. We have your submission in front of us, which is submission No. 18. Thank you for producing that and doing so in a fairly short time. We are going to ask you questions about it in due course, but would you like to start by making a statement or opening comment about the submission?

Dr Simons—Yes, thank you. For the last 6½ years the Smith Family has been focusing its program development initiatives on assisting disadvantaged Australians specifically to acquire skills for a 21st century knowledge economy. Hence, we hope you saw that our submission reflected an overarching education-lifelong learning strategy for prevention against intergenerational disadvantage. To that end, we have raised what we consider a long-term, a medium-term and a short-term, or immediate, consideration that we believe needs to be incorporated into the bill.

I will speak briefly on the long-term consideration. We were hoping to highlight the importance of regular and accessible opportunities for quality education and lifelong learning as a preventative approach in reducing welfare dependency. Recent research by the Australian Productivity Commission and our own research have shown that better educated people generally have higher rates of work force participation. Let me point out here—and we also pointed out this problem in our submission—that we are aware that we have an issue with overeducation. We are talking not about the wrong type of education for people at the wrong points in their lives but about more clearly targeted education that is responsive to the need to give people the capacity and to equip them to be workers in the 21st century. In this respect, we welcome the proposed investment of over \$2 million in new and expanded services, such as the employment preparation and prevocational participation account.

However, there do remain a number of issues of concern from our perspective. The first issue, as cited by the Treasurer himself, is the adequacy of these initiatives. He described them as ‘limited, short interventions’. We would agree. The second issue is the capacity for individuals returning to the work force without formal education qualifications to compete for employment other than low-skilled, low-wage and insecure posts. The third issue is the likelihood that low-skilled placements, usually undertaken by individuals who have no high school qualifications, will in many instances be unproductive and even detrimental to their long-term employment success and earnings, and we quoted some very current and recent research from Autor and Houseman. The final issue is the probability that many individuals in regional and rural Australia affected by the proposed welfare reforms, especially single parents, would find it difficult to secure the work hours necessary to fulfil the activity test.

Therefore, we believe that strategic investment in social support would be more effective in the long run by a more comprehensive reorientation to channel resources into parental education, early childhood intervention, high school retention rates and improving access to tertiary education. Fundamentally, we are saying that any approach to address the problem has to be integrated adequately with other forms of support to be adequate support.

In reference to our second medium-term consideration, we were hoping to highlight the importance of ensuring an appropriate work-family balance. Parents significantly shape their children's development—we know that from the research we are constantly carrying out on our 22,000-plus families on the Learning for Life program. Our concern is that low-income, low-skilled parents are more likely to take on jobs with long or unusual hours than those with stronger qualifications, and this may result in children missing out on parental help with home work, family holidays and, more broadly, parental support during key transition stages in their lives.

The bill makes little reference to the potential impact of its reforms on family life, perhaps assuming that the supposedly increased monetary benefits more than compensate for this. In fact, however, studies have shown that the majority of young people in Australia want more time with their parents rather than more money through more parental work. This is as true of boys and girls from a dual-earner as a single-earner couple household, as well as single-parent households. I am citing there from Pocock and Clark.

Therefore, the Smith Family welcomes the additional funding tabled to increase the number of child-care places and the recent news that single parents will not have to accept jobs that do not pay enough to cover the costs of child care. However, we remain concerned that there is not more explicit recognition of and protection for the critical importance of family time in the bill. Finally, a short-term or more immediate concern is how the financial implications of this bill might impact on single-parent families and why the single largest subgroup within the demographic of families on our Learning for Life program is single mums.

Since the provisions of the bill were formally announced, a number of reports have been released examining the potential financial consequences for welfare recipients of the changes—notably, the shift from parenting payments to the enhanced Newstart scheme. The Smith Family, which has conducted extensive research into the financial needs and circumstances of disadvantaged Australians, is particularly concerned at the following findings, the first two, of which you would be aware, are the result of research carried out by NATSEM just a few months ago. Newstart is not designed to assist people to find paid work with income support and is more restrictive when compared to the current pension type payment for sole parents.

After 1 July 2006, sole parent families who go onto Newstart payment rather than parenting payment single will receive a sizeable cut in benefits whether or not they are totally reliant on income support. Even parents who qualify for temporary exemption from the 15 hours per week in the participation requirement will still be placed on Newstart. Thus, if they have no private income they will be at least \$29 a week worse off. We have further details in our submission. Finally, the gap between parenting payment single and the Newstart allowance is likely to increase in future years.

The Smith Family is concerned that the overall effect of these income tax changes, in contrast to what the stated intentions of the bill are, will in fact reduce the attractiveness of paid work for sole parents and the amount of income that they have available to support themselves and their children after they undertake paid work. It is therefore a significant concern from our perspective that these and other groups may find themselves further disadvantaged by the reforms if they are passed without further amendment.

In conclusion, while the Smith Family welcomes the government's efforts to create a more flexible and confident work force through the introduction of the bill, there remain key components that need further discussion and potential redefinition if the best possible outcomes for disadvantaged Australians, as well as all Australians, are to be achieved. In particular, we encourage the promotion of a more preventive approach to avoiding welfare dependency through early intervention-education oriented legislation and provisions that protect and respect the proven contribution of the time families spend together outside of work. It is in the spirit of working together with the government, non-government organisations and all members of the community that the Smith Family has presented its submission to the Senate Community Affairs Legislation Committee.

CHAIR—Thank you for the presentation and for your submission. I want to start by commending you and the Smith Family for the Learning for Life program. Its focus on giving young people a sense of engagement with study is obviously a very important process in ensuring that people do not make wrong decisions about future life choices at an early age. In that respect, I want to clarify one aspect of your submission which was not clear to me. On page 3 of the submission, you make the point about the need to channel resources into parental education, high school retention rates and improve access to tertiary education as a device for reducing the amount we need to spend in the long term on income support. But you also make the point on the previous page about the fact that:

... current competition for jobs is very intense due to relatively high levels of overeducation in Australia, which leads to less skilled workers being bumped down into low-skilled, low wage positions—

or out of the market altogether. Given that there will always be people with low skills, no matter how much we emphasise education both at school and later levels, how do we reconcile those two problems and what is the extent of overeducation in the work force at the moment?

Dr Simons—Thank you for the question, because it is an issue that I wanted to have the opportunity to clarify anyway, and I alluded to it in my opening comments. The issue is the sets of skills that will be needed for full and robust participation in a 21st century economy. You are quite right in saying that, relatively speaking, there will always be a low-skills set. However, if we take a global perspective—and this is what the Smith Family is doing in trying to understand what is needed, as a highly developed country—the incidence of capacity for low-skills sets within Australia, like in most developed countries, will be operating at a higher level when you make global comparisons.

The issue of overeducation was discussed in a report I recently referred to—if I am not mistaken it was the Dusseldorp Skills Forum report, although I do not have the precise reference in front of me. It referred to the issue of the types of education and the pathways to learning post compulsory schooling. We have been advocating the importance of school

systems to make changes that need to be done to respond to the learning interests and needs of young people, particularly in the years 8, 9 and 10 category, where enough attention has not yet been placed. In the wake of all those changes having been made, we find ourselves, despite all the rhetoric to the contrary, still with a more unilateral approach to people finishing compulsory school, then going into quite predictable pathways subsequently, whether that is into university, TAFE, apprenticeship or other combinations.

However, we have been trying to point out from our research that attention to the diversity of the pathways and the offerings that are made available for young people at the critical period have to be much more broadly available and the information and the type of assistance they need in understanding the information has to be much more intensely and individually focused. I understand perfectly well that that is not the purpose of this bill, but that is why that was framed as a long-term, preventive, strategic concern for framing what the bill is trying to do. Ultimately, if there is not some type of awareness given to that and acknowledgement of that awareness then, even in what the bill does with its educational provisions, it is not likely to hit the target of what is needed for the people who might be the concern of the bill more directly. We have always maintained the need for a dual generational approach. It is not very productive to simply address the presenting need, which is why we try to address the issue of the children and their parents in a dual-generational way.

On the issue of the overeducation, we would say, 'Yes, it is a problem, because we have approached the outcomes of education too much on traditional and not sufficiently flexible learning pathways.' Secondly, we emphasise the importance of the education because we firmly believe, on the basis of evidence nationally and internationally, that, unless citizens in a developed country like Australia are equipped to participate in a knowledge economy in the 21st century, we are going to have a serious problem. I might add one other thing. The high incidence of unemployment for young people aged roughly 18 to 25 of, I think, 17.5 per cent, versus 5.2 per cent for the general population, indicates how much we are still consistently missing the mark on this other issue.

CHAIR—You make a point in the submission as well about the problem of a lack of formal qualifications leading to people competing for low-skilled, low-wage, insecure posts. You seem to suggest that the phenomenon of those sorts of jobs is a problem that is exacerbated by the package. Can I put it to you that low-skilled, low-wage jobs, although obviously not desirable on a long-term basis, are not necessarily a bad feature, particularly for young entrants into the workplace. I am sure we have all occupied low-paid, insecure, low-skilled jobs at one stage or another, particularly as young people. There is evidence that people in such jobs within 12 months will more often than not be in higher paid positions, presumably with more security. In what sort of context do you believe we should be looking at access to those sorts of jobs, in the context of this package particularly?

Dr Simons—Let me state up front that I would agree with you completely that low-skilled, low-wage jobs can provide a good entry point for a good number of students. However, the issue here is that it is the students who do not have a sufficient perspective or the assistance they need to develop the sense of a pathway for which that becomes a problem. Our response to that would be that we have been trying to flag that as part of this broader concern to which I was referring in my previous response, and that different types of support—whether they are

seconded from business, the community sector, mentoring programs or whatever—are needed for a good number of young people who enter these low-skilled, low-wage jobs. However, if they engage in that type of employment with the proper framework and support, there is nothing wrong with it at all. In fact, it can be a very good starting point.

We are more concerned for young people who may be going into that type of employment without any type of support. For example, there are some employers who clearly look on those people who come in at that level as having the potential and the capacity to move on. That is fine in some workplaces, but in other workplaces that is not the case. We are concerned with what other types of support may be present within the community to address the need for the support and/or the guidance that the student needs. The issue is not that those types of jobs have no value or merit whatsoever but that the young person who takes on that position has the mentoring, support, assistance, information or career guidance that can help them formulate in their own mind a pathway.

CHAIR—You make reference to the Australian institute survey of young people's attitudes towards their parents' working habits—to the fact that the majority of young people wish their parents would spend more time with them and less time at work and that there was a debilitating effect of excessive work on families. I do not doubt that that would be people's reaction to the issues that were posed. But, not having seen the research, I assume that people were asked to comment on the hours of work that their parents do or the amount of time they spend away from the family. Equally, it is the case that many people would say that having no job in a family would be at least as bad a phenomenon to experience. Research cited by the Department of Employment and Workplace Relations which was done by the Australian Institute of Family Studies found that work is an element of making families feel more satisfied and that 70 per cent of parents agreed that work made them feel more confident. I assume that you are not telling the committee that if we had to make a choice between no work and overwork—

Dr Simons—No, not at all. The Pocock research to which you refer—I forget her co-author at the moment—was simply trying to identify as the major point what the children value in terms of their relationship with their parents vis-a-vis what a parent might think or an attitude that a parent might have about how much they need to earn to keep the family happy and financially viable and sustainable. The issue there is one of proportion. In no way would the Smith Family be arguing that it is better not to have somebody in the workplace. In fact, our research, particularly for the last three years, has highlighted how strongly important it is, because of the dual generation focus, for a young person to experience a parent—whether a sole parent or two parents—who has a good work ethic and can instil the values that would be needed to enable them to develop the capacity to engage. I think the issue in the previous research was the proportion—the degree to which parents become so tied up in the amount of work that is taken on such that there is very little time left for their children.

To go back to the comments about the bill, it is an entirely different situation if we are talking about two earners who are operating at a medium to high level in respect of the times that we are dealing with. It is another thing if we are talking about, say, a single mum who might be working three different jobs just to make sure things are getting done. That is what that comment was directed at. The people who would need the assistance that the bill is

providing should not have to work to such an extent that the balance between the time they can provide for support needed, not just at important times in the child's life but also on a weekly basis, is jeopardised as a result.

CHAIR—But you are not saying that the bill facilitates or necessitates that, are you?

Dr Simons—No. We are saying that we did not notice consideration of the issue as much as we thought might have been helpful. That is fundamentally it.

CHAIR—It seems to me the bill is about getting people into those jobs, not requiring very long hours in jobs or intensive activity, but I suppose that is a matter of opinion.

Dr Simons—Yes. This is all part of the nature of our comments, which are focusing on the context in which the people would be working. We do not simply view individuals vis-a-vis their job alone and not in the other contexts with which they are interacting. I am not saying the bill is doing that. We are saying that we would have liked to have seen a more explicit consideration of those issues.

CHAIR—Okay.

Senator McLUCAS—Thank you for your submission, Dr Simons. Under the subheading of 'Financial implications of the Bill', in the first dot point you say: 'Newstart is designed for people who are expected to be able to enter the full-time work force'. You seem to be saying that it is not the appropriate philosophy, I suppose, or structured payment system, to assist single parents in particular into the work force. I want to explore that dot point with you, and to understand what you mean by that.

Dr Simons—I am glad you raise that question, because when I went through this submission on the flight down this morning I thought, 'There is a whole philosophy being reflected by the government, even in the shift in the names of the programs'. And I appreciate the philosophy, definitely. You have to take all of those dot points together, but really the concern there was whether or not the balance of the income tax and tax changes that might take place would keep the work option attractive, so that that would not frustrate the intended philosophy behind the bill. We definitely appreciate what is trying to be done here, and that is why we say that we welcome it in general, but these are the further refinements that we would look for.

Senator McLUCAS—You are referring to the impact of marginal tax rates in particular?

Dr Simons—That is right.

Senator McLUCAS—And to the NATSEM research?

Dr Simons—Yes.

Senator McLUCAS—You have had a look at the NATSEM research?

Dr Simons—Yes. In fact we have quite regular dealings with NATSEM, because we have had them do a lot of research for us on a number of different issues.

Senator McLUCAS—Other submitters have talked about retaining the parenting payment single as the system to support single parents, rather than moving to Newstart. Is that your view as well?

Dr Simons—No, that would not be our view particularly. As I said, I can appreciate the philosophy behind bundling a number of the forms of support under Newstart, but the question is to refine how this is going to be done. I think the philosophy is very good. There is something to be said for not stigmatising or overly categorising where people are at, in terms of the forms of assistance that they receive, which is also one of the key issues in the way the Smith Family tries to operate with the assistance we provide. So I do understand what is trying to be done here. But it is one thing to get the philosophy and the framework in an acceptable shape, but another to look at the finer details of how that is to be accomplished.

Senator McLUCAS—Fixing marginal tax rates would be one issue. The education supplement is another issue that has been raised with us, and the focus of your whole submission is very much on education. That is another issue that has been raised—that parents need to be able to access that supplement.

Dr Simons—That is right.

Senator McLUCAS—You would concur with that?

Dr Simons—Definitely, because we had a piece of research done earlier in which NATSEM was involved. It examined the proportion of expenditure on necessities—like shelter, food, and other things about which there is no choice—and the proportion that the families in our socioeconomic demographic have left for schooling and other expenses, for instance the clothes that people need for work. We have to make sure that they are not going to be left short-changed in that regard.

Senator McLUCAS—On the bottom of page 2, you identify unemployment in rural and regional areas as an issue. Yesterday we had evidence from other submitters saying that people tend to move to rural areas because of the low cost of housing, with the net effect that seeking employment is very hard because of the high rates of unemployment in those areas. You are saying, I think, in that paragraph that it is hard for people in those areas to meet activity requirements. Does it go even a step further, where you have essentially got people fulfilling activity requirements—that is, looking for work the certain number of times they have to look every week—but there is no work there?

Dr Simons—I think that was part of it. Is the amount of time and the investment of a person's resources going to have to be considerably more—or regularly more; let us put it that way—if we are dealing with a rural or regional area? We are simply asking for further consideration on that point. Should the scales be totally the same across the country and in all places?

Senator McLUCAS—So you would look at geographic—

Dr Simons—I think that, for all practical purposes, that would need to be a consideration. I recognise that that would complicate issues a bit.

Senator McLUCAS—It is another layer of complexity.

Dr Simons—Yes.

Senator McLUCAS—It troubles me to hear stories of people who fill in their Jobseeker diaries with the same three people every week and to think how hurtful that must be to those individuals.

Dr Simons—Immensely.

Senator McLUCAS—It is just reinforcing your unemployability. I do not know that it would be very helpful to that person's self-esteem.

Senator SIEWERT—I was really interested in your submission, particularly in employment assistance and support. You do make some comments about the need to make it quite extensive. Do you think the current proposals for employment assistance are going to be adequate to meet the issues that you were talking about?

Dr Simons—Are you talking about the precise amount of employment?

Senator SIEWERT—Not necessarily. Firstly, there are the resources, but secondly, is it targeting the appropriate programs? Are the programs that it is supporting appropriate? Should they be developed? My reading of your submission is that you are making some very important points about where that sort of assistance needs to be targeted. Do you feel that the current program actually meets your suggestions or do you think there is use in refocusing it?

Dr Simons—No, we really think that the whole package needs to be refined on the basis of the set of observations that we have made. We understand how a package comes together in its formation over a number of iterations to get to a particular point, but I think the precise value of hearing responses from organisations such as the Smith Family and others is to look at that on the basis of other research or work that has been done. We do not think that, in the present format, it has been refined to the point where we would feel more comfortable with it or that it has arrived at its optimal state of formation.

Senator SIEWERT—What major fundamental changes would you make to that program?

Dr Simons—I think the area that had us most concerned was the single mums, keeping in mind what I said about the largest single demographic that we have within our Learning for Life program. I do think that area needs to be looked at closely. There are also the concerns I just raised about people in rural and regional areas. We are not making any more specific comments on people with disabilities mainly because we do not work in that area, but I can imagine that, by analogy, a lot of the reasoning that we use for single mums and people living in rural and regional areas would apply in a reconsideration of that area also.

Senator SIEWERT—What about the level of resources that is available?

Dr Simons—I am not sure—

Senator SIEWERT—I mean the amount of money that has been made available.

Dr Simons—I can understand the issue of trying to make the taking-on of work look more attractive, but I do think the balance is whether we can get the philosophy and the framework of the package in such a way that it will make a shift or a change in behaviour and in the way people are managing their households. Does that option supply a reasonable amount of motivation to make it more realistic for a greater number of people?

Senator SIEWERT—We have been talking about the work-family balance. What specific changes would you like to see made to make that more attractive?

Dr Simons—Let us talk about whether it is a single-parent or a dual-parent home on a low income—for example, the minimum wage. Using the consideration of the modelling of what

is required for two part-time workers, let us say as one way of managing the household, we can devise a projection of those people working and maintaining a combined sum that would support the family reasonably but still mean that the total work for the two of them would not mean that there was always time when one of the parents could be with the children. In other words, the way the work is balanced would not necessarily mean that they are always just going to have minimal exposure to their children, which might take care of basic feeding and dressing needs but not allow a sufficient amount of time to support them in other ways that we were talking about.

Senator SIEWERT—That would work in a dual-carer household.

Dr Simons—It might or it might not.

Senator SIEWERT—Whereas I have concerns that the most attractive jobs for single parents with few formal qualifications are going to be the jobs that have long shift work or shift work. It seems to me that they are going to be some of the jobs that are going to be available to single parents in this program.

Dr Simons—I go back to what I was saying. Among the examples I was citing, single parents are the largest concern that we have on the basis of the people on our program. That is where I think most of the modelling has to be readdressed. In one sense, the example of a dual-earner family I gave you before was an easier example, but all the more so in the way the degree of assistance provided has to take that into consideration.

Senator POLLEY—I come from Tasmania where we have a lot of regional remote areas. We have heard evidence throughout the course of the hearings from such regional and remote areas. The concern that I have is that, with these changes for a sole parent to seek employment, there is not going to be the educational facilities and training available to them. On top of that, we have the complication of the new industrial relations legislation. I am not sure that these people that are trying to re-enter the work force are going to have skills to be able to negotiate. Do you have any views on that?

Dr Simons—That goes back to some of the earlier comments I was making on the adequacy of the provisions for the education and training being provided. That was our first concern. That is our major concern from the perspective of where we work, and I am not quite sure. I think, until such point that the availability and the accessibility of those options are more prevalent to the people who would need them, there has to be some consideration—perhaps a scaling over years—of the way the assistance is provided. That might be one way of addressing the problem, so that these other initiatives can be set up. I realise one bill cannot do everything, but the question is: can we then stagger some of the broader framework issues to which I was referring in my opening comments? I think that point is a very valid one and needs to be taken into consideration because, if that is not available, what will those people do?

Senator POLLEY—There is a view too that, because single-income families already struggle to find that balance between work and family, there is going to be an increase on the demands of those groups like yours that are there to support those who are suffering the most in our community. I am not sure that the government, through this legislation, is really putting enough money in there to support the education programs that need to happen. There is not

the infrastructure for transport. In particular, I cite Tasmania again as a prime example of most regional and rural areas. They do not have the infrastructure, they do not have the child care available to them. Isn't this in turn going to be detrimental to the health and mental wellbeing of these people who already feel that they are isolated from the larger community? Isn't it going to cause more stress and more issues?

Dr Simons—I think there are two things I could say to that. People respond to very difficult situations quite differently, depending upon their personal skill sets and capacities to do so. So, yes, there will be a significant number who find this exceedingly stressful and are not able to take advantage of that. That is all the more reason why I maintain that, if we take the general category of social support for the building up of capacities, the bill has not been thought through sufficiently broadly in the context of the other types of complementary support that are needed, to say nothing of the adjustments on the actual financial income assistance. That is only one component of it. I am agreeing with what you are saying; I am just saying that we have not picked up in our reading of the legislation, in the very short time we had to go through quite a bit of legislation, what in fact some of these alternatives may be. We did not see them there, and I think they need to be brought into play before the bill moves on.

CHAIR—Thank you very much, Dr Simons, for your evidence today.

Dr Simons—You are very welcome.

[9.46 am]

DUDLEY, Ms Sheridan Helen, Chief Executive, Job Futures

CHAIR—Welcome. You are reminded that the giving of evidence to the committee is protected by parliamentary privilege and that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee does have before it your submission, which is numbered 50. Thank you very much for that. Would you like to make an opening statement before we proceed to ask you questions about your submission?

Ms Dudley—Yes. Firstly, thank you for inviting me to give evidence before the inquiry. Job Futures supports encouraging work force participation and lessening welfare dependency. That general direction of the reforms is something that we support. However, we do think that there is too much emphasis on punishment for non-compliance and not enough emphasis on rewards and encouragement for people to actually get a job. The focus seems to be ‘get a job, any job’. Our experience is that to keep people in a job, the best predictor is that there should be a good match between the person and the job. For a sustainable job, we need to make sure that that match takes place. It should not just be ‘get a job, any job’ and get punished if you do not keep it or accept it. If the government actually wants to achieve sustainable jobs in a sustainable community, we actually have to give a priority to getting a good match.

We also think that there is the need to encourage and reward job seekers and Job Network members to go for quality jobs rather than simply any job. By quality jobs, I mean jobs that address the growing issue of skill shortage in our community. The policy levers for Job Network and the outcome payment structures do not actually encourage or assist either job seekers or Job Network members to focus on that issue of quality jobs. We think this can be done even for people who currently would be assessed as unable to work even 15 hours a week. It is possible to put these sorts of job seekers into quality jobs which is why I included Paul’s story in our submission. I think that is a very good example of how you can get a quality job for somebody who actually has not been working and has been assessed as not being able to work at all.

We also think that people must be able to refuse or resign from unsuitable and unsustainable employment without penalty. We think eight weeks is draconian for that and is a punishment rather than an encouragement for people to continue to participate. We think that people should be able to do that. If the job results in less take-home pay than they would get if they were on the benefit, it seems absolutely unreasonable for people already on a low wage to be expected to make a decision which would result in worse economic consequences.

They also should not have to take a job which is personally unsustainable. We are worried that, in the case of somebody with mental illness, they may have to suffer a complete relapse before it is considered a good enough reason to resign. That is simply unacceptable. Job Futures are also opposed to having to put in a participation report where an unsustainable job is refused. We think that is an unnecessary and acceptable impost on Job Network members for the reasons I have set out in the submission.

Finally, we think that the reforms do not go far enough. We think they are too focused on the attitude: ‘Get a job, any job.’ We think the Welfare to Work reforms need to be broadened

to encourage participation by other groups in the face of looming employment shortages and skills shortages. Job Network members and potential employees need to be encouraged to enter the work force through resetting policy levers for Job Network to encourage and reward us for doing so. We also think that Job Network needs to be more flexible in delivering policy outcomes overall rather than the current fairly inflexible structure that it has. We think that the Welfare to Work reforms and the Work Choices reforms are, in terms of policy settings, running ahead of where the Job Network outcome structures have got to. We think that Job Network needs to catch up with the government policy settings. I am happy to answer questions.

CHAIR—Thank you very much, Ms Dudley, for the submission and for that presentation. You are a network covering providers of services around Australia.

Ms Dudley—Yes.

CHAIR—Some of those providers are in regional and rural areas.

Ms Dudley—A lot of them are.

CHAIR—Can you give us a picture of the situation in regional Australia with respect to the availability of jobs? What is the nature of the jobs that might be available in regional and rural Australia?

Ms Dudley—That is a big ask—the whole of regional and rural Australia—because we work in places like Mutitjulu, one of the most disadvantaged Aboriginal communities, through to rural and regional areas right across Australia. You are asking me to do a labour market analysis.

CHAIR—I will withdraw the question and rephrase it. We went to Albury-Wodonga last week and were told that in that market a number of jobs become available in any given week or month, and there are some sectors which are stronger than others, such as retail and hospitality. Positions have become available there. Conversely, the local manufacturing sector is contracting a bit, so there are surplus people with that sort of background. Obviously it would vary from region to region, but do your members report to you that there is a premium on positions where particular skill sets are required or, generalising across the country, is there a range of positions available between skilled and unskilled that people might acquire?

Ms Dudley—It depends on where you are. In some areas there are opportunities for less skilled labour. Seasonal fruit picking in regional Australia is clearly one of those. But in other areas, particularly in major regional hubs like Albury-Wodonga then there is a premium for skills. So it does in fact vary from region to region, and it varies from season to season. The seasonality of jobs in rural and remote Australia is an issue. Quite often somebody might be employed to work in an abattoir when the spring lambs run, then they are off for a while and then they are back on again. Seasonality is an issue for regional Australia as well. But certainly there are places where there are very few jobs available, either skilled or unskilled.

CHAIR—The unemployment rate in Australia has dropped significantly in the last 10 years. There are areas where there is still fairly trenchant unemployment, but the figures suggest that those areas tend to be more few and far between than they once were. To what

extent do you observe the phenomenon of people moving around Australia to obtain employment?

Ms Dudley—I cannot comment on that. I do not have any figures on it.

CHAIR—Okay. I did not mean figures; I meant anecdotal evidence.

Ms Dudley—I do not have any evidence of that. Our members work in local communities, and I personally do not have any way to answer that question.

CHAIR—What pre-employment programs do your member organisations provide to disadvantaged job seekers?

Ms Dudley—There is a huge range of programs. The programs vary depending on the needs in the community. One of the things that Job Futures does through its members is work in local communities. It depends on the assessed needs of the job seeker. Apart from our members undertaking formal programs in Job Network—like PSP, JPET, JPP, VETPPP, NAAF and all those sorts of programs—they also run a range of state funded programs and other initiatives that they fund through their own work to help people get into work. They might be literacy and numeracy programs; they might be personal self-esteem programs; they might be programs about writing CVs, attending interviews and getting an idea of what the workplace is like again. There are a whole range of things.

This is an issue: as we work with more and more disadvantaged job seekers—and our network focuses on working with the most disadvantaged job seekers—as the unemployment rate drops and as the number of people entering the work force diminishes, which the demographic modelling shows is going to happen, the solutions for each person have to be more and more individualised. That is one of the features that we are going to see through the next period. It is not just a program for a bunch of people. Rather, it is looking at programs for particular job seekers. What about Paul in my submission? What we would do with him is entirely different from what we did with Stephen in the submission I made last week to the Work Choices inquiry. It is very much individualised, and that is what our members are focusing on and that is where we have success in getting highly disadvantaged job seekers into work.

CHAIR—With that sort of approach, do you feel that there are reasonable prospects of employment in regional and rural Australia?

Ms Dudley—That is not a question I am competent to answer.

CHAIR—I am trying to get a picture of what is going on. We were told in Albury-Wodonga by some witnesses that there are no jobs in rural and regional Australia. I assume that that is an exaggeration.

Ms Dudley—I imagine it is an exaggeration, but I do not know. I do not have a Job Network member in Albury-Wodonga to find an answer to that.

CHAIR—The question was not about Albury-Wodonga; it was about regional and rural Australia.

Ms Dudley—What I can say is that we hold 80 per cent of the Indigenous Job Network contracts and a third of the specialist contracts, and a lot of our contracts are in regional

Australia. We are one of the top providers. We have more five-star sites than any other place in Australia, and some of those sites are in places like Broome and Yulara, which is Mutitjulu, and Tangentyere in Alice Springs. There are certainly jobs there, because they would not be a five-star site if there were not. I cannot comment on the wider parameter. I can say that we are finding jobs for people in those places.

Senator McLUCAS—I want to refer to the last paragraph on page 3 of your submission. It picks up on the comments of a witness from the Smith Family about the structure of the Newstart program. You say, ‘While the logic is clear, our view is that outcome may cause additional unnecessary harm.’ Is that because of the structure of the Newstart program? Why is that?

Ms Dudley—What I am saying there is that at the moment sole parents and people who have a disability are paid at a higher level on the DSP or the sole parenting payment. These reforms propose that, if they are assessed as being able to work or if the youngest child is more than eight years old, they will be placed on Newstart, which is a lower level. I am not making a comment on Newstart here—that is a whole other issue. The comment that I am making is that that does not seem to recognise that there are additional costs for sole parents and for people with a disability in simply living and then in being required to look for work.

It seems to be counterproductive to assume that people who already have a high disadvantage should simply be paid the same amount as people who do not, because it does not recognise those special circumstances. It will put additional stresses on people who already have a disadvantage and who will find it harder and more costly to look for work than other people might. So it is not a comment on Newstart as Newstart; it is a question about why we would actually remove benefits from people who already have a disadvantage.

Senator McLUCAS—Going to Newstart as a payment system, do you have any comments on the NATSEM modelling that looked at the effect of marginal tax rates and how that plays with the payment system?

Ms Dudley—As I have recommended, we think some of those figures and payments need to be reconsidered in the light of the NATSEM modelling. We think it was very instructive, and we believe that it should be taken into account and applied, because we do think that there are unintended, disadvantageous consequences which can be fixed by remodelling some of the figures.

Senator McLUCAS—I think you are being very generous to say they are unintended. The government really knew what it was doing.

Ms Dudley—They may be intended. One would hope they were unintended. I always hope that nobody actually wants to disadvantage still further people who are disadvantaged.

Senator McLUCAS—One would hope. On page 4 of your submission you talk about the NATSEM modelling and you say:

It is unreasonable to expect people with dependants to make decisions that will actually reduce their income when that income is already at a low level.

I am concerned about the fact that not only will people be almost compelled to make decisions but also if people do not make a decision to take a lower gross income you then get into the breaching regime.

Ms Dudley—Indeed.

Senator McLUCAS—Is that the point that you are making?

Ms Dudley—That is indeed our concern. People should not be required to put themselves in a position of having a lower net income simply for the sake of having a job. We actually think that is counterproductive when they are already in a stressed situation. There has to be a way to get people into a job without them having to have a lower income, so that they can then use that as a platform to move up. We certainly want to get people into work, but we do not think they should be disadvantaged for doing so.

Senator McLUCAS—Then you made the point about people with mental illness. Could you expand on that some more, because that group is somewhat hidden until you get the major event.

Ms Dudley—Yes. I think that the recent report by Ian Hickie is quite instructive in this. One of the issues that come out of that is that, with mental illness, people are encouraged, firstly, to hide it until they fall over and, secondly, to get off medication as soon as possible so they are so-called ‘normal’. His view is that that is quite disadvantageous to them and we ought to pick them up sooner and keep them on medication, as with a physical illness. With a physical illness you would stay on medication longer and it would be considered to be all right.

What we are concerned about here is that, if somebody with a mental illness is compelled to take a job which has the consequence of reducing their income, they know that if they resign without good reason—and it has not yet been identified what ‘good reason’ would be, and we are concerned about that—they will lose their benefits. They may in fact say, ‘I am mentally ill; I am going to relapse,’ and they may know that that is going to be the case but, because we are so bad at dealing with mental illness anyway in our society, which that report shows, it may be that they have to have a major episode before anyone says: ‘Okay, now you’ve got a good reason. You can go back on the DSP.’ We think that is entirely counterproductive, because they will have had a huge experience of failure as well as a relapse which they did not need to have. People should not be forced into that sort of position.

Senator McLUCAS—Do people with a looming mental health issue come to your Job Network providers for assistance?

Ms Dudley—Yes, we deal with a lot of people with mental illness through Job Network, through both our generalist and specialist disability services.

Senator McLUCAS—And that is post placement? So essentially your connection with that individual is, to all intents and purposes, completed?

Ms Dudley—No, in that the only way to ensure that you get a 13-week and a 26-week outcome is to ensure that you do high-level post placement support, particularly with people who have a mental or physical illness. Again, Paul’s story is a good example of post-placement support in that Job Futures Kullarri drove him to work for the first month to make

sure that he was able to get there and back, put a mentor in there for the first three weeks to make sure he did not fall over and kept in touch with the employer. We focus on high levels of post-placement support so we are in touch with those job seekers right through to 13 weeks and then, if they are eligible for a 26-week outcome, right through to 26 weeks.

Senator McLUCAS—Potentially, could it happen after that period of time?

Ms Dudley—If someone has had a positive experience of employment and you can see them growing into that job, they generally can hang it together themselves after six months of support. With Disability Open Employment Services there is a two-year support period. In those cases you can extend the support for two years.

Senator McLUCAS—Finally, you said this morning that you thought—and I do not know whether this is in your submission—we should be resetting the policy levers for Job Network providers. In what way?

Ms Dudley—I refer to that in several ways. There are a number of ways in which we need to reset the policy levers. The first is that the Welfare to Work reforms and the Work Choices reforms are envisaging a more flexible workplace. However, the Job Network levers are still very tied to 13- and 26-week outcomes. The example I use in the submission is seasonal work. Particularly, they do not take account of where somebody might have a continuing relationship with an employer for, say, six weeks and then off for four weeks, then on for another four weeks and then off for six weeks. They have that as an experience of casual employment—not periodic ongoing employment, which is a much more self-esteem building idea—and the Job Network member does not get an outcome, because the person is never there for 13 weeks.

The other place where we think policy levers need to be reset is in relation to encouraging people who are not participating in the work force at all at the moment to get back into the work force. We typically deal with people on benefits referred to us from Centrelink through Job Network. That is the major program. We are not encouraged to bring through job seekers who are not in the market, get them skilled and get them into the market. We do not get any outcome payment for that so of course we do not do it. But, if you look at the demographics on which, for example, the Work Choices reforms are based, as we wind up needing more and more skills and the skills shortages bite, we are going to have to bring these people into the work force, and there is not anyone out there to do it except Job Network members. So we think the policy levers need to be changed there.

We also think the policy levers need to be changed in that they need to focus more on bringing all of the programs together, particularly in rural and remote Australia. Whilst that has started and the programs are getting better lined up, they are still focused on achieving program KPIs rather than personal outcomes for individuals. I am glad you have raised this, because the remote services discussion paper has just come out. Whilst I have only had a quick glance at it and we have only just started to look at it, it is quite clear that this is one of the areas where, if a tender goes out for Job Network PSP, JPET, CDEP and whatever there is a whole set of separate programs when, in a rural area, you might not have very many options or jobs. It is counterproductive to say, 'We are doing PSP for these three people, JPET for these two kids and Job Network for someone else,' when what you are really trying to do is

get people into a job. We think there ought to be policy lever changes to get these things as a single program with a single outcome. For example, in a remote community, if someone needs a pair of boots and they are on Job Network, you can buy them under the JSKA but if they are on PSP you cannot. That is really crazy.

Senator McLUCAS—And potentially there are different providers of those services in very small communities.

Ms Dudley—Indeed. That is absolutely right. We think that there are lots of opportunities to line up Job Network outcome payments more closely with the flexibility that we need to get more and more disadvantaged people into work so that they can transition in. The recent stuff that has come out with taper rates assists us with intermediate outcomes, but not with final ones. It just has not caught up with where the overall policy changes are happening. We think that needs to happen if we are not only going to be able to meet future challenges but also deal sensibly with, as I say, things like seasonal workers. Sole parents are another example. Again, we do not get an outcome payment if we place someone for 10 weeks in a school term and then they are on holidays and then they have another 10 weeks. Yet we can work with an employer to come up with an arrangement to have an ongoing relationship term by term, but we do not get outcome payments for that. Those are the sorts of things we believe need changing.

Senator McLUCAS—If I could take you back to that seasonal work question, the teacher aide is a perfect example. You potentially would not even try and place someone in a teacher aide position because you will not get a payment.

Ms Dudley—We will because we will get a placement payment for them. We would anyway because we do need to get them placed. We are not going to say, ‘Sorry, we’re not going to place you because we will not get an outcome.’ That is just not how we operate. But we think it is unfair and it is not encouraging us to actually go out and creatively work with employers to do those kinds of things because we are not rewarded for doing so. Yet we are achieving the government’s policy aims of getting those people into work on a sustainable basis in a quality job.

Senator McLUCAS—And it is a quality job.

Ms Dudley—Yes, indeed.

Senator McLUCAS—I am really pleased you raised that question. Thank you.

Senator POLLEY—People who are on benefits have access to your centre. Considering what Senator Humphries said earlier about unemployment figures going down, I think we could debate that, because in the regional area that I come from there are people whose partner may be in the work force but they are not entitled to come to establishments like yours, even though they may have disabilities and may have been out of the work force for a considerable period of time. They are given no assistance at all. When you talk about changes to the policy, surely we should also be looking after those people who may be in a relationship with somebody who is working and not penalise them. Your network might be interested in pursuing that.

Ms Dudley—Absolutely. On page 5 of my submission, I talk about increasing participation rates and one of the sources being women, particularly women over 45, who are a big source. These are people who do not necessarily see themselves as unemployed—the sort of person you might be talking about who needs a path back to employment. You are right: we are not encouraged to work with these people. They have no adequate support, yet all the demographic modelling is showing that, unless people of that sort are encouraged back into the work force, we are going to run out of people to do all of the jobs we need to have done.

Senator POLLEY—They still suffer the same stigma as everyone else who is out of the work force.

Ms Dudley—Indeed.

CHAIR—Can you explain how these people are disadvantaged relative to job seekers, Senator? I do not understand the question.

Senator POLLEY—I am referring to a partner or a spouse who is unemployed, has a disability and has been out of the work force for some period of time. For instance, if I am in the work force, my husband is not entitled to any of that support and, therefore, his choice is to not register as an unemployed person. That reduces the overall unemployment figures. There is no support and there is no mechanism to gain that pathway back into paid employment.

CHAIR—How is that different to urban areas?

Senator POLLEY—It is the same in urban areas. It does not matter whether it is in regional or metropolitan areas. The problem still is that these people do not have any pathways back into employment opportunities and they still suffer the same stigma as everyone else. They are a forgotten group because everyone thinks that if your partner or your spouse is employed then life is rosy. But those people still suffer the lack of self-esteem, job opportunities and support.

Senator MOORE—Until the partnership ends.

Ms Dudley—That is right—until the partnership ends, which causes a lot of other problems. We could be here all day talking about it.

Senator SIEWERT—I would like to follow up on that point. You were talking earlier about policy levers to deal with the growing problem we are going to have, which you articulate in your submission, of not having enough people to fill positions. Do you have any ideas about what those policy levers should be?

Ms Dudley—This is one of those huge questions. We identify in our submission some of the groups who need to be encouraged back into the work force. A lot of those groups are going to require flexible working patterns. A lot of those groups are going to require assistance to get into the work force. A lot of them have not been employed for a long time. They have lost their skill edge or their self-esteem or whatever. So they cannot actually just walk up, knock on a door and get a job. They need support to get back into the work force.

I suppose what we are saying is that, if we are going to address this—and I think the Job Network members are probably the best way to do it because we already have the programs, the reach, the skills and the expertise in place—there needs to be some government incentive

through outcome payments to encourage people who would like to get back into the work force to register with us without being classed as unemployed and going through Centrelink. Some of them do not see themselves as unemployed; they see themselves as wanting to work. You do not want to start by saying, ‘You are an unemployed person; we can help you to work,’ because that actually drops their self-esteem to start with.

There needs to be some process of enabling people to work. Green Corps is an example. Young people register with us to do Green Corps programs who quite often have not come in through any experience of unemployment or through Centrelink. It is possible to have people register with us to have the experience of getting job-ready through us and then to be placed in a job. I think this is where the policy levers need to be changed: firstly, that needs to be encouraged and made possible and, secondly, Job Network members then need to be paid outcome payments for doing so because it addresses that skill and employment shortage issue which is surely going to be faced sooner or later.

Senator SIEWERT—I found your recommendations very interesting. You have made a couple of recommendations that I would like to follow up. One is recommendation 7, which says that the legislation should include provisions which ensure that, if minimum wages fall below the level applied for an individual to properly provide for their dependants, the welfare system will step in to fill that gap. Can you give us a little more information on that?

Ms Dudley—Yes. The Work Choices legislation, for the first time since the Harvester case, is going to separate the setting of minimum wages from the provision of a decent level of support, or what Harvester I think called a ‘fair go’ or something. It has allowed a situation where minimum wages can fall below a level that somebody actually needs to support themselves and their family. Previously, it could not do that because the minimum wage had this bottom in it which, according to Harvester, was that it had to support a man and his three dependants. In moving from that to a situation where a minimum wage is what you can get for the job, you need to have a system in place if that falls too low and is not being propped up through the minimum wage system.

You cannot let people simply fall through the gap, because they will fall through the gap into poverty and hardship. So the welfare system needs to have a provision to top-up support where the total income falls below a level which is considered reasonable and fair. That is a different role for the welfare system than it has at the moment and it is not picked up in the Welfare to Work reforms. I do not think it is possible to separate in a policy sense Welfare to Work and Work Choices for the individual. So, if you change the policy levers on this side with the Work Choices legislation to allow the bottom to fall out of the minimum wage so that it drops down below a reasonable poverty line welfare level, you then need to change the policy levers on the Welfare to Work side to pick that back up again.

CHAIR—It is not true to say, though, that the spouse on DSP or parenting payment is not entitled to support. As I understand it, they get support automatically as part of that arrangement. Isn’t that the case?

Ms Dudley—I cannot tell you the exact details of that.

CHAIR—That is my understanding—that automatic entitlement to support comes with the payment.

Senator MOORE—There are different forms and levels of support.

CHAIR—That is right, but it does happen. That is not to say that a person without a spouse is left without any support; support actually comes with the package.

Senator MOORE—Yes, while they are spouses.

CHAIR—While they are spouses or partners. I think it also applies to people in de facto relationships.

Ms Dudley—It depends on a variety of factors. I could not give you the details.

Senator SIEWERT—In the recommendation following that one you talk about more closely linking Welfare to Work with Work Choices and, in particular, education, training and development skills being more closely integrated between these components. We have been hearing from a number of people appearing before us about employment assistance and whether it is being appropriately targeted and whether there are enough resources. What is your opinion on that program?

Ms Dudley—Which program are you talking about?

Senator SIEWERT—Employment assistance. The funding under Welfare to Work is going to increase, but we have heard from some witnesses that it is not going to increase enough—that there is not enough funding for the number of people that will be moved on to this program—and that it might not necessarily target the right areas.

Ms Dudley—I cannot comment in detail as to the levels. What I would say is that assistance needs to be targeted and the key to working with increasingly disadvantaged people is to be able to pull from programs and support buckets what they need at a particular time to move towards employment. You do not need to fix every barrier a person has to employment before they can be employed, but you do need to fix the ones that are stopping them being employed, and that is the level of assistance you need. My problem with the whole assistance package is that there is the JSKA, which you can only use for this, and there is something or other you can only use for that. That is a barrier to us saying, ‘Right now you need this, but you’re in the wrong program.’

Senator McLUCAS—I wanted to talk about your recommendations 10 and 11, which I think are quite practical suggestions about the issue of breaching. When we were in Albury last week, we had quite compelling evidence from a Job Network provider there who expressed concern about what happens in a very small community when the Job Network provider is essentially compelled to put in a participation report which leads to a breach occurring. The provider talked about the reality that the person who has been breached will potentially be at the pub that night or at church on Sunday with the provider. Having to live in a small town as the compliance officer is a very difficult circumstance. He just raised the point with us. I think you have given us some answers to how to deal with that, but I still do not know that they would completely solve that problem in a small community.

Ms Dudley—That is not an issue that I have had raised with me by our members. We would take a step back and say that Job Network members—and I made this point earlier on in the process of the Welfare to Work reforms, in about May—should not be required to be the breaching authority. We have no problems putting in a participation report where we believe

that somebody has been deliberately avoiding the system. In some instances Centrelink does not support it when we believe somebody really should be breached, and that is very frustrating. We believe the key to it is that Job Network members must have the discretion to decide whether an instance is one where a participation report is required. If a person with mental illness falls over and they cannot get to an interview, we ought to be able to say that is not a breach issue. We need to have the discretion first. It would solve your country town problem if we had the discretion to say, 'In this instance you shouldn't have to be breached for this.'

Centrelink also needs to have a second level of discretion. It should not just be an automatic thing. Someone in Centrelink needs to talk to the person to determine whether the Centrelink person thinks they have an acceptable reason, and the Centrelink person needs to determine whether there has been a breach. It is not just the issue of the small country town and of seeing the person in the community. If we became the breaching agent, we would also run into problems with being the mentor and the assister of getting people into jobs, because we would be seen as the enemy. The other thing that would happen is that we would have to put in place the sorts of security requirements that a Centrelink office needs but we currently do not need. We design our offices very carefully to make them a place where the job seeker wants to come and look for work. You cannot have both at once. So we need discretion and Centrelink needs discretion for when the person goes there. Keeping those two separate is essential.

Senator McLUCAS—I understand that you can see the difference between the two roles and the potential conflict. I do not know, though, that when the job seeker knows that the participation report has been submitted the conflict will exist.

Ms Dudley—It is not an issue that has been raised by my members with me. We definitely see that the participation report is part of keeping the job seeker connected. Sometimes it is your only way to keep them connected and get them into a job. Sometimes it is a matter of saying, 'Listen, it is actually easier for you to get a job than to keep not getting one.'

Senator McLUCAS—I understand your point. I hope that you are right and that the participation report does not become the bridging instrument.

Ms Dudley—We would be strongly opposed to that happening, which is why that separation needs to happen. We need discretion. Then when it goes to Centrelink, they need discretion and to make a decision. So there are three points: discretion, discretion and decision, rather than us lodging a participation report automatically leading to removal benefits. We are absolutely opposed to that.

Senator ADAMS—My question is about something I was a little bit worried about when you were talking about the minimum wage and what was going on. It still has a bottom to it, and the government has stated that the minimum wage cannot fall below the level of the minimum wage case level set in 2005. That is the starting base. It is from the Fair Pay Commission, from which it makes its determinations. So the government is not stripping away the minimum wage.

Ms Dudley—I accept your point, but my view is that what will happen is that the minimum wage will rise more slowly than it might have otherwise done and it might actually get behind. That is our view, which we have already—

CHAIR—How do you know it will rise more slowly? What is that based on?

Ms Dudley—The view of my organisation is that that is likely to happen, because if you no longer take into account the requirements for a man, his wife and their two children to be supported but just take into account the needs of the market, you are likely to have the minimum wage rise more slowly. It may not do so, but it is our view that it may well do so.

Senator SIEWERT—In Western Australia in the nineties, it dropped \$50 below the rest of Australia.

Ms Dudley—Yes, indeed.

CHAIR—Is there a minimum set for Western Australia, separate from the rest of the country?

Senator SIEWERT—Yes. I can show you the evidence from the Work Choices committee last week.

Ms Dudley—There are some figures on that in Western Australia which I have seen as well.

Senator MOORE—With most witnesses I am following up the issue of the involvement in and knowledge of the process. You mentioned in one of your responses that you had had some earlier discussions about different aspects of the Welfare to Work program with the department. You said it was in about May. What is the role of organisations like yours in developing the policy and working it through? You made a comment in your submission about how rushed it was to get a submission through in time. Also, the recommendations you put were really detailed and practical ones about the whole process. Can you tell us about the knowledge of your members about the welfare to work process and of their involvement in working through and getting informed about the legislation?

Ms Dudley—As the national organisation of Job Futures, that is the role that we actually take. That is one of the reasons our members are members—so that they have a central body to do that and so that they do not need to come and make a submission. In preparing submissions and preparing some of these detailed recommendations, we draw from the knowledge of our members. Where we are talking about impacts on disability, we would talk to our members who provide specialist disability services and say: ‘What is actually happening out there in the field?’

On remote services, I might talk to our five-star provider at Yulara and say: ‘What is happening out there? What is your view?’ We will be talking to them about these remote service packages. Their expertise is particularly in impacts on job seekers and what happens for their job seekers in reality on the ground. They are highly informed and highly skilled about what is happening there. We can collect that information and look at the policy issues, and then one of our skills is to do a policy analysis on it. We take their facts and weave them through into a policy analysis that we can put to government and to inquiries like this.

Senator MOORE—Up till now—and we know the legislation is coming before the Senate in the next two weeks—what chance have you had to feed through these quite specific recommendations about how this area of policy would best work in the community?

Ms Dudley—I started feeding these recommendations in before the budget was released, when it looked like we were going to be the breaching authority. I wrote to the Prime Minister and that got changed reasonably quickly. So we were in there to start with. I do not choose generally to advocate by media. However, I do write to the minister and I do write to DEWR. We have had meetings with DEWR to go through a number of the Job Network issues in detail. I have met with the minister. We put in submissions to DEWR on things like the RFTs for these things, so we are actively engaged in the debate.

The other place that I get engaged in the debate and have the opportunity to put our views in the wider frame is through conferences, such as the ACOSS forum where I spoke on the Work Choices reforms on the day they went into the House. We try and get our message into a whole range of places. For the Welfare to Work reforms, I think we have been able to put these positions. In fact I have put most of these positions to government at some stage. But with the Work Choices reforms, no—that was very rushed because we did not see it until so late in the process.

CHAIR—Thank you very much, Ms Dudley, for your submission and for your testimony today.

Ms Dudley—Thank you for inviting me.

Proceedings suspended from 10.33 am to 10.51 am

McINNES, Dr Elspeth Margaret, Convenor, National Council of Single Mothers and their Children Inc.

TAYLOR, Ms Jacqueline Sharon, Executive Officer, National Council of Single Mothers and their Children Inc.

CHAIR—Welcome. I remind you that evidence given to the committee is protected by parliamentary privilege and that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee has your submission, which is numbered 19, which we have all seen. Would you like to make an opening statement based on your submission? After that, we will proceed to ask you questions.

Dr McInnes—I would like to begin by endorsing broadly the terms of the ACOSS submission. We have also highlighted the poverty impacts of the planned changes and the lack of services adequate to the number of people who will be required to use them. This places people in an invidious position of basically having their income support circumstances reduced but no prospect of employment for people whose circumstances do not allow them to get a job—for instance, if they live in rural or country areas. We have highlighted that the changes proposed in this bill basically abolish the last 25 years of social security development, which has responded to the issues in Australian society and built in protections for families who find themselves reliant on income support, by abolishing the parenting payment single once the youngest child turns eight. We are basically turning back the clock on the level of support available to the most vulnerable families. There will be increased poverty outcomes and increased hardship arising for those families. People will find it a great deal harder to provide the care that their children need, to engage in paid work and to service the needs of the new requirements from the Job Network and Centrelink system.

We also want to point out that, in the legislation that is provided, most of the protections available to people have been left to the explanatory memorandum, which means that it can change at the discretion of individual members of the bureaucracy or government without the scrutiny of the parliament. This has applied to the breaching system in the existing regime. The rate of breaches was extremely sensitive to the instructions that were applied to it so that the rate of breaching could go up or down not according to the differences in people's behaviour but according to how those rules were being applied to people as per the political instruction of the day. Therefore, we are extremely concerned that the protections which have been built into the social security system are being removed and sent to a discretionary process which is not available for public scrutiny and is not something that the parliament of Australia can properly debate and scrutinise.

CHAIR—Thank you very much for that opening statement and for your submission. I want to ask you first of all about the comments you make at the bottom of the first page of your submission. You say that the package offers inadequate numbers of child-care places. How many more places should be offered to make the package effective with regard to child care?

Dr McInnes—They should at least match the numbers of people who will be forced into new Job Network requirements. They do not.

Ms Taylor—The other thing is that it is speculated that the places offered will only meet existing demand. The places will be offered over a period of time, they are not necessarily going to be in the right areas and the nature of the child care that is offered needs to be considered.

CHAIR—What is the problem with the nature of the child care that is being offered?

Ms Taylor—One thing that the legislation suggests is that appropriate child care will be determined by the delegate of the secretary, so you will have a Job Network case manager deciding whether child care is appropriate. That may or may not suit the parent involved. As is not hard to imagine, there are some child-care services that are better than others. You can have a family day care centre that does not have particularly good standards. It could be highly distressing and harmful for children for it to be determined that they have to go to a child-care centre based on a case manager's recommendations, when case managers have no understanding of or experience in early childhood development and do not know what children's needs are.

Dr McInnes—There is also the issue of child refusal, particularly where children have come out of turbulent circumstances, which is quite often the trajectory for children in single parent families. Quite often, they have been through a family separation. We know that in a good proportion of those separations there will have been issues of domestic violence. Those children are affected by those experiences. That affects their capacity and willingness to engage in care. There is no provision in the legislation, or indeed in the guidelines, for a parent whose child is refusing to attend a centre or whose child is suspended or excluded from a service to seek exemptions or to seek some recognition of their situation. With regard to domestic violence, there is also a concern that, although there is a participation exemption for domestic violence, it seems to be available only if you have children and only if you are single. That exemption has no regard to the children of the person who has been the target of domestic violence. They may have witnessed the violence, or have a parent who has survived attacks on their life. They are also traumatised and affected by that violence, yet the affect on children is nowhere recognised in the exemption part of the legislation.

CHAIR—Just on that point, I understand that there is a general power to exempt which is referred to in the package. Factors like that are meant to be caught up in that general discretion to provide an exemption to a person.

Ms Taylor—You have to ask for the exemption, which is reliant on disclosure. We know from copious amounts of research that frequently, for a variety of very good reasons, women do not disclose. You are relying on the woman disclosing. She then has to get the exemption. It is not an automatic exemption, it is only for 16 weeks and it can be revoked. If there is any attempt at reconciliation or going back, which is a frequent event in domestic violence situations because of the tactics employed by the perpetrator, she loses her exemption and has to apply again.

Dr McInnes—And it may not be granted. This is one of the issues that the discretionary nature of the power causes us concern about. There is also no clarity around how a person would establish the case. If you have been attacked, somehow, in the midst of the emotional and physical consequences of that, you have to remember to attend to your Centrelink

obligations or risk total removal of your income. A person at a point of crisis has to manage their interface with the Job Network and Centrelink in a prospective way and argue their case.

There is no automatic exemption. In fact, in relation to issues of domestic violence, we often hear very quick circular thinking along the lines, 'But women make it up, don't they?' That tends to be a view that is very often repeated and, in fact, with respect to these exemptions of domestic violence, I have heard the assertion, 'We don't want to provide perverse incentives for women to claim domestic violence.' So there is a kind of thinking abroad that this is not necessarily real. We have had no clarity on how people will actually prove it. Can they assert it? Do they have to take out an AVO? Do they have to have a certificate from somebody who says that they have experienced violence? None of that is articulated here. In any case, it is not clear either why a person has to be a parent to qualify for an exemption from domestic violence. And it is not clear why a person has to be single to qualify for an exemption relating to domestic violence.

Ms Taylor—And it also has to have taken place in the past 26 weeks, which is just not realistic in the context of domestic violence.

CHAIR—I do not quite understand the point you are making about having to apply.

Ms Taylor—It is not an automatic exemption. You actually have to go to Centrelink and declare that it is a domestic violence exemption, and it is then at the discretion of the worker to say, 'Okay, you can have your 16 weeks.'

CHAIR—Isn't that a reasonable situation? How are Centrelink workers meant to know that a person has been experiencing domestic violence, for example, unless they are told?

Ms Taylor—But they can say no. They can determine that it is not significant—

CHAIR—I am coming back to the point about applying. How else will they know that a person is experiencing domestic violence unless the person volunteers the information?

Dr McInnes—There are a number of indicators that could be taken as clues to that status. People who have experienced domestic violence quite often have subsequent sequelae, like mental illness problems. Depression, anxiety and post-traumatic stress disorder are common mental health sequelae. There are also multiple injuries arising if the violence has been largely physical.

CHAIR—A Centrelink worker might suspect that a person is being subjected to domestic violence—

Dr McInnes—They may.

Ms Taylor—Only if they—

CHAIR—Please let me finish my question. It really does not behave the Centrelink worker to say: 'This woman looks as though she has been beaten up. She must be a victim of domestic violence. I will therefore put her on some sort of exemption.' Surely it has to be based on a person at least being able to say: 'Look, I have a problem, and it is this. Can I please have an exemption?' Isn't that reasonable?

Dr McInnes—In that case, the bill should say, 'The secretary must provide an exemption.' At present it says that it is discretionary.

CHAIR—Isn't it reasonable to have such a discretion? Otherwise, we may generate the position where any claim, whether or not it was well based, would have to be granted, even if it did not have any substance to it.

Dr McInnes—That is one of the problems that the legislation raises. Once you bring people into the circumstances where they have to go through these activities in order to basically survive, you then place all these extra requirements on them. They might not make a great deal of sense. We assert that they do not. We do not think these provisions are helpful at all. They will make life a lot harder for parents who have come out of violent relationships, particularly if the youngest child is of an age whereby the parent is subject to activity requirements.

Ms Taylor—One of the ways around this is to have an automatic six-month exemption. The most common way for a woman to become a single mother is through relationship breakdown. It would be simpler if she could go onto income support and have an exemption for six months. Whether or not there is violence, many issues arise, particularly in regard to looking after the children, and so, if there were a six-month automatic exemption, she would have that time and it would be less reliant on her need to disclose. That is an incredibly difficult thing to do. The research demonstrates that when women do disclose they are often disbelieved and have a horrific time, which just retraumatises them. So there are really good reasons why women choose not to disclose.

CHAIR—How is the system meant to operate if they do not disclose?

Ms Taylor—You give them six months—

CHAIR—With respect, it is not really fair to expect Centrelink workers to guess this.

Ms Taylor—It does not have to come down to that. If it was put into the legislation that with the consequence of a relationship breakdown you can go onto your income support—

CHAIR—How does the worker know that there has been a relationship breakdown unless he or she is told?

Dr McInnes—They are claiming payment.

Ms Taylor—They can ask the reason for claiming payment and they can say, 'My relationship has broken down.'

CHAIR—So we have to assume that every relationship breakdown must equal domestic violence?

Ms Taylor—No. Domestic violence is one of several factors. Any relationship that breaks down, particularly when there are children involved, causes huge stress for the family—a six-month period to settle, possibly to relocate, possibly to relocate the children in schools. There are a myriad of issues that are faced when a relationship breaks down—the Family Court processes, the child support processes. This all takes a great deal of time and creates a great deal of stress. If there were six months before obligations kicked in, that would provide the parent, regardless of their circumstances, with the opportunity to deal with some of these issues.

CHAIR—Can I come back to the question of child care. You said that there were not enough child-care places and that there should be more to cover all those people who are in the position of entering the work force. Obviously it is a bit hard to know how many will require child care, because some may have their own arrangements they can make and some may have children at school and may not need child care. How many places short is the package, in your opinion?

Dr McInnes—I am not in a position to answer that definitively. I am only in the position to note that people—married and single—with children complain now to us constantly about being unable to get places in child care, out of school hours care, long day care and family day care.

CHAIR—I understand that, but the package of legislation that the government has put on the table includes an additional 86,000 places for child care. You say that is not enough and I am just exploring on what basis you say that.

Dr McInnes—The numbers of parents—that we have seen generated by the various statistics; for instance, in the ACOSS submission—that will be coming into the labour market as a result of these changes. Not only that, the package does not reserve those places to people who are subject to these provisions. Those places will be funded and provided and then the wider community will compete for them. There is no first-come to these people who will be placed under the Job Network compliance arrangements.

CHAIR—But you cannot actually demonstrate that 86,000 places is not enough. You do not know how many places people will need.

Ms Taylor—But there could be one mum with two, three or four children.

CHAIR—But there could be one mum with one child for that particular place. With respect, we just do not know.

Dr McInnes—We disagree. On the figures that we have seen, on the figures that we have had before us and on the information that these places will not be reserved for the people who are subject to these provisions, we—

CHAIR—Can you show us the figures you are referring to?

Dr McInnes—They are in the ACOSS submission. I think the figure was 150,000 that would be coming into the labour market in the next 12 months, and there are 86,000 places.

Ms Taylor—Over three years.

CHAIR—I do not think ACOSS argue there will be 150,000 in the next 12 months.

Dr McInnes—Over three years it still does not add up, does it? It still does not match.

CHAIR—It depends on how many people are seeking child care.

Dr McInnes—Yes.

CHAIR—And people who obtain part-time work may not need child care at all.

Ms Taylor—One of the provisions in the legislation is for when the child is going to school. Unfortunately, every school has several pupil-free days every year. There are a considerable number of school holidays every year—I think children attend about 40 weeks a

year. There are public holidays during which, within a casualised work force, the parent could be required to work. What care is available for the children then?

CHAIR—That is the same with any person in the work force. People face that situation all the time. It is really hardly—

Ms Taylor—If you are partnered, you have a 100 per cent increased option of having someone else available.

CHAIR—There are lots of people in the work force who are not partnered at the moment. There are lots of single women and men in the work force at the moment who have to make arrangements. I know it is not easy very often.

Dr McInnes—We often hear that people stop work or give up their work or do not take work because the child care has not been there. We know it is inhibiting work force participation now and we know that if—

CHAIR—That is why there are another 86,000 places.

Senator WONG—Let her finish the answer, Chair.

CHAIR—With respect, Senator Wong, it cuts both ways.

Senator WONG—Fair enough.

CHAIR—You were saying, Ms McInnes?

Dr McInnes—It is Dr McInnes. I was saying that we know that there is unmet demand now and that the planned increased places do not match the government's own numbers about people who will be coming into the work force under this legislation.

CHAIR—I come back to my question. The numbers that the government say are coming in are not necessarily all people who have a demand for child care. So I am asking you if you can produce evidence to support the assertion that there are not enough places. You have made the assertion in the submission that there are not enough—

Dr McInnes—And I have given you an answer. I have answered your question to the best of my ability. I suggest you move on.

CHAIR—Dr McInnes, with great respect, that is a matter for us to determine, not for you to determine.

Dr McInnes—It was only a suggestion.

CHAIR—I am told that there are 60,000 parents coming onto Newstart in the next three years, not 150,000. That is the government figure, not a higher figure.

Dr McInnes—That is not the figure that I have had put before me.

CHAIR—As I say, I would be grateful if you would indicate the source of your figure, because you said a minute ago it was the government's figure. It is not the government's figure at all.

Dr McInnes—The government's figures have changed a number of times over the course of discussing this legislation, so we are always trying to get an update of the latest information and the government's ideas about what should be happening.

CHAIR—I have not seen a figure that says 150,000, but perhaps you could produce evidence of where the government said that at some stage, and we can clear that up.

Dr McInnes—Okay, I will try.

CHAIR—Do you think it is possible for a woman to work 15 hours a week and care for her child or children?

Dr McInnes—It depends on their circumstances, doesn't it?

Ms Taylor—The other thing is that the explanatory memorandum demonstrates that it is not 15 hours a week; it can be as high as 25 hours at the discretion of the secretary. Whilst we have had considerable public debate since the release of the budget all of which has talked about 15 hours a week, we now find ourselves in a situation where we are in fact talking about 25 hours a week. A woman can be registered with a Job Network member and be forced to take a job that is 25 hours a week. If she is not able to do so because of other commitments in her life or because of lack of child care, transport or whatever, she can lose her payment for eight weeks. We have gone from 15 to 25 hours.

CHAIR—Let me rephrase the question, then. Is a woman capable of working 25 hours a week and looking after her children adequately?

Dr McInnes—That will depend on the children, it will depend on the job, it will depend on the location of the job, it will depend on the health of the woman, it will depend on the health of the children and it will depend on the particular parameters of their availability. There are a lot of variables that impact on whether a woman—or a man, for that matter—is available to work 15 to 25 hours a week and care for their children.

CHAIR—I am advised that the figure that the government has used of the number of parents coming onto Newstart has not changed throughout the time this package has been—

Senator WONG—That is incorrect. Yesterday we had figures of 111,000, which is not the figure I was given at estimates.

CHAIR—By the government?

Senator WONG—Yes, by the department—

CHAIR—That is not what I heard, Senator.

Senator WONG—Yesterday we were told 111,000 parents, which comprised, I think, 70-something thousand of PPS and 34,000 of PPP. They are different to the figures I was previously given. With respect, Chair, the other point is that there is a difference between the numbers moving onto Newstart and those who will actually require child care, because the numbers moving onto Newstart are only a component of the newly activity tested cohort. Proceed with your question.

CHAIR—Yes, but, as I said before, not all the people who are moving into either category will require child care.

Senator WONG—The other issue we have to discuss is the already unmet demand for child care. We do not know how many of the places under these changes will go to meeting the current unmet demand before the new cohort, who will be activity tested, will be moved into the work force.

CHAIR—The system's delivery of child-care places has improved dramatically in the last 10 years, in case you have not noticed, Senator. That is a debate for us to have another time.

Senator WONG—Breaching them for eight weeks: that is what you are talking about.

Senator McLUCAS—Thank you for your submission. The issue I want to talk about is breaching. In your oral presentation you talked about the rate of breaching as being sensitive to the political environment. That is an interesting point and it is good to have it on the record. I want to go to the problem you identify on page 4 of your submission. You say:

The current breaching system makes a distinction between administrative and activity breaches, which the new provisions do not.

Can you provide the committee some examples of what that means to your members and how does that pan out in a real life experience?

Dr McInnes—Currently, of course, parenting payment recipients are not subject, in the same way, to the breaching regime that applies to Newstart and youth allowance recipients. The AWT measures were designed for and specifically aimed at protecting parents from the worst outcomes of the breaching regime. But currently, for Newstart recipients, there is a distinction between administrative and activity breaches, whereby an administrative breach, such as not attending an interview, can be more quickly rectified. Activity breaches are the ones that count in terms of reduction of income. That means that people can have, for instance, an administrative breach and then their activity breaches do not accumulate to removal of income as quickly. But that distinction is not in this legislation.

Ms Taylor—My understanding is that, to lose your complete benefit under the present regime, you need to have the activity breaches, and the administrative breaches do not count towards that. Under the new system, a failure to participate is a failure to participate: three strikes and you are out. Then we have the problem of particular acts that are considered to be so significant that they result automatically in eight weeks loss of payment, one of which is voluntarily leaving your job. That raises all sorts of concerns for us regarding the imbalance of power for someone who is in a casual, insecure low-paid job and the demands that can be placed on her and what she can do to get any form of resolution or justice. Quite often women will have to leave a job. It could be for reasons of sexual harassment or anything like that. She is then going to lose eight weeks of payment.

Senator MOORE—It means that she has to prove why she cannot. The onus is on her.

Ms Taylor—And we all know—anyone can go to the Institute of Criminology and look at the statistics—how difficult it is to prove sexual harassment and sexual assault.

Senator MOORE—The onus of proof is on the claimant. That is the important thing in this discussion.

Ms Taylor—Most women just leave—and now they will get two months without pay as well.

Dr McInnes—There is also the problem if the job is offered at a time you cannot accept it—for instance, weekend work when you have no child care for your children. Your employer can say, 'If you're not going to work at weekends, I'm not going to employ you.' The provisions do say that women who cannot get child care cannot be forced to take a job.

However, again the protections around that are not in the legislation but in the explanatory memorandum, so women have to establish that they cannot get child care. There is a concern that Job Network providers could deem that they should have family to look after a child where, in fact, that family may or may not be available. We do know also that sole parents are much less likely to have family supports than other families.

Ms Taylor—We know already that Centrelink officers are asking mothers about their family structures regarding informal care. The danger is that you say, ‘Yes, mum takes the child from time to time.’ That can then be taken from the discretion of the secretary, ‘Well, you’ve got child care, so you can take the job.’

Dr McInnes—Because you have admitted that you have a mother who—

Ms Taylor—It is incredibly unreasonable to expect that a member of a family, a friend or a neighbour can always be available to undertake child care, particularly when realistically, for mums, the sort of work we are looking at here—remembering that 60 per cent of people on PPS have year 10 education—is low-paid insecure work in retail and hospitality. It does not happen in school hours. It happens at night and on weekends and you can be called up. I used to work in the Job Network and there is what is called 24-hour seven-day-a-week on call. You get a phone call. Guess what? ‘Come to work.’ How do you get child care in that situation?

Senator McLUCAS—That underlines the relationship with the industrial relation changes that the government is proposing.

Ms Taylor—Yes, very much so.

Senator McLUCAS—Yesterday we talked with a witness about the fact that the guidelines are intended to—we trust, from the explanatory memorandum—allow a woman to refuse a position if, for example, she does not have child care for a shift on a weekend. I do not know, though, how that places the woman in terms of the retention of that job in the broader sense.

Ms Taylor—In my experience, what happens in the Job Network is employers have a large pool of casual workers so that they do not have the number of workers for the number of hours of work they have. They have far more workers than hours of work so they can pick and choose. When they have a busy shift and they need some extras they have at least 10 people they can ring but they only need two. This is a real problem in the Job Network, and it will be a huge issue with regard to these reforms, because you are expected to take that job and be on call. You are not even necessarily given a minimum number of hours a week. That makes it difficult to seek other work. You could be balancing three or four of them and that is incredibly difficult. It also sends the Job Network mad because it is very hard for them then to get an outcome.

Dr McInnes—The other problem of course is that you are not required to take a job, according to the explanatory memorandum, if you cannot get child care and if the costs of travel and child care exceed the returns from earnings, but there is no guidance as to how and when that is to be calculated. How am I going to know what my job is going to cost me in travel until I am actually doing it? How am I going to know what my child-care costs are going to be if I cannot even predict what my hours are going to be, because I am in the casual labour market? The protections that are promised by the Prime Minister and articulated as something that are going to be there are actually not in the legislation; they are in the

explanatory memorandum. The cap on child-care costs is not actually in either place. It was just said and it is not followed up on in the document. There is no process that says: 'If you want to make a claim that your travel costs exceed X, this is how you do it.' It is not articulated. We are told to wait for the guidelines. We are being invited to trust that it will be all right on the night, as it were, but there are no mechanisms to provide for those promises to be kept.

Senator McLUCAS—With witnesses earlier today we talked about the appropriateness of moving people onto Newstart and the fact that it is a differently structured payment system. One of the witnesses suggested that it is a payment system based and structured on the premise that the person is going to have full-time work. From your experience, what is your view on the appropriateness of using Newstart as a balance between part-time employment and support from the welfare system?

Dr McInnes—We make a point of the same sort in the covering letter to our submission. It is designed for short-term income support on the premise that people will move into full-time work, whereas for people with disabilities and parents there is an explicit provision for part time. So there is the prospect for particular individuals of staying permanently a bit on Newstart, a bit on earnings and moving to a different balance. One of the consequences of that is that families will not be able to access holidays. When a child has school holidays, Christmas holidays, the parent will still have a work obligation to meet. If your payment is for a short term, that becomes less acute because you are going to move off it. You will have a holiday when you are a worker and you have some prospect of doing that. But, under this, a person can be trapped in low-paid employment, earning barely enough and keeping a little bit of income support. They are going to be stuck in a kind of low-income twilight zone. They will be subject to all of these requirements and harassments and imminently subject to being punished at any given turn and having to prove the circumstances of their lives.

So, in a sense, it makes a mockery of the last 25 years of social security development. If we say that all the provisions that have been articulated in our social security system have had no purpose, to the point where we can abolish them, then we are in effect saying that the last quarter of a century of development was to no purpose. But I think Australians know that the social security system is a really fundamental expression of their citizenship and their capacity to have support at last resort. It is also an expression of the capacity of Australian society—a really wealthy society—to enable people who, through no fault of their own and through circumstances, need to claim some support for a short period whilst their caring or child-care or health needs mean that they cannot get paid work.

Senator WONG—Dr McInnes, I might have missed this earlier, but I did want to pick up on your evidence about the number or the proportion of sole parents who are currently not engaged in the work force. In particular, I want to pick up on the educational profile of those women and men—but primarily women. In light of that, I want to pick up on what you say about the fact that training and education will not satisfy mutual obligation requirements, and about the removal of the pensioner education supplement and other supports for training.

Dr McInnes—Certainly, we do pick up on this as a major issue. As we know, of parents on parenting payments, 60 per cent have a year 10 education—

Senator WONG—Is that 60 per cent of the whole cohort or of those not participating?

Dr McInnes—That is those on parenting payment single, so they might be participating to some extent. The figures that we have had around participation, if you include education and paid work, show that something like three-quarters of sole parents on payment engage in paid work or education activities over a 12-month period. The figures that are always quoted about participation are about paid-work participation and a point-in-time snapshot, so they radically understate the participation rate. But the fact that parents on parenting payment are much more likely than the wider population to have a year 10 education highlights the significance of education in gaining employment and work force entry. So to abolish that pathway into higher education qualifications, as this legislation does, for sole parents, is to compound the disadvantage that is already being expressed by being on income support.

Senator WONG—Do you have stories of people who have utilised their period on parenting payment to advance their skills, and can you tell us what options people in the same position would now have?

Ms Taylor—I can say that I do not think I have ever spoken to a single mother who does not have that aspiration. The wonderful thing about PPS has been that women have been able to look at their education. Many have a low level of secondary education, and they have been able to address their education over time—to complete years 11 and 12, and then move on to TAFE, and then, for some, move on to university. It has been a wonderful thing. And, of course, that is how they get off income support and stay off income support and provide their children with a really good future where their children can also receive a good education and not need income support either. So I think that has been a great avenue through which to address intergenerational poverty.

Dr McInnes—I got my doctorate while on parenting payment. Clearly, I am a consumer of higher education and I will never go back to an income support payment again, although I have children who are still at school. And I am only one of many thousands of women who have taken that pathway and left income support forever, which is not something that is available if you are forced into short-term, casualised, low-income, low-skilled work. You are just trapped there, basically—vulnerable to needing income support at any time.

Senator WONG—My last question concerns the fact that training will not satisfy the participation requirements. Do you envisage that it would be possible for sole parents on the parenting payment to satisfy the participation requirements and also to train?

Dr McInnes—It would be very, very difficult. People would either be required to go full time, in the same category as a student without any kinds of encumbrances or caring obligations, or they would be expected to study part time and work, or seek work, to meet the activity test, and parent their children. Sole parents are incredibly productive. Many can pull off an amazing amount of work—can study, care for children and do paid work. But to say that the population can do it is not right, because it does not take into account that circumstances vary so much.

Ms Taylor—And there is an additional component to that. Because the sole parent's life will now be surveyed and controlled by Job Network, Job Network are not going to encourage that training, because it is a 'work first' approach and there is so little in the job seeker

account at the start. Job Network want their outcomes so their focus will be on getting the client into whatever work they think the employer will accept the client to do. So any focus on training will be strongly discouraged by the Job Network.

Senator SIEWERT—I understand too that, if a single parent decides that they want to study and they go onto Austudy, the difference is hugely significant in terms of payment. They just would not be able to afford to do it. Am I correct in that understanding?

Ms Taylor—You are absolutely correct. Austudy is significantly lower than Newstart, which is lower than parenting payment single. Because of family tax benefit A, rent assistance can be retained. But, if there is shared parenting, they only get a percentage of that rent assistance as opposed to being on parenting payment and qualifying for the whole amount. The other thing is that the pensioner education supplement, which has proved to be invaluable to parents wanting to study, is not accessible to them on Austudy, so I am not sure how you could possibly do it.

Senator SIEWERT—Nor would you get any—

Ms Taylor—You do not get a pension code, you do not get the telephone allowance and you do not get the pharmaceutical allowance. They are all really invaluable. When you have children you have chemist bills.

Senator SIEWERT—Don't we know it! Do you have a figure on how much that difference would be?

Ms Taylor—I think it is about \$64 a week compared to what it currently is on parenting payment single.

Dr McInnes—There is evidence of declining participation in higher education by low-income people as higher education costs are rising anyway. They are incredibly price sensitive, if you like. People cannot afford to study as the cost of higher education keeps going up.

Senator SIEWERT—The implication from the discussion we have just had is that this program would effectively trap people in low-skill positions and it is unlikely they are going to be able to change jobs in a hurry, particularly if they are forced to take any job that comes along. Also, you cannot do training and education to actually try to get out of that situation.

Ms Taylor—That is right. The bargaining power is negligible.

Dr McInnes—It is actually consigning sole parents to low-skill outcomes. It is a complete policy change from the current situation, where sole parents are enabled and encouraged through the pensioner education supplement to seek to improve their employment prospects.

Senator SIEWERT—So, just to extend that a bit further: the argument that has been put, both in the Work Choices discussion last week and here, that any job is all right for a young person to get in and get their foot in the door, then they can work their way up. But, if you are actually trapped in the situation we are talking about, that is not going to happen.

Ms Taylor—No, and the reality for a sole parent is that they have to do this job and they also have to parent and manage on very small amounts of money. There are too many stresses to be thinking of a career focus. They are thinking of survival, feeding their children and how

they are going to get up in the morning. They are not thinking about what they are going to do five years down the track. They cannot even begin to imagine that at this point in time.

Senator SIEWERT—I was interested in a comment that we did not follow up in the domestic violence issue—that is, the impact on children. My understanding from what you were saying is that the package as it stands at the moment does not take into account looking at the long-term impact of domestic violence on children. That is where I thought you were heading in that conversation but then we got diverted somewhere else.

Dr McInnes—It does not take into account the short-term or the long-term impacts. I think there is a radical underrecognition of the impact of domestic violence on children. I think there is a radical underrecognition of the impact of domestic violence on women or victims generally.

I will give you an example about the participation exemption in this provision. A child might watch its mother be bashed, raped and strangled. The mother has to go and represent herself to Centrelink and talk about her experiences, but no-one will ever hear from that child. That will be an invisible injury. It will not be seen as a legitimate reason for the mother not placing the child in child care, and therefore she will get breached for eight weeks for not accepting a suitable job. If she wants to argue the case, it will be from a position of having had the income support stopped. With no income support she will have to start arguing about whether that was fair or not. If she has a year 10 education, is from a non-English-speaking background and/or has experienced violence, her skills are going to be inhibited.

Another issue that arises from that is the gender of the person they are expected to deal with. A lot of women, when they are talking about the issues of violence, find men quite confronting to deal with. I am also thinking of people with disabilities, whose needs might be quite private and who might not wish to disclose everything to a person of the opposite sex with minimal training, in a Job Network or Centrelink environment. The whole issue of cultural compatibility and gender sensitivity, again, is not addressed anywhere in this, even though as you bring these new groups in these problems are going to become much more significant. People really should be protected from being traumatised by the system.

Senator POLLEY—We have heard a lot of evidence about the punishment of eight weeks without money. I was wondering if you, from your experience and, obviously, research, could give us a snapshot of what a single mother with a couple of children is supposed to do or the experience she has when she has no income support for eight weeks. I can cite cases of the ongoing mental anguish et cetera, but I was wondering if you had a case study that you could enlighten us with.

Dr McInnes—Sole parents have not been subjected to the same circumstances previously, and that is not a common circumstance at the moment. The department has not revealed how many parents have reached the third breach, as it is called, under the current system. I was on a breaching task force, where those figures were supposed to be produced as a consequence arising from AWT, and we were still waiting for those figures when that whole process concluded. One obvious consequence is that, if you do not have income, you are likely to have neglect outcomes in terms of your capacity to care for your child. If neglect outcomes are reported to the child protection authorities in the state, we could have circumstances

where mothers not only lose their income support but also have their children taken into care because they do not have a capacity to meet those children's needs.

We have had a promise, again, of case management. As I point out in our submission, the articulation of that case management has never gone beyond, 'It will happen.' Certainly the plan—about who, how and the protections—appears to be totally unformed. Again the parliament is being asked to vote in favour of legislation that will remove people's income for eight weeks, and the promised process that is supposed to address the human rights deficiency of that approach has yet to be articulated. The horse is well and truly far ahead of the cart, and the cart might never appear.

In terms of how women live in circumstances where they have no income, strategies include living on bread and cordial and going to places where they have seconds, such as where they clear out the old bread from supermarkets. Lots do not drive cars. They rely on public transport and in other circumstances they stay home. Their kids do not get to school and they do not leave the house because there are no public transport tickets. Ordinarily they would not have a phone. Quite often their electricity is cut off, and of course they have to pay more to have it put back on. When you do not have electricity, you do not have fresh food, you cannot cook, you cannot clean and you cannot wash. The next step, of course, is homelessness. We are looking at the deliberate creation of circumstances where people and their children will face eviction and be asked to live in the dark without utilities, heating, fresh food or the capacity to wash. We are perhaps asking them to give up the care of their children because they can no longer provide the financial necessities.

Senator POLLEY—I think it has already been established, at least by some of us, that there is a shortage of child-care places, particularly in rural areas. I am concerned with the amount of children that, already, through necessity, perhaps are expected to be cared for by elderly grandparents. Although it is lovely to spend time with your grandchildren, it is a huge task having that responsibility. What concerns me about these changes is a potential for more children to be put into unsafe care or left unattended at home. I am interested to hear your views on that.

Ms Taylor—Yes. The reality is that the situation is going to be a mum without adequate child care. This is at the discretion of the secretary, who, as I have already mentioned, is in reality an unqualified case manager. You could have a school that does not have after-school care or before-school care. That is quite common. Firstly, does that mean the child is required to move school? But, say they are not, the reality is going to be that mum has to decide whether she is going to attend the interview, job or whatever it is that they have dreamed up that she should attend or stay home with her child. One thing we have not discussed yet is what happens when children get sick. Child-care centres do not take sick children. It is all very well to say, 'We'll all be reasonable and, if the child is sick, it will be fine,' but if it is not put in the legislation specifically as a protection—and if the women are not advised of this and if it is not made really clear—the woman is going to be so frightened of losing her income support and then not being able to feed her children or pay the rent that, yes, she may just risk leaving them home alone. It is Sophie's choice. It is horrible, it is real, it is already happening and it will happen a lot more.

Senator POLLEY—We have a large section of the community, single mums, who for whatever reason have been reliant on social security benefits. Now, with the new IR legislation, these women—predominantly—are going to have to re-enter the work force with little education and negotiate the terms and conditions of the employment. So there are huge expectations on these women. Surely in your view there are other problems that will eventuate. Have you any comments on that?

Dr McInnes—The main thing is the anti-child nature of it all. Children do not appear in this legislation; they are not the targets. It deals with people as individuals and, of course, parents are not individuals. They come with family concerns, by definition. As Jac highlighted, another huge concern is the quality of information that people actually get. We had a phone call recently where the mother of a three-year-old was told she had to enter into a participation agreement by a Centrelink personal adviser. We know her and she knew the legislation and she said, 'But I don't have to.' The response was: 'You're going to be one of those I have to come after, are you? You can run but you can't hide.' We have had a lot of reports of women who would not be subject to the provisions of the current AWT legislation being frightened, misinformed and threatened into entering into participation agreements. They are not presented to them as optional; they are presented to them as: 'Here. You have to sign this.' Often, they report that they have left the interview and the thing arrives in the mail and has new provisions in it that were never mentioned at that interview. Currently, the administration of the current legislation is appalling. We are going to bring in huge new demand with this legislation, and it is going to stress the qualified work force to respond to it. There is going to be a decline in the quality of training, by and large, for the people who will have to respond to people in very extreme circumstances. They are going to be making decisions that will govern the survival of these people and their children.

A question that I have is: if the government removes income from somebody for eight weeks—for example, a depressed person—and they suicide, who is responsible for that outcome? Will the government be available to compensate the family of the dead person? These are the circumstances we are looking at when we come to a system of last resort. We are talking about eroding the system of last resort, and the people that we are targeting in this legislation are the most vulnerable people in Australia. They are in that system because of that status. The need for protections cannot be overemphasised, because we are going to see social debacles arising out of this and the people who are going to be worst affected are young, silent and invisible. But we will reap the consequences in the future of the outcomes for those children.

Ms Taylor—When the budget was handed down in May, I was inundated with phone calls from incredibly distressed mothers. The level of fear regarding these changes is already having an impact on mental health. What Elspeth is saying is absolutely correct: Centrelink already have a campaign to 'encourage' women who do not have participation requirements at the moment, but based on their sporadic work force participation, to go into the system to boost Job Network numbers. It is already happening, and it is a bullying and an intimidating process. As you have said, women in this situation do not have the capacity to articulate and negotiate in a fair way. They sign what they are told to sign. A large number of women have said to me, 'I had to sign this plan.' I look and I say, 'How old is your youngest?' They say,

‘Three,’ so I say, ‘No, you do not. And even when your youngest is six to 12 you do not have to; you have to attend an interview.’ They are not told this.

This happens under AWT, where the requirements are much less. What is it going to be like under the new rules? Since the budget, I have had mums ring me all the time. They come into the office and they write to me. The increase in concern is huge, and we are only a few months down the track. What is going to happen as we get further along? The behaviour of the Centrelink staff is changing. Having worked in the Job Network, I am only too conscious of how untrained, unskilled and inappropriate Job Network case managers can be. You are going to have these people, who do not have the qualifications, the understanding or the skills, making really important decisions about another human being’s future—a human being who is incredibly vulnerable. They are not going to understand the complexity.

There are a lot of data, such as the Butterworth data, regarding the complexity that single mothers face. It is not just about being a single mother and so you need child care and transport. It is about other things. Are you a survivor of domestic violence? Is there homelessness? What family support do you have? What level of education do you have? There are a multiplicity of concerns and real structural barriers that they face, not to mention the stigma of being a single mum. That needs to be understood. Job Network does not have the capacity to have that understanding. It would take a radical solution to upskill the Job Network to be able to do that. The budget cut funding to Job Network so I cannot see that happening.

Senator ADAMS—Dr McInnes, you were speaking about the last 25 years of social security development. The reason all these changes are being made is that, in 1980, 2.3 per cent of working age adults were claiming DSP. By March 2005 this proportion had more than doubled to over five per cent—705,000. The proportion of working age adults incapable of work has increased by 117 per cent in 25 years. Currently, there are approximately 630,000 parenting payment recipients, of which 71 per cent are sole parents. You have been talking about this. The parenting payment single has grown by over 100,000, which is 33 per cent, in the last seven years.

The parenting payment partnered has fallen by over 60,000, which is 12 per cent. This fall reflects the growth in jobs and an improving labour market over this corresponding period. It is estimated that single parents spend a total of approximately 12 years on income support. So I just wanted to bring you back to that, because we have been hearing your side of the story but I think the government side of the story should be put as well as to why these changes are taking place.

Dr McInnes—You are talking about aggregate numbers and we are talking about people’s lives.

Senator ADAMS—I realise that. I come from a rural area and I am a JP. A lot of the things you are talking about, I really do not know whether you are right, particularly on the domestic violence side of things. Many people come to a JP about domestic violence, and there is support for them in rural towns. There is this idea that: ‘They are out there. They are being left. They cannot talk to Centrelink.’ But there is a system out there to support them. The

people in my town and in other towns around were supported by people like me when I was sitting on the bench.

Dr McInnes—That data for the Supported Accommodation Assistance Program identified that single parents and their children were the largest group seeking accommodation and 50 per cent of those who applied every day were turned away. Whilst we do have a system which responds to domestic violence, there are fewer shelter places and they are declining and, beyond counselling, there is very little in the way of actual supports. The income support system on PPS has provided a safety net where people can recover, reskill, raise their children and go off onto paid work. The figure you talk about, the average of 12 years on payment, as I understand it, you were referring to the Bob Gregory data and he looked at people going on and off payment. I would also make the point that 12 years, if you have two children who are three or four years apart, is not an extraordinary amount of time to spend giving some priority attention to parenting. At the end of the day, I think the Australian society benefits by having children who are actually attended to and cared for by a parent rather than putting them into foster care or left without care. I do not see that that is going to improve social outcomes for those families.

CHAIR—Could I come back to the comment that you made about the legislation being either silent about children or, as you put it in your submission, antichild. I put it to you that 700,000 children in Australia are growing up in jobless households is antichild.

Dr McInnes—Babies like parents who do not work.

CHAIR—Can I ask you to let me finish.

Dr McInnes—Sorry, I thought you had finished.

CHAIR—Young people who are living with parents on income support are statistically much more likely to leave school early, to become unemployed, to become teenage parents and to end up on income support themselves. People in households where families are working do not experience those outcomes to the same degree. Is it not appropriate that that is the target of this legislation: to provide role models in families where, at the moment, jobs just are not present?

Dr McInnes—I think it misrecognises that this is an issue of role modelling. Quite often people who are living on income support are forced to live in areas where there are fewer jobs because they can afford the housing. The opportunities in the education system for people who grow up in poverty are always worse than for those who grow up with adequate income in the household. When you talk about children growing up in jobless families, the figures that you cite include the parents of infant children. Infant children tend to do better with consistent parental care and child care that suits the families' needs.

We are not arguing against sole parents being assisted to get paid work and to improve the family's economic outcome. The concern is how the government go about it. There are cuts to the level of payments available, cuts to the pension education supplement and opportunities for education, and cuts to the level of training and support that is available to those parents. As we say our submission, if the government wanted to properly assist sole parents to get work they would be investing a great deal more in supporting parents to get education and to improve their skills. But that is not the thrust of this legislation. This legislation is aimed at

work first. That is the government's explicit agenda. Therefore, the outcome is actually going to be to trap people in income support for longer periods.

CHAIR—You also say in your submission that there should be clear limits in the legislation on what could be considered suitable activities to be included in an activity agreement. Clause 501A of the bill seems to provide quite explicit statements of what would be considered suitable. It refers to:

... the person's education, experience, skills and age; the impact of any disability, illness, mental condition or physical condition ... the state of the local labour market ...to the person in accessing that market; ... the family and caring responsibilities of the person; the length of travel time required for compliance with the agreement ...

I cannot understand what is not explicit about all of that in terms of what could be suitable activities in an activity agreement. You might care to take on notice the question of what it is that is not explicit or clear about those provisions.

Dr McInnes—We could answer it now.

Ms Taylor—The AWT legislation does include what you have just read out but it also includes what sorts of activities their case manager can require them to do, and that is not in the new legislation. It could be something like training for voluntary work or Jobsearch et cetera. It says that at the secretary's discretion it can be one or more activities that the secretary or the secretary's delegate deems appropriate. We have great concerns about what that will actually be in reality when there are no protections in the legislation to state what it can be. You were reading out the things that they have to take into account. There was a whole other section in the AWT legislation that has been removed.

Dr McInnes—Our concern relates to whether people could be required, for example, to attend a particular kind of therapeutic course, whether they could be required to attend a particular kind of training or whether they could be required to take particular medications. The activities are not constrained and we are seeking a limit that directs the activity requirements to vocationally related outcomes in assisting their opportunities to qualify for work or to improve their skills or to get work. Our concern is that the constraints have been removed around what could be deemed an activity under this agreement.

Senator MOORE—A lot of the issues that you have raised are to do with the conduct of the system as it works now, the interaction between clients and the current system. For the record, there is the case that you mentioned earlier about the Centrelink exchange where someone with a three-year-old child was being forced to sign an agreement and then verballed. When we asked questions in Senate estimates about what was happening now we were specifically told that that was not happening. So that we are being fair, can you for the record explain what you did as an organisation when your person came to you and said that this had happened to them?

Ms Taylor—It is an ongoing issue. The woman is terrified at the consequences of taking action, and this is a really common theme. This woman has gone through hell backwards with the relationship breakdown and domestic violence. She had just stabilised and then she got a man verbally harassing her, saying things like, 'You can run but you cannot hide,' and being extremely intimidatory. I am in discussions with her at the moment to decide what she wants

to do. Our organisation's policy on this is to ensure that we have genuine informed consent. We can talk about it without identifying information but we need informed consent to take it further. I sit on a committee, a reference group with Centrelink, and I will certainly take it up in the abstract with them, as I do every time I go there. But because it is voluntary, if she refuses to sign, there is not a lot he can actually do.

Senator MOORE—Sure.

Ms Taylor—If this woman is happy for me to proceed, we will take it further and put it in as a formal complaint.

Senator MOORE—Good.

Dr McInnes—We also advise people to go and see their federal MPs wherever possible or to phone or write to them. We also invite them to inform the minister. There is a process of informing parents who are inappropriately harassed about their rights, providing them with material about what the legislation requires and encouraging them to complain both to Centrelink and also to their federal MP. Because of the fear issues, not all of them are happy to do that, but we always bring it up in the abstract. It has been going on for quite some time—over 12 months. We have been persistently raising it with Centrelink, who have denied that it is an instruction. However, because it repeatedly occurs to many women across Australia it is hard to believe that there are so many people who do not know the legislation and are making innocent mistakes. Either there has to have been some kind of direction, or there has been a massive failure in training or there is massive incompetence. What conclusion can you draw?

Ms Taylor—I received an email from a former Centrelink staff member who was disciplined for being too soft. She was retrained, but it did not work, so she has since left.

Senator MOORE—It is important for the record that when looking at a change in a system we acknowledge that a lot of the incidents you are talking about now are the experience of people in the current system. Moving forward, there would be an expectation that under the new system things would be better. I do not sense that that is your understanding.

Dr McInnes—We have talked about this with departmental officers who talked extensively about the training that would be provided to Centrelink. That begs this question: if so many errors are occurring now in the administration of the legislation because the training is not working and you have not identified that, why is it going to get better when you bring huge groups of new staff in? The second part of that is that there is no articulation of how individuals are to be informed. There are vague promises. Currently, for example, if you are a parent and you are not particularly internet literate or particularly clued up on government acronyms and departmental responsibilities, trying to get information of your obligations under the AWT legislation is very difficult—particularly if you are subliterate in English or from a non-English-speaking background. People are very vulnerable and they rely on government officials to tell them the truth about the legislation. If that is not something that is able to be relied upon, then they have very little recourse to get access to the accurate information.

CHAIR—We are running very late, so we will have to finish there. Thank you, ladies, for your testimony today.

Senator McLUCAS—I am very concerned that we are now an hour late. I also want to put on the record my concern about the equity of the questioning time. We have to have some direction from you as the chair in terms of managing the time each of us gets to ask questions. The time that you have used is possibly a little inequitable. I want to put that on the record. In terms of managing the time for the witnesses that we have, we need to go a bit closer to the time that has been allocated. I have already expressed my concerns about the fact that this inquiry has only had such a short period of time. We have witnesses who have had put a lot of effort into their submissions. The witnesses we just spoke to were very useful, but we have cut an hour into the agenda for other witnesses. I want to express my concern about that, and also seek advice from you as to what we are going to do in order to make sure that the next two witnesses get the time that they require.

CHAIR—I remind you that we have a witness on the program for today who actually appeared yesterday, so we have more time on the program than it might appear and therefore running a bit over time, assuming that we will finish by the same hour of the day, did not appear to be a great problem. But if senators are anxious to keep us within the limits we originally proposed then I am happy to try and do that. In terms of the amount of time senators get to ask questions, you are concerned that I have asked questions for too long—is that what you are saying?

Senator McLUCAS—I am suggesting that we have to be a bit fairer in the time that is allocated, given that we have limited time, and I think we should have a look at what time is being used by the various senators who want to ask questions.

CHAIR—I do not have the figures here but I was doing timing yesterday morning at the suggestion of Senator Wong. Labor senators were having by far the lion's share of questioning during yesterday. I stopped timing because I did not think it was necessary for us to be apportioning time, but if you feel there need to be some limits then that is what we will do.

Senator McLUCAS—It is only a management issue, Chair. We are now an hour late because we have not quite managed it.

CHAIR—I do not think we are an hour late because we have a fair bit of time up our sleeve, based on the fact that a witness has fallen over. But I am happy to accede to that request. We will set ourselves limits for the duration of the hearing and I will also divide the time up as between the parties. Even though my party has a majority on this committee I am prepared to divide the time between the Liberal and Labor parties equally and then allow some extra time for members of the crossbench as well. Let us say that we allocate 40 per cent of the time to each of the major parties and 20 per cent of the time to crossbenchers. Is that considered fair?

Senator MOORE—That is how it was done on the Medicare inquiry and that model worked as well as we could expect.

CHAIR—Okay, that is fine.

[12.08 pm]

DALTON, Mr Anthony Edward, Chair, National Social Justice Committee, St Vincent de Paul Society

FALZON, Dr John, National Director, Social Policy, St Vincent de Paul Society

WICKS, Mr John Patrick, Vice-President, National Social Justice Committee, St Vincent de Paul Society

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Mr Dalton—I am a volunteer member of the St Vincent de Paul Society and I act as the Chair of the National Social Justice Committee in the society.

Dr Falzon—I am employed by the St Vincent de Paul Society National Council as National Director, Social Policy.

Mr Wicks—I am an unpaid volunteer of the St Vincent de Paul Society and deputy chairman of the National Social Justice Committee.

CHAIR—Thank you. You are reminded that the giving of evidence to the committee is protected by parliamentary privilege and that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. We have your submission, which is numbered 20. Thank you very much for producing it in a relatively short space of time. Would you like to make an opening statement?

Mr Dalton—Thank you for that welcome and for the opportunity to be present today in support of our submission. My colleagues and I will each make an opening statement. The legislation under review here today has been presented to the public as designed to facilitate the movement of people from welfare to work and thus into improved circumstances. We sincerely wish that this intent would be fulfilled by these bills, but it will not be. We know that it will not be because we know that the bills provide strong disincentives to, and exacerbate the poverty of, the target groups.

The Welfare to Work legislation, combined with the industrial relations legislation, will see an increase in poverty levels in Australia and significant growth in the number of working poor. This is of great concern to the St Vincent De Paul Society, but of even greater concern is the fact that the real victims of the legislation are the children. The children of parents who rely on parenting payments and disability support for income are already victims of discrimination. They are denied access to equality of education, even in our state schools—which are no longer free; they are denied access to health care where GPs do not bulk bill; they are denied access to development of social skills as a result of social exclusion. These bills will deny them access to even their parents' time, care and protection. Indeed, we have legal advice that these bills may well constitute coercion of solo parents to breach their duty of care to their children—a potentially criminal offence in some jurisdictions.

These bills add to the already problematic abandonment of youth in Australia today in the critical formative years of early adolescence. They will ensure that solo parents will not be

around when they are most needed to offer guidance, nurturing, love and a steadying hand to our young adolescents. Rising levels of youth misdemeanour, substance abuse and crime will surely follow. Where is the natural justice for our children in these bills?

Dr Falzon—Every dollar counts for the people who will be affected by these bills, yet single parents who get a job for 15 hours a week at the minimum wage will have a disposable income that is \$96 a week less than the pension. This is a disincentive to work. People with a disability who get a job for 15 hours a week at the minimum wage will have a disposable income that is \$99 a week less than the pension. This too is a disincentive to work. Currently, there are 1.3 million people on parenting payments and disability support payments. The government has offered only 136,000 training and support places. The premium has been placed on compliance rather than support, at a time when more than 1.3 million Australians are looking for work or more work, but there are only 140,900 job vacancies—further evidence that these bills will not work.

While every dollar counts, for people with disabilities, for unemployed people and their partners, and for sole parents and their children, dignity counts for more than any dollar amount. This reform package does nothing to really enable people to participate in work, education and training or the community. It does not offer dignity and it takes away hope. It takes away hope for the people who will be driven into exploitation at the low end of the labour market by the breaching stick which does absolutely nothing to address the causes of disadvantage. Between April and June 2005, for example, there were a total of 28,276 breaches. The breaching system is so designed that, in many cases, people are treated worse than criminals in both their denial of natural justice and in the disproportionate penalty of being denied up to 16 per cent of an annual income.

People who are already disadvantaged are further disadvantaged. Many of them come to us for assistance. It is unconscionable that sole parents and people with disabilities will face suspension of up to eight weeks payment. This leaves families at risk of homelessness or unable to meet the basic requirements of food, shelter, clothing, utilities, transport or schooling. There is, however, no shortage of goodwill and compassion amongst the Australian people. It is this generosity of spirit that enables Vinnies and many other organisations to continue the work of assisting the people on the margins.

You can count on us to do all that we can to offer a hand up to the people who suffer the consequences of the Welfare to Work legislation combined with the industrial relations legislation. We can assure you that, as in the United States, the people who are pushed out of the frying pan and into the fire will be forced to rely on charity from extended families, friends, neighbours and the many non-government organisations large and small across Australia. They will rely on charity because neither their benefits nor their wages are likely to sustain them and their families. They will have recourse to charity, and I hope that there will always be enough charity to sustain them. But charity is no substitute for justice. It is justice in the social security system and in the labour market that they need more than anything. It is justice that will ensure that no-one is left out of the prosperity that this country has generated.

Mr Wicks—Australian governments have a duty of care for all citizens. That duty of care has its most important expression in our welfare system, whose aim should be to ensure that all Australians have access to those basic goods and services considered the norm—put

simply, to a minimum standard of living. To the extent a government is disinclined to this duty of care and seeks to water it down, this is not without serious consequences. Hence, the USA, which has been going down this path, has the highest level of poverty in the Western world and the highest numbers incarcerated in prison—not a record one would wish to emulate.

Under the proposed bills focused on welfare to work, the Australia welfare system, rather than being used to compensate households who would otherwise exist below minimum living standards, is being used to bludgeon our most vulnerable citizens into taking low-paid, insecure and uncertain work opportunities or face reduced welfare payments as a punishment when they are unable to do so.

Overall, the current Welfare to Work bills are flawed. Firstly, of all Australians who receive a wide array of government support and assistance, the government has chosen to focus on the most vulnerable. Secondly, the reform process does not define or establish minimum living standards or consider goods and services that comprise that standard. Thirdly, and as a result, no effort is made to determine minimum levels of weekly incomes that various households would require to ensure access to essential goods and services. Fourthly, we challenge the use of Newstart allowances as being a viable means of support. There are no benchmarks in the bills to assess the adequacy of low pay rates or reduced welfare payments. Fifthly, the reform process recognises the crucial role of employment but has no employment creation strategy. Similarly, the importance of education and training to meaningful and rewarding work has been widely recognised, but there is no adequate strategy to achieve it.

While the bills take into account geographical areas in terms of varying breaching provisions, the reform process totally fails to recognise that there are 100 or so deprived areas or postcodes where welfare issues and problems are the most acute. In those areas, inadequate education and training and health and other infrastructure facilities are combined with low or non-existent employment opportunities. People in these areas are unable to move to areas of potential employment because of prohibitive rents or accommodation costs. The Welfare to Work bills are doomed to fail unless specific policies to address the problems in these areas are developed. Overall, these bills do not represent welfare reform. They are essentially a system of reducing welfare payments and increasing penalties. Whilst the bills have been presented to the public as facilitating the movement of people from welfare to work, they will not achieve this.

Mr Dalton—With the introduction of this bill, we at Vinnies had hoped to see a government commitment to improved employment opportunities for Australians. Instead, we see a sidestep. We had hoped to see real pathways opened up to people who have long been denied access to the opportunity of adequate employment. Instead, we see a plethora of sticks, but not a carrot in sight. We had hoped to see an end to the punitive treatment of Australia's disadvantaged. Instead, we see even more punishing, highly arbitrary breaching provisions. We had hoped to see enhanced protection for those seeking to move from welfare to work. Instead, we see a frightening escalation of risk. We had hoped to see a policy direction that we as a nation could be proud of. Instead, we see a concerted attack on our proud Australian values of justice and a fair go. I will be happy to answer any questions.

CHAIR—Thank you for that presentation and for the submission that you have given to the committee. You say in your submission that the growth in employment in the last few

years has been largely of a casual nature and you fear that the emphasis is going to be on casual employment rather than permanent employment. My understanding is that, of the jobs created in the last 10 years, 700,000 have indeed been casual jobs, but 890,000 jobs have been permanent ones. Is that information wrong? Do you have other information which suggests that the majority of jobs have in fact been casual?

Mr Wicks—The point is that, if we want people off welfare and if we want a just society, we want everyone into full paid work. We do not want 700,000 going into casual work. But I would dispute that from official figures because the Australian Bureau of Statistics published data which examined casual work in Australia and found that, while some people needed casual work because of their circumstances and so on, about 1.2 million Australians on casual work desperately needed more work, more hours and more pay. So I would question that 700,000. In fact, I have serious problems with a lot of the official employment data that is put out. But we are not here to discuss employment data and the problems and glitches in that data. We are here to discuss the welfare reforms.

CHAIR—I think the two overlap. I am wondering what the justification for the claim about casual jobs and that we cannot be talking about casual jobs; we have to talk about permanent or full-time jobs. Lots of people in our community rely on and are apparently quite happy to rely on casual employment. Obviously, it would be nice to have permanent employment with the sorts of times that would suit certain people such as those who might want work during university breaks and things of that kind. But that is not the nature of the work force, is it. It is in the nature of a work force that is flexible that there will be lots of casual jobs—not a majority of jobs, as, with respect, your submission suggests, but jobs that are changing with the changing nature of work. And what is wrong with casual jobs in that sense, given that many of those jobs are taken by people who are looking for a stepping stone to something else and often get that stepping stone?

Mr Dalton—It would be very interesting to know of those who find casual work attractive how many are in fact sole income earners. Most of them, I would suggest, are second earners in families where there is another income earner and there is therefore security of income. The question that we are addressing is really about sole parents or people who are disabled, usually living on their own, where they are the only source of income. Where you have casual income you do not have security of income. That is a vital difference. If you are a parent with mouths to feed, one of your first thoughts is to the security of your income source. We made this point to the minister during earlier discussions. The St Vincent de Paul Society has 350,000 contacts a year with sole parents in Australia. We believe that the driving force in their thinking is the security of their children and, behind that, security of income. They will be motivated more by the prospects of a secure income than they will be by the prospects even of an increased income. One of the weaknesses in this bill is that that issue is not addressed—in fact, it is addressed negatively because their income circumstances are going to be less secure than they are now. That is one of the reasons we think it is not going to work.

Dr Falzon—I can add to Mr Dalton's comments. Yes, the overlap between labour force statistics and the legislation that is being examined is interesting. One of the key datum that we have is that, according to ABS statistics, 612,900 people are currently part time and seeking more hours. We also know from recent Düsseldorf skills forum research that 55 to 60

per cent of young people working part time—excluding full-time students—want to work more hours. The key problem, as we see this legislation, is that if whole cohorts of the population are being moved into a labour market predicated on the assumption that it is awash with job opportunities, we are bound to face serious obstacles when those jobs simply are not there for people who are being coerced to seek them.

On your point about the flexibility of casual or part-time work: there is a strong case to suggest that certain people, including sole parents, would be seeking that flexibility. Again, our concern is whether, particularly when this legislation is coupled with the IR legislation, the flexibility will be on the side of the employer or whether it will be family friendly flexibility that will honour the needs of the parent entering the labour market.

Mr Wicks—You ask what is wrong with casual work. A great majority of casual workers get no sick leave and no recreational leave. I know this because when my wife and I go out to dinner or stay at hotels we ask people who serve at the tables and so on. We ask them whether they get sick leave and they say, ‘No, if I am sick I do not get paid.’ They do not get superannuation. The system says, ‘Oh, they must have superannuation; employers are supposed to pay that.’ But look at the Senate hearings. I think it was last year when Treasury were asking, ‘How come employers around the country are claiming all these wages bills but we are not seeing the amounts going into superannuation?’ Then a series of employers came forward and said: ‘Oh, it is all too difficult. We have all these casuals coming in and we can’t do all the paperwork.’ They do not even get superannuation, which they are entitled to. It has been proven that they are not even paying that.

CHAIR—With respect, it seems to me that we are being very pedantic here. Here is a program designed to engineer the transition of thousands of Australians into employment and we are having organisations like your own saying that it is good to have employment but that it should be of a certain sort—you are not prepared to accept it unless it is of a certain sort. Casual is not good enough; it has to be full time. You made a comment before about the working poor. The research that I have seen on this—there was a study undertaken by Lloyd, Harding and Payne—suggested that only two per cent of people whose main source of income was wages and salary were considered to be in relative poverty. About 41 per cent of unemployed people were considered to be in relative poverty.

I put it to you that the evidence suggests that poverty and joblessness is the reality that we have to confront here. Moving people into the job market and getting them the experience of employment is important. They might start with a casual job that does not have a lot of security and does not pay superannuation but getting them out of the cycle of unemployment, getting a parent whose average period of time on parenting payment is 12 years—12 years of unemployment—out of that cycle and into the employment market, however tentative that first step might be, surely is a worthy and appropriate objective that this legislation tries to meet.

Mr Dalton—The problem that we see with it is that, yes, it might get them into the work force and off the welfare roll but it will not get them out of poverty. It will not really get them on the pathway leading to a secure future with a secure income because—and we heard the earlier witnesses say it—particularly solo mothers are locked in by their circumstances and there is very little scope for solo parents to really start at the bottom of the ladder and work

their way up. They start at the bottom of the ladder and, because of their life circumstances, that is where they are going to stay. That is the real concern that we have.

Mr Wicks—There is another issue relating to that. One of the things I mentioned here was the lack of any job creation strategies. The government is prepared to pay sit-at-home money for a lot of young Australians and young single mothers and yet you have a Public Service where, if I want a passport, I have to queue for half an hour. If I go to Medicare I have to queue for another half hour. If I go to various other places I have to queue. If I ring a government department I cannot get through on the phone. Why can't the government have a simple strategy that says: 'We are not paying sit-at-home money. We will take you into the Public Service and give you some basic training.' A lot of the Public Service departments have child-care facilities close by and we will make arrangements for those. That is the start of a very good employment strategy. But there is nothing. The jobs are supposed to fall out of the sky and they won't.

CHAIR—Mr Wicks, I put it to you that there is a very successful job creation strategy already at work in Australia. It is the job creation strategy which has produced 1.7 million jobs in the last 10 years, which has brought unemployment to the lowest rate it has been in almost 30 years. The job creation strategy you referred to is already there. In the last 10 years there has been a dramatic increase in the level of permanency in the jobs being created. Previously in the last seven years of the previous government almost all the jobs being created were casual jobs. Today most jobs being created are permanent jobs. With great respect, there has never been a better time to be out in the work force seeking employment, based on the fact that we have the lowest unemployment rate and the highest job growth rate in a long time and that job strategy that you speak about is actually there.

Mr Wicks—With all due respect, I totally disagree with your figures on employment. We mentioned this earlier. This nonsense about having the lowest unemployment rate in 28 years—do you know why they use 28 years? Twenty-eight years takes you back to 1978 and 1978 was the year when the definition of employment—one hour of work a week equals being employed—came in. They take the figures in 1978 and they take an hour equals employment and they say, 'We have got five per cent unemployed.' But you are not comparing like with like. In 1978 most of the work force was in a full-time job. Now you have 30 per cent of people in part-time jobs. If you take the number of hours worked in 1978 and the number of hours worked now from the number of people there, the actual unemployment rate currently—the under-employment rate—is somewhere between 10 and 12 per cent. It is not just me saying that. A lot of the top researchers in the country have said it—a whole stack of people have looked at these figures. The employment figures being used are mischievous; they are not giving the real situation. Let me tell you what happens with employment statistics. If you take one man working 40 hours a week and replace him with four people working 10 hours a week your official employment statistics will show that four new jobs have been created. That is rubbish. You were getting 40 hours of work before and 40 hours of work after but it shows that four new jobs have been created.

CHAIR—Isn't it the nature of the work force today that people want that kind of employment? It is not a question of them being forced to take this; they actually want part-time employment. It suits many people.

Dr Falzon—I do not think that is correct at all. I do not know what basis there is for that claim but I have certainly seen no evidence that the over 612,000 people who want more hours are actually happy with the circumstances they are in.

If I could go back to your earlier comment which really needs a response, I would not call it being ‘pedantic’ about the type of job that is needed for people to move from welfare into work when what we are simply talking about is being able to sustain a family. We have laid out those calculations that single parents working that 15 hours a week on the minimum wage would be \$96 a week worse off. I do not call it being pedantic when being in a job like that means the difference between being able to pay for your child’s school excursions or not. I do not think pedantic is a fair term to use.

As for the figure of how many working poor there are in Australia, the Senate report of the poverty inquiry came up with the estimate that there were more than one million Australians who could be classified as working poor. I put that figure to you as another estimate. I am very interested in your earlier quote, but I think the situation is that the number of people who are classified as working poor in financial stress coming to organisations like ours is a figure that is growing. It is our position that this legislation, combined with the IR legislation, will actually increase the numbers of people who are in financial stress and are in the paid work force.

CHAIR—Okay. We will move on to other questions.

Senator WONG—Thank you for your submission. The first thing I want to go to is your opening statement in which you said that the bills before us will not achieve the objective of moving people from welfare to work. As I understood, that proposition was separate to the argument that Senator Humphries has been putting to you about what sort of work. You were focused in your opening submission on whether the bills would actually help people get from welfare to work. I wonder if you could expand on why you think they will not.

Mr Dalton—That was not the intent of our statement. We made the point that the intent presented with the bill originally was that it would improve people’s circumstances, get them out of poverty, and it is that side which we say will not work. They may well get a job, but they are going to be financially worse off.

Senator WONG—I should have said sustainable work or something like that.

Mr Dalton—Yes. It is a very important difference. Whether you further impoverish them by moving them from one scale of security to another, and that is in the legislation, or by forcing them into a low-paid job which results in them having a lower income, and that, as we have demonstrated, can happen, or whether you reduce their income by taking away their entire income for periods of eight weeks from time to time, the end result is the same: they are poorer than they were before.

Dr Falzon—I find it quite interesting that this reform package is predicated on the belief that the numbers of people who are on income support must be reduced at any cost. I listened with great interest to the numbers that Senator Adams quoted when the earlier witnesses were giving evidence. The thing I find interesting about that approach is that it treats the welfare system as ‘the’ problem and that the solution is simply to reduce the number of people who are benefiting from that system. We do not see welfare as ‘the’ problem, neither do we see it

as ‘the’ solution. What we wish to see is the greatest number of opportunities being placed before people to fully participate in the life of Australian society, whether that be through paid work, education and training opportunities or other community activities, including the role of being a parent, which of course is a full-time job.

Senator WONG—St Vincent’s obviously has coalface experience in dealing with disadvantaged Australians. The groups we are talking about are people with a disability and sole parents. I think the government’s evidence is 194,000 people will be on the lower payment by 2008. What will it mean in real terms for those Australians?

Mr Dalton—I think they will just find life harder than it was before. I do not think there is any doubt about that. They will come to us more often seeking help and we will do our best to help them—we and others.

Mr Falzon—If we look at the evidence from the United States, where the well-known welfare to work reforms were put in place, what I understand to be the case is that a number of sole parents moving into work did have their incomes increased in the short term as a result of pro cyclical growth. As those cycles changed, they were plunged out of work into either dire poverty or onto reduced hours and dependence on charity, family networks or indeed engagement in semi-legal, illicit or criminal activity in order to put bread on the table. We would hope that this would not happen in Australia, but what we are seeing on the table when we look at both the Welfare to Work legislation and the industrial relations legislation is a two-pronged attack (1) to denude the level of social security that government can offer low-income households and (2) to denude the rights of people in the labour market to a decent minimum standard income. If you put those two together, we will see a wholesale abandonment of those values which have kept people afloat in Australia.

Senator WONG—How do you think the changes to which you have referred will affect the spread and prevalence of poverty in Australia?

Mr Dalton—I was just going to comment on that. When we say that we expect we will have more work to do, that is in an absolute sense. It is probably not likely that the percentage of our work associated with sole parents and people with disabilities will change all that much, because there is almost no room to move. Way over 50 per cent and probably closer to 70 per cent of our work is with those two groups of disadvantaged people in the community. You can imagine why we are concerned when we read the bill.

Senator WONG—You say 70 per cent of the work you do is already with sole parents and people with a disability?

Mr Dalton—In terms of our home visit contacts; I exclude the work we do in aged care hostels, with homelessness and so on. But, of the visits that we make daily to people’s homes all over the country, 35 to 40 per cent—there is some variation from place to place—are to sole parents, about 20 to 25 per cent are to people on disability and there is a fringe where we are looking at people with mental health problems. Those with mental health problems are really also disability cases, although right now they are not covered necessarily by that in the legislation. So, if you add those three up, the majority of our work is with those three groups.

Senator WONG—So that we can get some sort of sense of the assistance you are providing currently, what do you do in home visits?

Mr Dalton—Our first contact will come from many different sources. People call the society—we have call numbers. Centrelink, churches and friends refer them. They come from all over the place. We visit the house and meet the people. We find out their prima facie circumstances: name, how many children there are, the ages of the children, what the source of income is and why they need some assistance. It is almost invariably the case that on that first visit they need material assistance because the fridge is empty or they have no money. And so we often provide material assistance only in the first instance. We go back—they usually call us back—and over a period of time we start to find that we get to know them and we get to interchange information with them more. After three or four visits we come to really start to understand their circumstances. That is when you find out that they have the sorts of problems that they have. Yes, the material problems are still there and are very real but, underneath that, there are usually other sorts of problems. Sometimes we are qualified to deal with them; other times we are not and we have to refer them on to people who are more fully equipped to deal with those sorts of problems than we are. In a lot of cases, we stay in contact for a good, lengthy period of time. That is basically what we do.

Senator WONG—Thank you, Mr Dalton.

Senator McLUCAS—You have given us a series of recommendations—thank you for that. I get the feeling from reading your submission that you would suggest that the Senate not support the legislation.

Mr Dalton—That is correct.

Mr Wicks—I wonder why!

Senator McLUCAS—Call me intuitive or something! I have the feeling that the Senate is going to pass this legislation, unfortunately, in its current form. I was wondering if we could go to some of the areas that you would identify as really needing significant amendment. That is not the way you have addressed your submission, but can we ask you to go to particular areas?

Mr Dalton—May I revert to comments about security of income. The insecurity of income arises from a number of aspects of the legislation. An example is the breaching provisions, which are fairly arbitrary. They are in the hands of somebody who is very close to an omnipotent figure—the secretary. We would like to see the legislation address that issue at the very minimum.

Senator McLUCAS—Can I interrupt you. Do you mean the retention of the parenting payment single, which other witnesses have talked about?

Mr Dalton—That was one of our suggestions. Indeed, that is in there.

Senator McLUCAS—Yes, it is recommendation 3. What about effective marginal tax rates? Is that amendable or is it just such a mess that it cannot be dealt with?

Mr Dalton—We think it should be done anyway, irrespective of this legislation. The marginal tax rate issue needs to be addressed because it is a major disincentive for people in any of the categories moving from welfare into work. I do not believe it could be addressed in this bill. It probably needs to be addressed in tax bills or something. But we strongly recommend that that issue be addressed.

Mr Wicks—The biggest thing you could do about EMTR—they do this in Ireland and a couple of other places—is maintain welfare assistance until someone is well established in employment. When people go from welfare to work, there are a lot of costs involved. They have to buy clothes and there are travel expenses. They have to buy meals out and so on. There are all of those sorts of things. The EMTR in some cases can go as high as 80 per cent. It is commonly 60 per cent, which means that you are paying more tax than a millionaire, effectively.

Mr Dalton—At a practical level we very often find circumstances where a person or a family has a change in income source—they are on welfare and they get some work—and their welfare is instantly cut off. They are required to notify Centrelink and it stops that morning. Three weeks later they may lose the job. They go back to Centrelink and it takes six weeks to reprocess the application. There is a real insecurity in income and a real risk in the way that works for a parent going into a job. There is a risk that they might lose the job. Maybe three weeks is too short, but it may be a couple of months. Then they are faced with a six-week wait before they can get back into the system. That is an issue which needs to be addressed irrespective of this legislation. It needs to be addressed anyway.

Dr Falzon—The claim that there is no better time for this to happen is highly questionable. It is all very well to present the rhetoric of the rate of unemployment. My colleague Mr Wicks has already addressed and deconstructed some of those statistics. But the other side of the equation that we are deeply concerned about with respect to low-income households that are going to be subjected to this legislation is their purchasing power. It is not simply a matter of income; it is a matter of expenditure. There has been a trend in the shift of costs from the public purse to the private pocket and we are profoundly concerned about the impact on those low-income households. We know that the purchasing power of those at the bottom of the income distribution is less now than it was in 1982. That figure alone, regardless of any labour force statistics, which are in themselves quite compelling, tells a very different story to the one that is being claimed—that there is no better time to engage in this act of engineering.

Senator McLUCAS—Where is that data from?

Dr Falzon—That is in a NATSEM report. I am happy to give you the details.

Mr Wicks—The data is quite open. What they use now commonly when they are talking about the cost of living is the CPI. The CPI is not, never was and never will be a cost of living. The CPI is a general measure of inflation. If you want to look at the cost of living—as John was talking about—for the people down the line, you will find that all the basic things they must pay for, whether they like it or not, like electricity, transport and gas, have risen more than 100 per cent above the CPI. The things that have brought the CPI down to three per cent—electronic goods, motor vehicles, perfume—are the things that vulnerable poor people do not buy. You have got to look at the purchasing power at the lower end of the scale. The cost of living is much higher at that end of the scale.

Senator SIEWERT—I would like to follow up on an area that we were talking about before, and that is how organisations such as yours are going to deal with the circumstances of an increased number of people living in poverty. I am not sure if I followed what you said

about your capacity to deal with that. You were saying that already 70 per cent of the work you do is with single parent families.

Mr Dalton—It is of that order, yes—single parents and people with disabilities.

Senator SIEWERT—How many people is that? In other words, what percentage of the cohort of single parents would you be dealing with and do you have the capacity, if this is going to make the problem of those living in poverty worse, to work with the increased numbers that it will mean? It was not clear to me from your answer.

Mr Dalton—Firstly I must draw your attention to the fact that I was commenting on the number of visitations that we make to people, not on the total number of people. With many people, as I said, we visit them repeatedly over the course of a year and so we see them not once but many times. For that reason, it is very difficult for us to actually say how many people it is that we are visiting. We can tell you how many visits, how many contacts, we make. It is very close to a million a year now, and 650,000 or 700,000 of those are in the area of sole parents, people with disabilities and people with mental health problems, who probably should also be counted as disabled. We expect that figure to grow, and we will find out in time whether we have the capacity in people and money and resources of our own to deal with it. We are trying to get ready.

Senator SIEWERT—Is it your expectation that you will need additional resources to deal with this issue?

Mr Dalton—Yes.

Senator SIEWERT—Where do you think they are going to come from?

Mr Dalton—From our traditional resources, which are basically the public of Australia. We do not draw money from the government for this work.

Senator SIEWERT—Can I be clear on this: are you expecting that the combination of this legislation and the IR legislation is going to mean that your workload is going to increase because we are going to have more people struggling below the poverty line?

Mr Dalton—Yes, absolutely. I think our comments on poverty are our feel, but they are backed up by Professor Saunders at the University of New South Wales and by NATSEM, who are modelling up and starting to make the same forecasts. They are much more expert at that than we are.

Senator SIEWERT—If I had the time, I would like to be able to talk to you about some of the impacts on society and the community in general of people living in poverty, but I doubt that we are going to have the time.

Dr Falzon—Your question is a good one, because it highlights the fact that at the end of the day the money has to come from somewhere. People cannot live on fresh air and dreams of a rosy future. They can do their best—and people are doing their best and they are struggling and doing it tough—however, their means of support must come from a mix of, or one of: government income support, where government fulfils its duty to care for those people who are locked out of the labour market; the labour market itself; or the third option, which we have just canvassed, which is voluntary donations from the Australian public. But the money has got to come from somewhere. It is a matter of choosing what kind of Australia we

want. Do we want an Australia where people are left to depend on charity or do we want an Australia where that justice is built into both our public social security systems and our labour market?

Senator BARTLETT—Do you have any statistics on breaching among the people whom you have dealings with? It has been concern for a long period of time and I know that some amendments were made to soften its impact. It has been a constant concern raised by witnesses this time, particularly the eight weeks of no income. Do you have any sorts of statistics available?

Mr Dalton—No. We do not have in-house those sorts of statistics. There are some numbers available from the other sources, but the society does not keep those sorts of statistics. We may rethink that if the breaching problem increases. We may start to have to do it, but as of now we do not.

Mr Wicks—Two years ago we did one exercise on breaching, just one, where we ran into a problem with the government. We were arguing. Centrelink used to breach people, then give them a little format and say: ‘Go along to St Vinnies, because you will get no money from us.’ We raised a hell of a problem about that. Everyone said, ‘It’s not all that big,’ so we went nationally and we focused on every conference in Australia. I think there were over 80,000 breaches, who had no money, whom we had helped. When that came out there was a hullabaloo in the press and one of the Senate meetings, and Centrelink stopped giving the formal notices. That was the way we counted them before—we just stacked them all up on a pin and counted them. Now they do not give a formal notice of a breaching and say, ‘Could you help?’ They just send them along to us without the notice. That is what Tony is saying. We are all volunteers, so we do not have all day to sit around counting.

Senator MOORE—They were saving money on the forms.

Senator POLLEY—There is an element of the community who for whatever reason, whether it is pride or self-esteem, do not go to charitable organisations when they are in trouble. This group of people already are not included in the statistics. There is also terminology used like the ‘working poor’. Do you have any statistics currently that would support the argument that there are people whom you are already helping who are working in a casualised employment situation and cannot access credit to buy their home? You touched on your concern that we were going down the American trail. Unfortunately this government seems to be doing that quite a bit on a range of issues, including the IR legislation. What are your concerns relating to the working poor? Are you already assisting those people who are in casualised work or even in full-time work? There are people who work full time who still cannot make ends meet, not because they are not good money managers. I had personal experience of this. At the end of the fortnight, when you get your social security pension, if you have a child to feed and a husband to support who has severe disabilities, you cannot scrape up enough money to buy a carton of milk. The last place you are going to turn to is a charity, because that is reinforcing that you have failed. Could you share your views on that.

Mr Dalton—I will touch on the last point first. That is a very common experience for us. I mentioned referrals. Quite often it will be a friend who knows the circumstances of the family who really pushes them into making contact. They are very reluctant to do it because they do

stamp themselves then in their own minds as being somebody who is on charity. So, yes, quite a bit of that goes on out in the field. On the question of working poor, I do not have any numbers with me on that. They are not at this point a major part of our work, but I can assure you that the number is growing.

Senator POLLEY—That is a concern that I have with the IR legislation that is about to go through the Senate. It does not matter how much we try, we do not have the numbers.

Mr Dalton—We are seeing more and more instances of people who are at work but who still routinely cannot make ends meet. They just cannot make it, even though they have a job. We are seeing more and more of that.

Dr Falzon—This is particularly in relation to large expenditure items that, again, are evidence of that shift from the public purse to the private pocket. You might have a family where one parent is even in a full-time job, let alone a casual job but, putting together the aggregate of expenses that are placed on their shoulders, one dental bill comes in for the child and hits them out of nowhere and they need to come to us. It pains us to think that we have become the kind of country where people are unable to afford very simple medical procedures that a civilised nation should be able to provide to all of its people and to think that people in a job need to come to a charity to be able to pay for those procedures is deeply distressing. With regard to housing affordability, international research shows that seven of Australia's cities are in that highly unaffordable category. Again, this is something that this piece of legislation is putting away to the side—that is, the proximity of affordable housing where there are perhaps jobs available for people to move into.

CHAIR—Thank you very much for the evidence you have given today.

Proceedings suspended from 1.01 pm to 1.49 pm

BAKER, Dr Ken, Chief Executive, ACROD

CHAIR—We resume the hearings for the welfare to work legislation. I particularly welcome Dr Baker from ACROD. First of all, I express our apologies again for causing you to stay around longer than would otherwise be the case. We do apologise. We hope to give you a decent length of time now to make up for that indignity. I remind you that the giving of evidence is protected by parliamentary privilege and that the giving of false or misleading evidence is potentially a contempt of the Senate. We have the submission that you have given us, Dr Baker. It is numbered 49. Would you like to make a presentation based on that submission?

Dr Baker—Thank you for the opportunity to appear before this committee regarding this important bill. ACROD represents about 550 non-government disability service organisations around Australia. I am aware that, in relation to the government's welfare to work reforms, this bill is not the full story, and ACROD, along with some organisations, has been working with the department and with the government at various levels on various reference groups to advise on the multiple layers of detail that underlie what is really a very complex raft of changes.

But this bill is the only opportunity that parliament will have to scrutinise legislation. I think that is important, because it provides people with a forum not only to perhaps challenge the tenets of the bill but, even more importantly, to look at the bill in detail and ensure that the bill is consistent and that it actually delivers on the goals that it espouses. My view is that allowing more time for that to happen—for that public and parliamentary scrutiny to happen—would be a good risk management strategy from the government's point of view. A bill as large as this—250 pages—and as complex as this, and one underpinned by multiple layers of complex detail that have been developed in terms of guidelines and rules, is almost bound to include some unintended errors. It is often the unintended consequences of legislation that have even more serious repercussions than the intended consequences.

Having said that, I think the government's welfare to work reforms as reflected in this bill essentially have a mixed message for people with disabilities and disability service providers. I think that mixed message is reflected in the goals of the legislation. On the one hand, to boost the employment rate of people with disabilities is an unequivocally positive thing and it is one that ACROD strongly welcomes. It is much in need of happening. The participation rate of people with disabilities in the work force and the employment rate has remained essentially static during a period when work force participation in Australia has grown significantly. In key areas, such as the Commonwealth government's own employment of people with disabilities, employment has actually declined.

The second goal of the welfare to work reforms is to reduce the disability support pension population—or at least the growth rate of that population. The government could achieve the latter goal simply by shifting numbers from disability support pension to Newstart or youth allowance. If that is all the reforms do, they should be judged to have completely failed. The low employment rate of Australians with disabilities owes much more to the barriers to employment that people with disabilities face than to their lack of willingness to work. The

disability employment services that ACROD represents, which rely on voluntary participation, typically have long waiting lists for their services. Many people with disabilities want to work but they cannot get the assistance they need to find and maintain employment.

The principal measure of this bill, the measure against which we should assess all its parts, is whether it removes the barriers that prevent people with disabilities from finding and maintaining employment—that is, will it boost the employment rate of people with disabilities? Again, I think the answer to that is yes and no. There are measures within this bill and within the government's larger package that will certainly assist in getting people into work but, overall, I think the package underestimates the barriers that people face. It also seems to impose financial disincentives on people seeking part-time employment. As previous witnesses have said, the effective marginal tax rate for people with disabilities who will now be on Newstart—those people who will be judged to have a part-time work capacity—is more onerous at lower income levels than people face on the disability support pension.

One final area I would like to highlight, if I may—and, from ACROD's perspective this is the key risk area in this raft of reforms—is the new assessment and referral system. We strongly support the government's intention to streamline assessment. The assessment and referral system at present does not work particularly well. It involves multiple assessments for people with disabilities and their referral to appropriate services is, on the whole, patchy. Under the new system, with something like 370,000 assessments planned for the first year of operation, even a low error rate will produce a sizeable number of people who are wrongly assessed and are referred to the wrong service stream. I do not think it is possible to avoid all errors within any system, so what needs to be put in place is a rapid and effective review system, because with each of those wrong decisions will come a wrong set of expectations that are attached to the individual about that individual's capacity to work, or perhaps the activity tests they need to undergo, and a wrong set of expectations attached to the service provider, who will be expected to find a person a job and they may not be the right service type to do that. There needs to be a very rapid and effective review system that rectifies wrong decisions quickly without unfairly penalising the people and the service providers who are caught up in that wrong decision for failing to meet the inappropriate expectations that are imposed upon them.

CHAIR—Thank you very much for that, Dr Baker. I will start by asking you about the kind of people that make up ACROD. You are a national peak body for disability services. Obviously, the services are all different and presumably aimed at different areas of the disability community, but are there particular types of people with disabilities that you would say you represent within disability in Australia?

Dr Baker—ACROD represents service providers. I can describe the clientele of those service providers, although it will not be completely accurate. There are two types of specialist disability service providers. One is called supported employment or business services, which provides direct employment with, typically, moderate to severe disabilities. That is the group of services that used to be known as sheltered employment. The second group, which is the group more directly affected by these reforms, is open employment service providers. Their clientele would range across quite a wide spectrum, from people with mild to moderate disabilities through to people with relatively severe disabilities. Their task is

then to work with a person to prepare that person so they are job-ready, locate them a job and support them in that job. That is people with all sorts of disabilities—intellectual, physical, sensory and psychiatric. The group within the population for open employment services that seems to have expanded in recent years is people with mental health issues or psychiatric disability. That is now about 30 per cent of the job seekers that open employment services deal with; whereas within the business services context, the large majority are people with an intellectual disability.

CHAIR—Okay. I asked the question because I appreciate that the legislation has caused concern among the kind of people that your organisation provides services to, but I am aware that there are a large number of people on disability support pensions who probably do not fit the typical profile of the type of person that those organisations cover. I understand that about a third of people on DSP have muscular skeletal injuries. Without putting too fine a point on it, it seems to me that what is being targeted by this legislation is the person who might be on the kind of pension which relates to a workplace related bad back type of injury and may or may not be properly assessed as being capable of actually working. It is that category—apparently quite a large category of people on DSP—that the reforms are principally aimed at.

Obviously there is no way of knowing exactly how large that group is or to what extent the legislation will cover just that and how much further it might go, but would you agree that it is important for public policy, which focuses on addressing the very serious skill shortages that Australia is presently facing and the declining proportion of the population in the work force, to try to capture that proportion of people who might be on DSP? That number has grown very substantially in recent years and it is a group of people who probably should not be classified as people with a disability and incapable of contributing to the work force.

Dr Baker—I think that whether a person can contribute to the work force is not really dependent upon whether they are on DSP. There are certainly a significant number of people on disability support pension who will not work because they are not capable, but there is a significant proportion who want to work. The issue is the best strategy to address that issue, and I think that by far the best strategy is to generate employment opportunities and address the range of barriers that people face. I support that goal and I agree with you that it is in the interests of the Australian economy, it is in the interests of the Australian community, and it is in the interests of people with disabilities to have the opportunity to develop their abilities to their capacity and to find work where they can get all the benefits of work—which go beyond salary and to a sense of status, dignity and independence.

CHAIR—You say in your submission that the 59,000 capped places for people on DSP or those who are assessed as not able to work 15 hours a week are not enough to meet the demand that will come forward when the package is implemented. What is the basis for that comment and how far short of the demand do you feel the 59,000 places will be?

Dr Baker—The places I am particularly looking at are those that are provided to disability employment services, not those that are provided to the Job Network. Job Network typically does not deal with people with significant disabilities. Those that are provided to disability employment services are around 21,000 over three years, and most of those places—about 17,000—will go to the people who are assessed as having partial work capacity and who will no longer be eligible for DSP.

They are demand driven places. So, if more people want those places than are available, the government presumably will provide them. I have no concern there. My concern is that there are very few new places for people who may want to work but will continue to be eligible for disability support pension. They are people both in the open employment service network and within business services. I think they, particularly as many of them want to work, deserve the opportunity to have the assistance they need to find work. Those people arguably require more assistance than the people who will qualify for the uncapped or demand driven stream.

CHAIR—Are you talking about people who will not be transferred from DSP onto Newstart under these arrangements?

Dr Baker—People who will continue to be eligible for DSP. The government has essentially made a decision I think to put its efforts into the people it judges have part-time work capacity and will not be eligible any longer for DSP. But there is a strong argument, and it is both an equity and an outcomes argument, that it should put more effort into people who will continue to qualify for DSP. Part of the argument is that almost all evidence suggests that labour market programs are more successful when people participate in them voluntarily. They want to work, they come with a positive attitude, they are eager to learn and they are eager to adjust. People on DSP will not have any compulsion to work, but many of them want to work. They simply will not have access to the government's new places.

CHAIR—Isn't it the case though that the focus and intention on this transition from welfare to work is to move many people presently on DSP into the marketplace? That is a pretty big exercise. It involves expenditure of \$3.4 billion. It is understandable the government would feel the need to come back to the question of getting those who remain on DSP better employment services, but we could forgive the government for focusing on this other bigger question for the next little while, couldn't we?

Dr Baker—The underlying rationale is wrong, for the reason I have just stated. In terms of success rates, you will find that labour market programs are more successful if people want to participate. A proportion of the people in this new stream, the new uncapped partial work capacity stream, will be there simply because they are compelled to be there. The outcome rate for those people I suspect will be lower than for people who are on DSP who are eager to participate.

CHAIR—That is true, but the non-disability employment services customarily deal with people who do not want to be there. They are often dealing with people who are only reluctantly in that system. The services cope; they seem to manage. There is not really any good case for saying that disability services should be any different—that they should only deal with a certain kind of clientele—is there?

Dr Baker—The fact is that they do deal with a different sort of clientele.

CHAIR—But, philosophically, they should not be somehow quarantined or made separate or different to other services providing jobs should they?

Dr Baker—Many of them deal with people on the disability support pension, and the government has made a decision—I think it is the right decision—not to compel those people to undergo work activity tests. Look at the whole business services sector—the sector of supported employment—which employs about 17,000 people around Australia. That is a

legitimate and viable employment option for people with disabilities, but there were absolutely no new places provided to those services in the last budget. So their capacity to expand and to take on people who want to work is zero at present.

CHAIR—You said before that typically people with disabilities would not use mainstream employment services. We heard in Albury-Wodonga last week that in fact a lot of people with disabilities, particularly mild disabilities, prefer to use those services in order not to have some sort of stigma attached to their attempts to get work. Do you have any estimate of the number of people who would be using those mainstream services that are disabled?

Dr Baker—It is hard to estimate, because the definition of disability is variable. On the broadest definition, one in five Australians has a disability. But when we are talking about disability in the context of service provision, we are talking about a much narrower definition than that. I think ultimately everyone would agree that we want a system that gets people to the service that can best assist them. In some cases, that will be a generic service but in most cases where a person has a significant disability it will not be. It will be a specialist service where there is a substantial amount of experience and expertise in job-matching people to appropriate positions, in modifying workplaces so that they can accommodate a person with a disability and, ultimately, in getting the most productive output from a worker with a disability. I think we should all want to avoid streaming people to a service option that will not achieve the best outcome for them and therefore will not achieve the best outcome for the government. That is why this new assessment and referral system is so crucial. It needs to get people to the right service, as speedily as possible.

Senator McLUCAS—In the early part of your submission, Dr Baker, you suggest that dealing with this bill should be delayed because it may well contain implications that are unintended. I think that the evidence we have had over the last couple of days has supported that position. I think it is now clear that single parents, for example, may be compelled to work for 25 hours as opposed to the 15 that were originally talked about. Are there any other areas that this committee should be aware of, or will we find this out as we understand the legislation a bit more clearly?

Dr Baker—It is difficult for me to identify specific areas at this stage. I have only had a couple of days to consider the bill. I think, as I said earlier, that it would be a good risk management strategy on the government's part to allow more time for the detail to be scrutinised prior to the bill becoming law. It is very complex and it is underpinned by multiple layers of detail, so the opportunity for something to go wrong in it is probably significant.

Senator McLUCAS—You may have also become aware that much of the detail of the legislation will actually become evident in guidelines rather than in the actual legislation itself.

Dr Baker—Yes.

Senator McLUCAS—It is clear that those guidelines are not going to be disallowable instruments, so the ability for the parliament to scrutinise that detail is simply not there. Do you have any recommendations to the committee about what we should do in that circumstance?

Dr Baker—Again, I think that the more scrutiny that detail can be given, the better will be the result. I am conscious, from my involvement since the federal budget on various working groups and reference groups, just how complex the whole thing is. Ultimately, the success of it will hinge very much on whether that jigsaw fits together, so I think that the more intelligent eyes that can be cast over that detail, the better must be the outcome.

Senator McLUCAS—You make the point that people with disabilities themselves have had very limited time and, because of the nature of their disability, they have not had an opportunity to—

Dr Baker—Indeed. I think that is right and I think it is unfair. It has been very difficult to get the bill in alternative formats. People with cognitive disabilities take more time to read and absorb documents. This will probably have the effect of exacerbating any anxiety that exists because, even though they may have quite legitimate concerns and fears about the actual content of the bill, any fears that they do have will be magnified if the bill itself is an unknown quantity for them.

Senator McLUCAS—At the bottom of page 2 you state quite unequivocally that a lower rate of income will do nothing to assist the people affected to gain employment. We have had discussion about that exact issue with a number of witnesses to the committee. How is it that you can make such an unequivocal statement? What is the basis of being able to say that?

Dr Baker—I think that moving numbers from one form of income support to another—from the pension to an allowance—certainly does nothing to expand their opportunities for employment. My argument is really that the government should be just absolutely clear and unequivocal that the single goal of its reforms is to boost the employment rate of people with disabilities and that all measures should be judged against that. I think it has made a mistake in producing two different goals.

One of the outcomes of meeting that first goal, which would be improving the employment rate of people with disabilities, would be in fact that dependence on income support would reduce. It would be a very welcome by-product of achieving that goal. But, by having the two goals, they could actually achieve the goal of reducing the disability support pension population simply by shifting numbers from DSP to Newstart. That really is quite a counterproductive outcome if that is what happens.

In addition, people with disabilities do encounter extra costs in their daily lives. There are extra costs of transport and often pharmaceutical costs. There is a range of costs that they may have to bear which most people do not have to bear. Incurring some of those costs is crucial for them to get to work each day. So reducing their financial income may well reduce their capacity to prepare or get ready for work and to get to work each day.

Senator McLUCAS—We had strong evidence yesterday from Multiple Sclerosis Australia which quite clearly identified the cost of living with MS. Can you point us to any data that shows quite clearly the costs of living with other disabilities?

Dr Baker—There have been two or three studies that have been done. One was commissioned by the Department of Family and Community Services in the 1990s. Another study was by the Physical Disability Council of Australia. Both of those document the additional costs—that is, non-discretionary, unavoidable costs—incurred by people because of

their disability. The McClure committee—the Commonwealth’s welfare reform reference group—considered these questions five years ago and in its final report it certainly accepted that people with disabilities did incur additional costs. Its view was that, because the costs are so disparate, it is difficult to reflect them within appropriate social security payments. But there was certainly no argument whatsoever that there were additional costs, which, for some people, are very significant.

Senator McLUCAS—The mobility allowance, for example, for some people goes nowhere near covering their attendance.

Dr Baker—That is right. Even at the higher rate of \$100 a fortnight, if a person has to rely on a taxi to get to work each day, as many people with significant disabilities would have to, the mobility allowance would not nearly pay for it.

Senator McLUCAS—You talk also about the assessment and referral system. You make the comment that it needs rapid, effective and efficient mechanisms to review the decisions. Can we take one step back and look at the way that the assessment process actually works. Is there a way to make sure that that initial assessment is a bit more accurate? Are you aware of the proposals on who is going to do that assessment, for example?

Dr Baker—There is a tension, I think, within the system between speed and thoroughness, and it is hard to get that balance right. The interview with the person may only take an hour or an hour and a half. They will be able to draw on a medical report and will be able to refer the person to other assessments for additional reports, but it is not a great deal to go on. Often a person’s work capacity is difficult to assess in the abstract. It is only when they attempt work with the appropriate supports that they can demonstrate their work capacity properly.

I think the system should put considerable weight on the expertise and experience of service providers who have dealt over the years with many thousands of people with disabilities and are fairly good at summing up reasonably quickly a person’s work capacity. They do not do it in any sense in a pessimistic way—that is, most service providers would, if anything, err on the side of exaggerating a person’s work capacity, because it is part of the culture within the specialist disability service provider network to have a very positive view about people’s abilities. So I think there would be no disadvantage from the government’s viewpoint in putting considerable reliance on those service providers to make judgments about people’s work capacity.

Senator McLUCAS—We had evidence last Thursday in Albury along those lines—I think it was from a Job Network provider, or it might have been an open employment service. They expressed concern about the inherent and natural desire of the person with a disability—like any other person in the world, to be frank—to present themselves as a very employable person, to the point, though, that it made the assessment incorrect because the person with the disability was trying very hard to say, ‘Of course I’m employable,’ but the benchmark was far too high for that person to achieve.

Dr Baker—Yes. This is further complicated for people with episodic conditions, perhaps a mental illness or a degenerative condition like MS, where they may have periods where they can work as a very high level in a full-time job but at other periods will not be able to work at all. The broad guidelines at present are asking the assessors: ‘Can this person work at a certain

level some time within the next two years?’ But the truth may be that they may be able to work at certain times at that level but not consistently, so it is then very hard for those people to maintain a job at that level. I think it is a very difficult assessment at times, particular for people with episodic conditions, and the risks are significant for that group.

Senator McLUCAS—The consequences of an inappropriate or inaccurate assessment: can you give us some indication of what they may be?

Dr Baker—There are two possibilities. The new assessors, the comprehensive work capacity assessors, will provide a report to Centrelink which will influence Centrelink’s decision on their income support entitlement. So that may result in a considerable difference in terms of their weekly income. The second key decision is to which service stream to refer that person. If a person with a disability who is appropriately serviced by a disability support provider is referred to Job Network, for example, where there may not be that level of expertise, then the person is going to have their confidence harmed by that experience of not being placed in an appropriate job with appropriate support. Moreover, it may have a flow-on effect to the employer, who will say: ‘I’ve tried to employ a person with a disability through Job Network. It did not work out. I did not get the support I needed. I will not do it again.’ So the consequences of a wrong referral decision can snowball.

Senator McLUCAS—I am glad you made the point about employers. Lots of open employment service providers regularly tell us that it is very hard to find employers who are prepared to take on a person with a disability, but then if their experience is negative the likelihood of that happening again is pretty limited.

Dr Baker—That is right. That is a major area in the Welfare to Work package that needs effort to make employers more responsive to people with disabilities. We have now an emerging national debate about trying to get the balance between work and family commitments right. We need that level of national debate about how workplaces can be accommodated to a diversity of people, including people with disabilities.

Senator McLUCAS—There have been some excellent examples of where it is working very well.

Dr Baker—Indeed. There are some very positive examples that could be broadcast widely.

CHAIR—I am talking tints here: obviously, if the legislation and the guidelines made under it are interpreted in such a way as to provide the sorts of outcomes that you have described as a significant risk—for example, people with MS and a variable capacity to work being pushed into employment and defaulting and things like that—it would be not only very unfair but also a major political disaster for the government, would it not? Would you accept that the guidelines necessarily are going to have to be the kind of document that is going to avoid that happening for both political reasons and reasons of equity and justice?

Dr Baker—If you are asking me whether there are very good reasons to make sure those guidelines are good then of course I agree. I completely agree with your assessment of political risk as well. It is not only going to do a lot of damage to the people and service providers who are caught up in wrong decisions or badly crafted guidelines but it will also do political damage to the government. I am sure there is enough political nous on the government benches to recognise that.

CHAIR—In your submission you talk about activity requirements and those cases of episodic illness or acquired brain injury that may lead to a person not turning up to an interview and potentially getting defaulted. You need to cover off these things, you say. You go on to say:

We do not recommend trying to codify in legislation the various situations this exemption should cover. Why do you say that?

Dr Baker—The situations are too diverse. It is hard to anticipate. The population of people with disabilities is a very diverse population and the impact of disability is very diverse. Sometimes we talk about disability as if that were not the case, but it is the case. It is hard to anticipate all the situations that may occur where a person would have an unfair obligation imposed upon them. That is why it would be difficult to codify in legislation.

CHAIR—That is a good point.

Senator MOORE—Dr Baker, I know you are on a number of advisory bodies that work with the government. Regarding the role of your organisation with disabilities, I am interested in your interaction with the government in the development of the policy. I have in mind the very detailed issues you raise in your submission. What kind of interaction have you had with the government? What response have you had from the government when you have raised these issues in your area of expertise?

Dr Baker—There has been a long history of debate around welfare reform, which one could say goes back to 1999 with the McClure reference group. But, in fact, I went back recently to what was called then the disability reform package in 1991—

Senator MOORE—We were only talking about it yesterday.

Dr Baker—I looked at the goals of that and they were identical to the goals—

Senator MOORE—If you take the date away it is the same stuff.

Dr Baker—Yes. There is a long history to this. Certainly, it is clear that it has been on the government's agenda. Because many aspects of it have not worked in the past, it needed a lot more detailed debate and scrutiny before being announced in the way it was. Essentially, it has been a very rapid time line between the May budget and now for such a detailed series of changes, which have had at best variable success in the past. I am of the view that it would be worth taking longer to get it right. Having said that, ACROD certainly has been invited to provide comment at both a departmental and a ministerial level, and the minister's door has been open to us to express views, as has the department's.

CHAIR—You did not need 50 minutes after all! Thank you very much, Dr Baker, for that. We appreciate your taking the time to hang around today. I know you probably have very important things to be doing, but we do appreciate your coming here. Thank you for your submission.

[2.31 pm]

HECKENDORF, Mr David, Private capacity

CHAIR—Welcome. I thank you for appearing here today. It is important that we have a chance to hear directly from people with disabilities who are affected by this package, and so your presence here is very important. We do have the submission that you have given us. It is a very good submission, and I thank you very much for it. We will ask you some questions, but firstly I invite you to make an opening statement about your submission.

Mr Heckendorf—Thank you for the opportunity to appear before this very important inquiry. I wish to emphasise that I am here on my own accord and not on behalf of any other individual or organisation. However, I am aware of a number of people with my level and type of disability. If you find my speech a little difficult to understand, then good, because this illustrates one of the barriers that I, and people like me, face. My oral communication difficulty is my biggest disability. It affects the way that people initially relate to me and it limits the type of employment I can undertake.

My severe cerebral palsy has meant that I have had to undertake four significant TAFE and university courses, including one in laws, over 15 years in order to obtain and maintain a Public Service job. While I am happy with my job, it is at a level that some people can achieve after a few years of experience. My disability has also meant that the first 25 years of my life were spent in a special Sydney boarding school-hostel for people with disabilities and attending a sheltered workshop where I was paid something like \$2.50 a week. I emphasise that we were paid, because it was a big thing back then.

My determination drove me to take risks in moving a number of times to attend university and to find employment. I and my wife, Jenni, now live in Canberra so that I can work, even though my family is in Lithgow, in central New South Wales. My motivation for participating in this process is to register my concern for the way the proposed changes with the bills will impact on people with severe disabilities, like me. I welcome any questions you may have.

CHAIR—Thank you very much for that, Mr Heckendorf. Your submission is quite a concise and thorough one. I thank you very much for that. Notwithstanding the fact that you have made some valuable suggestions about ways in which the legislation should be improved by being amended, I want to put to you what I put to the previous witness, from ACROD. It is my understanding that—and I cannot point to a provision in the legislation which proves this—the legislation is aimed at people with a variety of soft tissue and musculoskeletal type injuries who are receiving disability pensions but whose level of disability and incapacity to work is rather more in doubt than it is for a person like you. I make this ex-cathedra statement: if legislation resulted in people with your level of disability being required to work it would be a spectacular failure. Even though you do hold down a position as a public servant and you have faced the adversities confronting you extremely well, you could understand if somebody else in your position decided not to attempt to enter the work force. That is my assessment of the legislation. I cannot demonstrate that that is what is going to happen any more than, I suppose, anyone can demonstrate that it will not happen like that. Do you feel that there is concern among people in the community who, for example,

suffer from muscular dystrophy that they might be required to enter into the workplace and potentially be breached for failing to work?

Mr Heckendorf—I can only speak for myself as a person with cerebral palsy. My position is that it would be quite easy for someone like me to sit at home and throw their hands up and say: ‘Dear me; I can’t work. If I can convince Centrelink to put me in the too hard basket they will give me a pension for the rest of my life or until I am 65 and go on the age pension.’ My main concern is the cap of 15 hours work to still be able to be on the disability support pension. Three hours’ pay a day is not sufficient for me to live on without additional support by way of the pension. Even 30 hours is a disincentive for someone in my position to try going full time whenever they feel well enough to go full time because the drop in income would be too severe. The loss of benefits would also be a major concern. My wife and I are on medications that without the concession cards would cost each of us approximately \$800 a month. What more of a disincentive can there be for me to go full time?

The problem with me not taking advantage of the relatively good health I have is that I am going to have a much shorter career span than my colleagues who do not have a disability. The people I went to law school with, in their third year out from school, are earning \$80,000, \$90,000 or \$100,000 in quite demanding jobs. I was earning \$40,000 or \$50,000 part time. So not only is my career shortened because of ill health along the way and early retirement due to deterioration of my condition, it is also limited in what I am able to do by way of a job. You made the point about the legislation being targeted at people that have a certain level of disability. My concern is that there is not a satisfactory way of separating people like me and the people you are referring to.

CHAIR—I am trying to find the provisions in the package that deal with a person who receives a DSP and then moves into the work force and then they find that they are unable to sustain employment at the level which disqualifies them for full DSP and they need to move back. I will check this while the senators asking questions, but my understanding is that it is possible to move back into the DSP without any penalty.

Mr Heckendorf—It has been two years since my—

CHAIR—Within two years—you are quite right.

Mr Heckendorf—And you have to be reassessed.

CHAIR—As I understand, that would mean that if your capacity remained constant—that is, there was no deterioration in your capacity to work—but for whatever reason you are unable to sustain a job in the work force after two years then, yes, you would have to return to a Newstart allowance rather than a DSP. But if your position had deteriorated and you were no longer able to work, on that basis you would be eligible to reapply and be reassessed for a DSP.

Mr Heckendorf—Yes. I guess my concern is more about the actual limitations of the situation being a disincentive to work more hours.

CHAIR—Thank you, Mr Heckendorf.

Senator McLUCAS—I just want to finalise that question of your current eligibility, Mr Heckendorf. You currently receive a part payment through the disability support pension—is that correct?

Mr Heckendorf—Yes.

Senator McLUCAS—From your submission I understand that you are working 28 hours a week.

Mr Heckendorf—That is correct.

Senator McLUCAS—If your capacity to work stays where it is somewhere down the track or you lose your position—and I hope that does not happen—and you reapply for the disability support pension, you are in the group that will not be eligible to reaccess the disability support pension. Is that your assessment of the situation?

Mr Heckendorf—My understanding would be that my level of disability would certainly get me back onto the disability support pension. It would be up to the assessor on the day as to whether my immediate work experience would be evidence to show that I had the work capacity for the next two years. Whereas someone with the same level of disability, who has not worked, may be assessed as not being able to work in the next two years even though they have got the same level of disability. I guess that it is a discretionary thing.

Senator McLUCAS—Treating it on the exact letter of the law, you can clearly work more than 15 hours a week.

Mr Heckendorf—Yes, at the moment. But the type of work that I can do is quite narrow. Fortunately, I have found myself a corner in the Public Service with nice people around me and a supervisor and a director who give me work that I am capable of doing. But that is very much dependant on those individuals taking an interest in my position. If they were to leave and I was to get new supervisors, the situation could change and I could find myself being offered voluntary redundancy or just being made to do things that I am not physically able to do.

Senator McLUCAS—Thank you very much, Mr Heckendorf. Thank you for your submission. It is much appreciated.

Senator MOORE—I want to follow up on that. I have a background in the Public Service and I want to examine that. How long have you worked in the Australian government?

Mr Heckendorf—I started in the Attorney-General's department in January 2000 and moved to my current position in the health department in around August 2000, so it is nearly six years.

Senator MOORE—One of the things that we have talked about through this inquiry is finding effective employment opportunities. We have been asking the government about the employment strategies they have to ensure that people from a whole range of different backgrounds and with a whole range of different disabilities have access to employment. I wanted to follow up your comment that you found a place in the service where you are getting support from your comrades. You raised the point that you could be offered a redundancy at any time. Is that something that you discuss—the fact that the job could be insecure?

Mr Heckendorf—No. I let sleeping dogs lie.

Senator MOORE—So you are not going to stir them up?

Mr Heckendorf—No. Why go looking for trouble when things are going your way? But I make the point again that it is up to the individuals around me. There are no significant career path mechanisms to ensure that people like me in the Public Service are given opportunities outside of our little corners in order to gain enough experience to get promotions or anything like that. With the culture being about competition, with 20, 30 or 50 people applying for the one position you really have to have a good general ability to do a range of different jobs in order to be able to move around in the Public Service. I am overqualified for the job I have. Because of that, I get to keep my job. If I did not have a law degree and if I did not have an interest in the field in which I am working, finding that job in the first place would have been so much harder.

Senator MOORE—In your submission, you also mentioned that during the last year or so you have had to take significant sick leave—

Mr Heckendorf—Yes.

Senator MOORE—which would be another advantage of the public sector environment; that you are able to take the extended time and have a graduated return to work, which may or may not be available in other forms of work.

Mr Heckendorf—Yes, that is right. Fortunately, my health before then was good enough so that for the prior five years I was able to build up sufficient sick leave to see me through those 14 weeks. But if I was not so lucky, I would have had to take time off for that leave. Maybe there is the argument there for some kind of special leave to be made available in the same way as maternity leave is available to women.

Senator MOORE—Your recommendations go much wider than this particular inquiry in terms of the process. I hope you take them up further.

Mr Heckendorf—They are options that I have thought of. I get asked to give papers around Canberra and there will be things that I may address in times to come. You talk about your interest in the Public Service. Last December, I gave a paper to the Australian Public Service Commission which is on my web site. You might be interested in it.

Senator MOORE—I will follow up on that, because you have given us your web site. Thank you.

Senator SIEWERT—I want to clarify when people would be required to go onto Newstart rather than the pension. If you were not grandfathered, would somebody with your type and level of disability be required to go onto the new program?

Mr Heckendorf—Because I was focussing on my own experience and because of the limited time available I did not really give questions outside of that scope a lot of investigation so I cannot really answer that question. I think one thing that may save people such as me from the transition from DSP to Newstart is the program of support provisions that have been proposed, whereby if you need any care in the workplace, then that exempts you from going into the Newstart stream. It qualifies you for the DSP but, as I mentioned in my

submission, it is uncertain as to whether that is an absolute qualification or only one factor to be considered.

Senator SIEWERT—Thanks.

Senator BARTLETT—Thanks for your submission and for your suggestions. Could you give me any indication of how you have found your dealings with Centrelink in the past and how you find them currently? In your submission you have made suggestions about refining the disability impairment test, not having continuous periodic assessments, and those sorts of things. In the context of that, could you give me some idea of how you have found dealing with Centrelink in the past and of their understanding of the impact of your disability?

Mr Heckendorf—Fortunately, I work in Woden and there is a Woden branch of Centrelink so it is very convenient to slip away from work and drop my letters in to them and get them to clarify any uncertainties that I have. I think it is very dependent on the person you get behind the counter on the day. I have not had any real problems at Centrelink as such, but it would be very much more of a problem if I had to take time off work to travel to Centrelink and then come back to work. Telephones are difficult for me to use so I much prefer face-to-face contact, and writing letters and so forth can be a problem if you are not electronically literate. But my experience of Centrelink and their officers has been mostly positive.

CHAIR—We are really out of time. Mr Heckendorf, I thank you very much for your testimony. It was very helpful, it was very lucid and it was the sort of thing that we needed to hear from someone who is potentially directly affected by the legislation. So thank you very much once again for your time here today, for your submission and for your testimony.

Mr Heckendorf—Thank you.

[15.03]

PERRY, Ms Julia Sybil, Private capacity

CHAIR—I welcome Julia Perry to the hearing today. Thank you for your flexibility about appearing today and thank you for making a submission in a short space of time to the committee; we do appreciate that. I remind you that the giving of evidence is protected by parliamentary privilege and that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. We have the submission you have lodged, No. 39. Thank you for that. I invite you to make an opening statement based on the submission before we proceed to ask you questions.

Ms Perry—Thank you very much for inviting me to speak to you today. I know you have had a day and a half of witnesses and I beg your patience if the things I have to say have been gone over by earlier witnesses. As my submission notes, I have a career background in income support and labour market policy for sole parents, disability and mature age unemployment. More recently I was in charge of reviewing the overall social security system to improve coherence and simplicity. My background is in the department of social security, subsequently Family and Community Services. I have also published research comparing international social security policies, in particular an OECD report on sole parent labour force participation and public policy. I am now an independent social policy analyst. I am no longer a public servant. The main points I raised in my submission were that sole parents and people with disability are two groups whose cost of living the current system does not meet as adequately as other family types and people without disabilities. There has been extensive research on this in the area of equivalence of living standards. There are particular costs associated with a sole parent family and with disabilities that are not actually recognised in the current system.

The sole parent rate of Newstart was aligned with the pension rate from the mid-1970s until I believe 1997, when the AWE indexation of pensions was not extended to sole parents. Until 2000 there was a payment called guardian allowance, which was meant to compensate sole parents for that particular anomaly in their rates, but that was removed at that time. That applies under the current system. The proposed legislation cuts the basic rate of support further—for sole parents by \$29 a week and for a single person with a disability by \$46 a week. Many of more families will be in poverty, in addition to those who are already, as a direct result of changes.

The minister's response on this issue has been that people are better off in employment than on welfare, yet we know that many of the people and families affected will not become employed—for example, those people who are unable to work because of a short-term severe disability and sole parents with disabled children. I am told that the government's own figure is that 87,000 of the new groups on Newstart are not estimated to have jobs by 2008. Furthermore, the Newstart income test ensures very little gain from working part-time in a low-wage job, with effective marginal tax rates of up to 75c in the dollar compared with 55c under the pension. A person in public housing will lose another 25c. A person with a Centrelink debt will lose another 27½c. It is not hard to get up to an effective tax rate of 100

per cent or more. Work related costs of travel and child care et cetera can easily cancel out any net gain or in fact make you worse off. This is extremely unfair and it removes the incentive to work. The pension income test is designed to support part-time work. The Newstart income test is not.

The strongest incentive, of course, is the activity test. It is not necessary to put people onto Newstart to activity test them. The legislation extends the full activity test to parenting payment just for those staying on the payment and those with a child aged six to seven. I wonder if you can imagine being a sole parent whose child is seven. You are working 15 hours a week as you are supposed to. On the child's eighth birthday the government effectively cuts your income by \$100 a week for no reason. Nothing has changed in your circumstances. You are doing the right thing. Those people will want to know why they suddenly have to lose \$100 a week. It is quite anomalous. The activity test could easily be extended to disability support pension for those with a partial capacity to work. Parents could be allowed to remain on parenting payment with an activity test.

I want to address assessing disability and the welfare trap. There has to be a criterion for assessing disability but it is the most imprecise of all decisions in the income support system and the largest source of appeals to the Social Security Appeals Tribunal. It involves not only current impairment but predicting the future of a person's condition over the next two years, estimating the potential effects of education, training and rehabilitation and rating that against a person's ability to undertake any sort of work that exists in Australia now and for the next two years. Under the new system, these assessments will be made in relation to the capacity to work nought to seven hours, eight to 14 hours, 15 to 29 hours and 30-plus hours, now and in the future. The consequences of these assessments have a major effect on people's lives.

I was discussing this with a doctor who has been a medical member of the tribunal for many years. He told me of a recent case of a woman who had just had a cancer operation. The treating doctor's report said that she may be fine within two years or she may develop secondaries which would be fatal, and he had no way of being able to estimate that. That is the prognosis—good health or death—so she did not qualify for DSP. Medical research works on averages and the average estimate of the effectiveness of a treatment or a medication is only the average. It really cannot tell you much about the individual.

The level of uncertainty in making those decisions just does not sustain making accurate specifications in all of those fine bandwidths which are required. Yes, people will tender for those jobs of making those assessments, but how much do they reflect reality? If you speak to medical specialists with some experience in this area, the answer is not very much. In making that assessment, a lot depends on the person's own account of their condition. How else can you assess them? So, as the last speaker said, people with disabilities will be faced with a diabolical trade-off. The minister reports that 82 per cent of jobless disability support pensioners would prefer to work, and I do not doubt that that is true. But if you are faced with the financial consequences of being assessed as able to work 15 hours or more and lose the pension, you face what is called a perverse incentive, which is not to risk overstating your capacity to work because of the desperate need to qualify for the pension, which at least provides some security.

This is not just notional; this is exactly what happened under the old invalid pension. I was in the disability policy area just subsequent to 1991. It required less than 15 per cent capacity and anyone who tried to test their capacity to work risked losing the pension. They were stuck in what is called a welfare trap. The disability support pension was brought in specifically to overcome that welfare trap and to give people some chance of testing their capacity. If you applied the activity test to people on disability, they would have nothing to lose and a lot to gain by testing their ability to work. But the plan to go back to this invalid pension style restriction is going to backfire if the government wants to see more people come into employment. That, to me, would be disastrous in terms of helping people to get on the road to full independence.

The more uncertain the criteria are for assessing disability the more you need the willing cooperation of the person. This point is quite complex and I think it was very well illustrated by the last speaker, but I am happy to clarify it. There is an existing inequity which I do not know has been mentioned, and that is if you do not meet the two-year rule you have to look for work on Newstart if you can work eight hours or more. This compares very strangely with the 15 hours or more criterion under this. It would be very desirable to have even a small amendment that put that Newstart incapacitated level up to 15 hours. I do not see many employers wanting to take on a sick person for eight hours if that person is going to have to be required to look for another job when they are better from the temporary illness or condition.

The next issue I raised in the submission is education. Everyone is aware of the national skills shortage—Senator Humphries recently referred to it—and the worry that it will limit Australia's economic growth. My OECD work showed that in Australia and other countries the most important factor in sole parent employment was education level. As I understand it, 80 per cent of jobless sole parent pensioners have no post-school education. Many did not finish high school. I saw something that said that FaCS had found that 60 per cent had a year 10 education or less. It is not included in the 15-hour options that a person with partial capacity or a principal carer could do on Newstart. Full-time education is not allowed under Newstart. Austudy is the payment for people in education. I made an error in my submission which I wish to correct. It is possible for a person with a substantial disability to get Austudy for part-time study. I believe that this should be extended to allow principal carers to study part time under the same logic as the other changes for those two groups.

Pensioners in full- or part-time education receive pensioner education supplement and an education entry payment to help with costs of education, but Austudy pays even lower rates than Newstart and none of the other concessions are extended to Austudy. Technically, part-time education could be allowed at Centrelink's discretion, but there are no explicit rules about that. It could be one of the other activities in that catch-all phrase. I think it is critically important that there be a part-time study option and that for people for whom that would mean getting a year 12 certificate, or any post-school level education, it is very important for getting a job. You can tell that every bit of education helps from the ABS statistics on employment levels.

The other point I raised in my submission was that the bill does not recognise the costs and time involved in dropping the kids off and picking them up on the way to and from work. It

talks about the accessibility of appropriate suitable child care and the unreasonable difficulty of the journey from home to work but it does not actually put those things together and work out that people often have to go via school or child care in those journeys. There is no recognition of the combined effects of caring and disability that face many people, which would much reduce their capacity. There is no exemption for cases where the children have been abused, as opposed to the parent. If a child has been the victim of violence or sexual abuse, there are often quite a lot of problems for which they really need the parent who has taken them away from the situation to care for them. In particular, there is no exemption for people who need to relocate and reorganise their lives and their children's lives after a relationship breakdown. In fact, you cannot get Newstart for 26 weeks if you move to an area of lower employment prospects.

In my suburb in Sydney, which is a long way from affluent, it is impossible to rent a two-bedroom house or flat for under \$400 a week. I tried. Newstart payment is currently \$202 a week for a single and \$219 for a sole parent. So, if your relationship breakdown occurred in my suburb or if you were living two floors up with stairs only in my suburb, and you acquired a disability, you would have to move. I think that the only affordable housing would be in an area of lower employment prospects, in which case you would be deprived of income for six months. I really think that is a critical need. I do not know what those people will do. Finally, Newstart is subject to the ordinarily waiting period, the liquid assets waiting period and the newly arrived resident's waiting period. Unlike the present system, it does not apply to someone who becomes a sole parent or gains a disability. It has been recognised previously that in these crises people need money immediately.

In summary, people with disability and sole parents are not a special class of undeserving poor. Disability is one accident, one terrible pathology result, away from any of us; marriages can break down at any time. Social security policy requires logic, coherence and consistency to meet the objectives of equity, fairness, adequate support and maintaining work incentives. I believe this bill has too many gaps and anomalies at present. Without amendment, I think we will find out the hard way where those are, probably through press stories, and I would not like to see that happen. Thank you very much. I am happy to take any questions on that.

CHAIR—Thank you. You might have been here when I was saying before that my opinion is that the legislation—with respect to disability—is directed at people who in recent years have claimed a DSP on the basis of a soft tissue injury of some sort or a bad back and say they cannot work. It is those sorts of people the legislation is directed at. If you accept that there is a need to dig into that category of people with DSP and try and excise those we might colloquially think of as undeserving of that, do you think a mechanism like the CWCA is an appropriate way of doing that or are there better mechanisms? Are there particular problems with the CWCA exercise?

Ms Perry—I did hear you say that. Over the last few years there has been a lot of tightening of the criteria for disability support pension. I have done extensive statistical analysis on the numbers in the past and I believe that the main growth in disability support pension has been among women aged 60 to 64. I used to do it by year, by year of age, and you could see as the age pension went up that a number of the people who were not getting age pension claimed disability—it was a sort of payment of last resort. If you could get age

pension you could not claim disability, so many people with disabilities were hidden on various other payments. The great majority of the growth was due to the decline in other payments. In relation to the CWCA, I think it is a good thing to streamline it, but the criteria for it raise all the way the complexities and anomalies in all the current different criteria levels.

CHAIR—So how would you do it differently?

Ms Perry—I think to streamline those is a good thing, but it does take assessment of the person, as I mentioned, and it is a bit imprecise. When the disability support pension was brought in it was expanded to a wider group of people who we knew could do some level of work, and there were panels which they went to which looked at what they might do. I believe that if people were on the disability support pension and the activity test and assessment were provided to them and it did not involve being knocked off the pension then you would get a much more accurate reading, because those people would work with the assessors to determine their level of capacity knowing that if they had a capacity to work they would be assisted to work and sent to employment services, rehab and those sorts of things. I just do not think you would have nearly as much trouble with it if it were applied on disability pension as if you were turfing them off onto Newstart for this. We have to have a criterion for disability and we have to do it as well as we can. I do not know of a better way than having people assessed individually as they are, but there is always quite a lot of imprecision in those assessments.

CHAIR—Okay.

Ms Perry—I also have a list of recommendations which I have included since I rushed that submission in.

Senator MOORE—If we could get a copy of them, that would be good.

Senator WONG—Could we have them tabled, perhaps?

CHAIR—Yes, that would be good.

Ms Perry—They are handwritten at the moment. Would you like me to type them up?

CHAIR—Is it possible for you to prepare them in typed form and lodge them with the committee first thing in the morning?

Ms Perry—I can do it this afternoon.

CHAIR—That would be even better. Thank you.

Ms Perry—Do you want any of the highlights now, or do you want me to—

Senator WONG—I would not mind hearing at least the highlights.

CHAIR—If that is your question, then by all means.

Ms Perry—Some of them are either/ors, and I will list them now. My first would be to leave principal carers and people with partial capacity on the pension, even if you activity test them. I would remove the short-term and long-term distinction in DSP eligibility—treat people with very severe disability the same, whether that was going to last for six months, one

year or two years, and then review them. I would extend Newstart incapacitated to people able to work 15 hours instead of eight hours.

In all payments with an activity test or participation agreement, I would allow an exemption or a definition of unsuitable work which would include: a period of adjustment to relationship breakdown or the onset of disability; combinations of caring, disability and parenting; child subject to violence or abuse; unreasonable cost or time in getting to child care or school and work for principal carers. In all payments with activity tests or participation agreements, I would provide clauses covering training, education and rehabilitation, which have been removed in the bill.

I would amend Austudy to allow principal carers to have a part-time study concession similar to that for people with disability. I would extend mobility allowance to people undertaking education, rehabilitation or prevocational training. You can only get that if you are looking for work under an agreement, so, if you are a parent with a younger child and you want to get into the work force, you cannot get mobility allowance to look for work because you are not subject to an agreement until later. So I do not see why that would not be helpful.

If parents and people with partial capacity are to be placed on Newstart, I would extend the top-up supplement that is going to go in there for foster carers, home-schoolers and distance educators to more people—for example, to those with children with disabilities and parents with a disability; that combination. I would soften the clause prohibiting moving to an area of lower employment to take account of affordable housing. I would also remove the waiting periods ordinary liquid assets, newly arrived residents waiting periods for people with onset of disability or relationship breakdown. Those are the ones I can think of at the moment.

Senator WONG—Thank you, Ms Perry. That is a fairly comprehensive list of recommendations. I look forward to receiving them in more detail. There are a number of issues I wanted to raise, first on your submission and then on your recommendations. The first is—and you did touch on it in answer to a question from Senator Humphries—this assertion that a number of people, including the Treasurer on budget night, have made that the growth in the DSP is due to some sort of explosion in the number of bad backs. You indicated that one of the largest growth areas was older women. What are the other cohorts, or characteristics of those cohorts, where there has been a growth in the DSP over the last nine years?

Ms Perry—First of all, the group on service pension moved through and there was a spike in the number of men aged 60 to 64 because, because, as the World War II group moved through, they could get a service pension at 60. Then there was the removal of the widowed pension and wife pension that exposed a number of other people with disabilities. A proportion of these people have disabilities, and it is never as many as are taken off. Then I watched that moved up year by year.

Then there was the removal of the mature age allowance, which was originally a pension allowance for men aged 60 to 64. As that disappeared, a number of them were returned to the disability pension. Some of those had long phase-out periods, but with these year-by-year figures you could see the spike in disability pension following through there. What is happening at the moment is that the biggest area of growth is among women aged 60 to 64. I

have not been able to get these figures since 2000, when I stopped being a public servant. I used to have them. It took a very short time for them to run the program for me after June every year, but I have not been able to get those exact figures. Now I can only look at the generally published figures.

Senator WONG—Can I turn now to your criticisms in your written submission and in your opening statement of the comprehensive work capacity assessment. You have had a look at the tender document which requires an assessment of capacity within seven-hour brackets. You describe that as being patently absurd in your written submission. Is that still your position?

Ms Perry—I have a condition at the moment for which I am taking some medication, though it does not prevent me from working. My specialist cannot tell me the results of the medication, and I have read the research on it. It is all in averages. We know it will probably improve my condition, but I can only tell on an average, and I just hope that I am above average on that. I believe that the more that a medical practitioner or a specialist understands about a condition, the more reluctant they would be to make a really firm decision on the future prospects of that. These decisions are going to be taken by allied health professionals. There will be decisions. I think, as the speaker before last mentioned, there needs to be an immediate review mechanism. The man to whom I spoke, the medical member of the Social Security Appeals Tribunal, told me he had numerous instances of the great difficulty in being able to assess this currently but particularly over the next two years, and particularly with regard to any job existing in Australia. How can you really tell what every job existing in Australia is going to involve? Yes, I do think it is—

CHAIR—I am sorry; we are out of time. Senator Siewert has a question.

Senator WONG—Chair, we have been out of time before and I have only had one or two questions of this witness.

CHAIR—You have had two and I had two questions as well.

Senator WONG—With respect, Ms Perry has a wealth of experience in this matter. There are two or three things I would like to ask her quickly. I do not think I have been unduly selfish in terms of questioning today.

CHAIR—Senator McLucas asked for limitations on time and you have exceeded the time that was allocated to you.

Senator WONG—Can I ask a couple more questions of Ms Perry?

Ms Perry—I will try to be brief. I am sorry if I may have been a bit wordy.

Senator WONG—Very briefly—

CHAIR—If Senator Siewert doesn't mind.

Senator SIEWERT—No.

CHAIR—Go ahead, Senator Wong.

Senator WONG—The issue with the comprehensive work capacity assessment is that it will determine not only what activity requirements you have but your level of income payment. Given your concerns about the capacity, what do you think is the possibility of this

approach actually yielding unfair outcomes to people with a disability in terms of placing them on the wrong payment?

Ms Perry—I think it is very high. I think you may be optimistic and say you can work 15 hours a week and get that sort of assessment—it is a gamble; otherwise, you may underestimate it. The people concerned as well as the person making the assessment are involved in the assessment.

Senator WONG—The two other issues concern the perverse incentive to understate capacity to work. You might want to take this on notice. Do I understand your evidence to be that the way this is set up, we may have a replication of what occurred when the invalid pension was abolished—that is, people will be put in a position where there is an incentive to actually understate their capacity to work?

Ms Perry—Yes, and I think that was raised by the previous speaker, who talked very clearly about what a terrible position you are placed in when you are on a disability pension and you really want to work but, if you work more than 15 hours, you can get into terrible financial strife. How do you test yourself and build your potential with that sort of threat hanging over you?

Senator WONG—I wanted to clarify your recommendation about the long-term and short-term distinction. Was that the two-year issue?

Ms Perry—Yes. I am very concerned about the fate of people who do not manage to get a clear two-year assessment but who have very limited capacity.

CHAIR—Thank you very much for your evidence today. We particularly appreciate the fact that you were flexible enough to come in a little later than we had originally anticipated. Thank you for that.

Ms Perry—Thank you very much for your time. I hope you get it right.

Proceedings suspended from 3.36 pm to 3.48 pm

O'NEILL, Ms Collette Maree, National Policy Officer, Australian Federation of Disability Organisations

SALTHOUSE, Ms Susan Margaret, Secretary, Women with Disabilities Australia, affiliate organisation of Australian Federation of Disability Organisations

CLOHESY, Ms Alanna, Deputy Director, Advocacy, People with Disability Australia Inc.

FORREST, Ms Heidi, President, People with Disability Australia Inc.

ACTING CHAIR (Senator Moore)—I welcome representatives from the Australian Federation of Disability Organisations and People with Disability Australia Inc. You are reminded that evidence given to the committee is protected by parliamentary privilege. I also remind you that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee has before it your submissions. I invite you to make an opening statement and then we will go to questions. Have you tossed a coin as to who goes first?

Ms Salthouse—Yes we have, and it came up heads so it is me to go first.

ACTING CHAIR—Please proceed.

Ms Salthouse—We would like to thank you for the opportunity to appear before you today. The Australian Federation of Disability Organisations is the peak body in Australia for organisations of people with disability, so you can look at it as an umbrella body if you like. Its members include the national peak bodies representing people with a broad range of disability, people with disability from non-English-speaking backgrounds and women with disabilities. People with Disability Australia is a national cross-disability and disability rights and advocacy organisation, and I will hand over to them in a minute or two so that they can explain more fully their role as a disability organisation in Australia.

Achieving welfare reform is a priority issue for the federation, for PWDA and their members and, I would say, for most people with disabilities. The Prime Minister, in his speech to the ACOSS congress which was held earlier this month, said, 'The disadvantaged have a right to assistance and support.' We loved that statement. 'The broader community,' he continued, 'also has a right to have policies in place which encourage people to break the chains of welfare dependency.'

The federation and People with Disability Australia agree that we, as a community, should put in place policies which can encourage participation. But they can only be effective when they accurately target the barriers preventing people with disability from entering the labour market. Evidence suggests that, at this stage, we are yet to achieve this. Despite the intense desire of most people with disability to work, and recent strong economic growth, the unemployment rate for people with disability remains high. So the experience today of people with disability is that the most important barrier to participation is discrimination. And that discrimination is in attitudes, in the provision of goods, in programs and services, and, of course—you see us—in the community infrastructure. It is all around.

The disability support pension, with its higher base rate, is paid to people with disability who cannot work or who cannot earn enough to support themselves independently. Some

people cannot support themselves through employment because they are physically just unable to do so. However, most people with disability cannot work, irrespective of their desire to do so, because of this discrimination. Where people with disability are able to work, the pension's more generous treatment of income means that they are able to keep more of their earnings. That, I suppose, is an essential recognition of the additional costs that people incur in living with a disability. Then there is a rise in costs when they are working with disability, and that level of the disability support pension enables them to have some dignity. Put simply, the Newstart allowance just cannot keep people out of poverty. For this reason, the Australian Federation of Disability Organisations and People with Disability Australia oppose the changes to the eligibility criteria for the disability support pension contained in these bills because, in the absence of effective policies to overcome those discriminations that I outlined, the change will not lead to employment but will simply lead to poverty and hardship.

The continuation of entrenched and endemic discrimination is also why people with disability are angry and anxious about being subject to mutual obligation and activity tests. It feels to us as if, not being satisfied with excluding us from the community, we are now going to be punished and further excluded.

We would like the committee to understand that the proposed changes to the eligibility criteria for the disability support pension contained in the bills go much further than a simple tightening to catch the frauds and cheats. The changes will see people with severe disability shifted into the Newstart program system. People with complex mental health conditions, people with paraplegia, quadriplegia and other physical disabilities and people with chronic degenerative conditions such as HIV-AIDS and multiple sclerosis will be caught by this attempt to catch frauds and cheats. The reality is that the system is not ready for this huge cohort.

People with disability do have the need for assistance and support that is sensitively provided, which respects and protects our dignity and which is not directly or indirectly discriminatory. It is the position of the federation and PWDA that the bills as currently written do not meet these criteria, and they require substantial amendment. In particular, we have highlighted four areas.

First, protections should be introduced in the bill to ensure that activity requirements are reasonable for people with disability. The discretion given to the secretary in the bill is too broad and the few limits that have been included on what can be asked of people with disability are inadequate, especially in relation to the Work for the Dole program. There needs to be assurance for the reasonableness of that built into the legislation. Second, the bill allows the secretary to require people to undertake activities that are not directly related to employment or even preparing for employment, such as counselling and medical treatment. Further, the bill allows the secretary to override an individual's existing relationship with a treating professional. It is unethical and totally unacceptable to us as people with disability.

Third, the design of the new compliance system does not overcome the problems that are in the current system, which see harsh penalties fall disproportionately on people with acquired brain injury and mental illness in particular. Finally, the bill removes urgently needed support for people with degenerative and fluctuating conditions across the entire income support and employment assistance system.

These bills remove vital protections from the current system at exactly the time it is proposed to introduce a new cohort which has complex and poorly understood needs. We urge you not to allow people with disability to suffer because of ignorance and discrimination, which we believe is an unintended consequence of these changes. Thank you for listening attentively to my words. I will now pass the baton to Heidi, who has a personal story.

Ms Forrest—Firstly, the PWDA is a national cross-disability organisation of and for people with disability. We advocate for the rights of people with disability. Our membership is made up primarily of people with disability and organisations that are mainly constituted by people with disability. We have a strong grassroots ethos and we were founded by people with disability. To this day we continue to have a voice of our own.

My story is not that different from those of many of our members who are going to be adversely affected by the proposed changes. I am a woman with a disability, I am married and I have two children. One of my children also has a disability. I live in a small town in the Hunter Valley and I really want to get a job, but in order to get one I need to continue with my tertiary studies so that I can be competitive in the labour market. It is really important to be equal with everyone else.

Imagine that this is July 2006 and I have not yet received the DSP; I am merely applying for it. I will not be deemed eligible for the DSP, and it is likely that I will be assessed as being able to work more than 15 hours a week. The fact that there is hardly any public transport and definitely no accessible transport near my home will not be taken into account, nor will the fact that there are hardly any accessible workplaces and employment places that I can attend to be able to fill my participation requirements. Nevertheless, I will be requested to do some activity tests to prove that I want to get a job and so I am able to get income support. It will mean that my family will have to adapt to my activity requirements, and the demands of my family circumstances will not be considered. If I want to study, I will not be able to receive the pensioner employment supplement that is designed to help me undertake full-time or part-time studies. If I rented, I would not be able to receive rent assistance. I will not receive a pensioner concession card under the Pharmaceutical Benefits Scheme.

In short, I will be on Newstart allowance or on Austudy. This will not be enough for me or my family to live on and it will mean that I will not be able to study and that I will not be competitive in the labour market. It will also act as a disincentive—not to my individual desires or ambitions; I will, of course, always want to be able to participate in the economic workplace. It will not take into account my participation costs, the costs of my disability and the costs of my child's disability. I will have to look at my family's circumstances in total. It will also not take into account my geographical problems, which are really going to magnify my problems more.

We need these supplements and other assistance restored so that we are able to participate equally in the education and labour markets. We need accessible buildings and jobs and an investment in the infrastructure so that it is equal for everybody. We want these reforms to be sustainable and workable, but we need a fair go. We need investment in infrastructure and we need jobs and opportunities to be created and we need the barriers dismantled.

CHAIR—Thank you very much for your presentation today. I will start with a question about the AFDO submission, which says that there should be a ‘national employment strategy aimed primarily at addressing the issue of employment retention’. Looking at what is in the package that the government has put on the table, it looks to me like the kind of strategy that you are calling for. There is \$554 million for services to assist people with disabilities who can work part time and there is a significant boost to the program that funds the conversion of workplaces to accommodate the needs of people with disabilities. The employer roundtable is a pretty important device to bring more employers to the table in understanding the needs of people with disabilities, and the Welfare to Work Employer Demand Strategy is beginning in February next year to educate employers on the benefits of employing people with disabilities. There are other things like a prevocational account which will enable the purchase of short-term programs of assistance, such as pain management or mental health programs, and additional wage subsidies to encourage employers to employ disadvantaged job seekers with disabilities. Can you tell me what is deficient about that? Where does that fall short of a national disability employment strategy?

Ms O’Neill—We would welcome many of the elements of the package—and have welcomed many of the elements. We argue that there is not a lot of coordination in the package and that the emphasis has still been on helping people to get back into work. Although that is an important thing, we argue that more attention should be paid to keeping people in work, because it is much harder to get somebody with a disability back into work than it is to keep them there in the first place. It is important to remember that most people with disability acquired their disability as adults and tend to be working at the time they get their disability. So, if we could do more to keep people in work, that would be better. We have made suggestions to the minister for employment and to the department about ways that we think it can be improved.

CHAIR—Can you tell us about those suggestions that are not in the package already?

Ms O’Neill—For example, the increase in the funding to the workplace modifications program is very welcome. However, there are reasons that the program does not work as effectively as it could. The money could be used in different ways that may be a bit more innovative. We have put suggestions to the department about how that could happen and how the package could be used to provide the support that is not currently provided to persons with disability in the workplace to keep people in work and to make it easier for employers to employ people with disability.

CHAIR—So that is not in the package now? Has it been ruled out?

Ms O’Neill—I think it is still under discussion as to how far those suggestions can be taken.

CHAIR—So the money that is there for these sorts of transition programs might well be effective in creating the kind of strategy that you are calling for in the submission?

Ms Salthouse—One of the things that we have talked about in view of those things that are in the budget is that we look at them with great caution because, from the position we are in now in Australia, it is very difficult to ascertain whether they will in fact, for instance, create the correct stimulus for employers to take up people with disabilities. One of the things which

I suppose gives us some cause for apprehension is that, in effect, despite the fact you have got those safety nets, being put onto the Newstart allowance really puts people with disabilities in competition with able-bodied people, in a way. Despite the incentives and the roundtable that you will conduct, for employers who are faced with applicants with a disability, even though they can access the money for the workplace adjustment, there will be an adjustment time within the workplace, whereas, if they employ an able-bodied person, they can hit the ground running.

I think that is where caution and apprehension tinge our reaction to those very good inclusions in the budget package. You would have noted that one of the mainstays of my address was that word ‘discrimination’. It applies attitudinally across the board. We get feedback from people with disabilities who are currently in the workplace, and the workplace discrimination that they face is tangible. They also face workplace isolation, not through people’s overt hatred but just through people’s lack of understanding, which, even in employment, makes their lives difficult. But we are talking about the pre-employment phase and that is why we have apprehension about those measures that you have put in place to try to address our misgivings.

Senator ADAMS—I noted on page 4 under ‘Key concerns for people with disability’ you listed ‘the development of the bill without due consultation with people with disability’. I was under the impression that you had been given a part-time position from DEWR to actually help with it. Is that right?

Ms O’Neill—No, that is not correct. We have received funding from DEWR to employ a project officer for six months, but that person only started a couple of weeks ago. That person was not employed in the build-up to the bill being developed. Some of our members are speaking afterwards. I know that one of them is from the National Council on Intellectual Disability. I am sure he can talk more about how well his members were able to take part in the consultation process. At all stages, people were given very short time frames—a matter of a week at times—even for this consultation period for the bill. It is just not enough time for people who may need the bill put into another format so that they can read it. They may just need extra time because of an intellectual disability or a brain injury to read and comprehend the complexity of the package.

CHAIR—Can I clarify about that position from DEWR. Did the person only start in the last two weeks because that is when the funding came through or because the position was only filled in the last two weeks?

Ms O’Neill—It was a combination. The position was filled as quickly as the position could be filled once we got the contract signed. But it was never intended to consult about the bill; it was intended to consult about what falls out of the bill—that next stage.

Senator ADAMS—About implementation.

Ms O’Neill—Yes.

Senator ADAMS—I noticed right through your submission—and there was a summary in the recommendations—that you said that the government should immediately move to introduce an access to premises standard that provides full access to buildings for people with disability. I am from Western Australia, and I was quite involved with the disability plan for

the state government in about 2000. So do the other states not have a disability plan for public access and things?

Ms Salthouse—I do not have accurate information on what other states have done, but I think there has been quite a piecemeal approach. This is personal observation, not backed up with any research. My personal observation is that, in some states, there has been great attention paid to accessibility in cities and very little in rural areas, and in some states the reverse is true. In some states across the board there is better access. But in fact, under the Disability Discrimination Act, the development of the access to buildings standards has had a long gestation period. It has only just been brought into effect. I think it has a 20-year—

Ms O'Neill—Sorry, Sue. The standard would be a national minimum standard. That is the advantage—that, if an access to premises standard is introduced, it will be consistent across the country. It is not finalised yet; the negotiations are still continuing.

Senator ADAMS—I know in Western Australia they have put huge efforts through—

Ms O'Neill—I am talking about access to premises standards.

Ms Clohesy—I think the point is the uniformity across Australia.

Senator ADAMS—I just noticed it came up a few times.

Ms Salthouse—I was thinking in terms of accessibility around cities—say for people with physical disabilities, things like cutaways, which are those breaks in the kerb which allow a wheelchair to go—

Senator ADAMS—That is the standard for our local councils.

Ms Salthouse—I looked at the improvements around Canberra. Yesterday I was having some routine tests done and I was in front John James Hospital, tootling along the footpath, and came to a cutaway which was so steep I knew if I went down it forwards I would slump out of my chair. Luckily a truck driver stopped, jumped out of his truck and pulled me down the cutaway backwards, and I went the rest of the way on the road. So we have not got access everywhere. Even with the Australian standards, buildings of two and three storeys will be exempt from putting in lifts—maybe. We still face an inaccessible environment even with new buildings which will have steps at the front and you will find that there has been an add-on ramp put at the back when they realised the need afterwards.

Senator ADAMS—That is interesting. I am quite surprised.

Ms Salthouse—I would love to return to WA and take advantage of what has been put in place there.

Senator ADAMS—If any of you are over there have a look, because they have done a terrific lot, in the rural areas as well.

Ms Salthouse—So that is an issue, but of course there are many other barriers that place restrictions on what we need for jobs.

Senator WONG—Thank you very much for your submissions. I would like to go first to the issue of the cuts to payment and the effect on people with a disability. Both of your submissions talk about the cost of disability. You may have addressed this in your opening submission—I apologise, I could not be here for that—but I want to know, from your

members' perspectives, what the impact will be on their everyday lives of the sorts of losses that are on page 6 of the AFDO submission.

Ms O'Neill—One of the areas we are quite concerned about is that people with partial capacity who can only work part time and in a minimum wage job will never really be able to pull themselves out of poverty, because they are going to be on a lower income payment with harsher taper rates and working to their maximum capacity—there is no scope for promotion or for increasing their hours so that is all they will do. They have all the costs of working. They have to find a job in the first place that can pay enough, given that it costs them more to work. And then they may actually be left in a position where their take-home pay is not much higher than they would have had on the pension but they are working 15 hours for that, and that is the most they can earn.

Ms Clohesy—I would just like to point out that in Heidi's opening statement she talked about the impact particularly as a tertiary student. Heidi, would you like to add something more?

Ms Forrest—I would not be able to access a pension for education so I would not be able to continue my tertiary studies or be able to compete equally. The cuts in payment would also drastically impact on my household, because of the costs associated with my disability and by child's disability. He needs a lot of nutrition and dietary things as well as therapy costs and that kind of thing. So the cuts would impact on my ability to participate but would also impact upon my household and on how much I could do. That would create a disincentive for me, because I have got to look at my family situation in toto. I could not afford to work. I could not afford to do anything. I would have to give up therapy for my son. I would have to go on generic or no medicine. I would not be able to have him on a diet and I know that I would then be in trouble with the school system, so it would impact on all sorts of other areas.

Senator WONG—Training or skills acquisition does not appear to be something that would meet the activity requirements for those people who are placed on Newstart. Is that an issue of concern?

Ms Clohesy—That is an issue of concern and, as Heidi has pointed out, the particular issue is the inability to continue to study or to access education because of the loss of the pensioner concession card and the Pharmaceutical Benefits Scheme. That will really mean that people actually will not be able to make a choice between study or finding a job. And that will actually further entrench people with disability in poverty now and in the future. It will mean that there will be less people with disability accessing tertiary education and having those same education outcomes.

Ms O'Neill—Another point is that people who have full capacity on Newstart are allowed to undertake part-time study as long as they are still looking for work. But if you only have a partial capacity, you really are excluded from that because by doing part-time study, your entire capacity is taken up. You do not have the option that everyone else does to combine study and Job Search.

Senator WONG—Do you know what the trend is over the last nine years for the Commonwealth's employment of people with disability?

Ms Clohesy—Since 1995, the employment of people with disability in the Public Service has declined from 5.8 per cent to 3.8 per cent.

Senator WONG—Do you think there is a case for the Commonwealth actually leading by example?

Ms Clohesy—Certainly one of the things I wanted to add to AFDO's points about what needs to be in a national disability employment strategy following a question from Senator Humphries was that the public sector needs to be leading by example and that would be central to a national disability employment strategy.

Senator WONG—You also raised an issue which a number of the witnesses have raised which is the lack of limits in the bill around what can be included in an activity agreement. Were you or your organisations consulted or informed as to why the current safeguards and restrictions on the terms of activity agreements were going to be removed?

Ms O'Neill—AFDO and PWD were involved in some discussions with DEWR as the legislation was being developed. We were asking that protections similar to those that parents get in the AWT legislation be replicated for people with disability. We were told that that would not happen because the government wanted to put as little in legislation as possible and leave the flexibility for the guidelines.

Senator WONG—Your submissions raised concerns about what might be included. Obviously it is not necessary that the guidelines come before the parliament. What are the concerns about the bill?

Ms O'Neill—We have a number of concerns. I guess they could be summed up by saying that there is no requirement that activity requirements be directly related to improving your prospects for employment or gaining employment. We think that there are not enough protections about what it actually means; whether or not something is reasonable for someone with a disability to do. We welcome the fact that disability has been at least separated out as a factor to take into account, but we think that one sentence captures a whole range of things about disability that could be and should be better expressed. The system is not used to dealing with people with disability and people do not necessarily understand the impact of disability. They can think something is reasonable and not understand that it is not.

We are also concerned about the discretion that is provided for the secretary to override the activity agreement about how many hours a person can be asked to work. That links back to the comprehensive work capacity assessment. The legislation says that someone with partial capacity can be asked to work 15 hours with an upper limit of 25 hours. There is nothing in the legislation that explicitly says that a person with disability can only be asked to work up to their assessed capacity through the CWCA, the comprehensive work capacity assessment, although I would expect that that is the intention. But if the CWCA is not in fact comprehensive and puts somebody into this theoretical workplace and says, 'Could you work? What does your disability do?' and does not take into account the full range of the person's experience, then asking them to work at that level may not be reasonable. The comprehensive work capacity assessment may not, for example, take into account the fact that someone with a disability may also have caring responsibilities, as Heidi has illustrated as a parent. Her activity agreement could actually reflect that because she has a relationship with

her employment service provider who understands that Heidi has these other things to do and so puts a lesser work requirement on her. We would not think it reasonable for the secretary to be able to override that if the comprehensive capacity assessment was not comprehensive.

Senator WONG—This is my last question, because I am aware that other senators will want to ask you questions. I do not know whether or not you were here for Ms Perry's evidence when she expressed concerns about the comprehensive work capacity assessment and the very specific bandwidths of hours. As I understand it—and I do not want to verbal her—her views were that it is very difficult for such an assessment to be that precise, and that if you get it wrong the consequences under this new regime are quite significant. Can you comment on whether you have confidence in what you know to date about the way in which the assessment process will work?

Ms Salthouse—I endorse Ms Perry's concerns. It is indeed very subjective and very difficult. It is very difficult to assess people who ostensibly appear to have the same disability or same level of disability. Really, one of the difficulties with the CWCA assessment is that, as Heidi has highlighted, it assesses your potential, based on medical grounds, for hours of work but not the availability of work in the area. So there is a disjunction between those two. When you then carry that assessment forward—and you may be assessed as being in the 15- to 22-hour range—you then have to take it on trust that the employment service personnel with whom you work will be able to interpret that with reason, and interpret the situation—your live-in location and your home situation—with reason so that you will not be required to do unreasonable activities.

However, as Collette touched on before, the activity test for someone who is getting work-ready is not specific and tied down to what it might be. It could be that that, combined with your mutual obligation, means you could be required to do a certain number of hours as a volunteer as part of your mutual obligation. The activity test and that combined could end up with you in effect taking much more than 15 hours a week before you even factor in all the things associated with your disability, which perhaps make your day longer and more energy sapping.

Ms Clohesy—Just as a supplement to that, one of the things that we are concerned about is the reliability and validity of the assessment process. So, for example, while our disabilities may not be exactly the same, we have a similar disability, but how do we know that the assessments that are being made for me in Sydney are the same as those for Heidi in the Hunter Valley? So it is about whether that is able to be replicated. And there is a question about fairness in that as well. So, while we welcome that there might be an opportunity to take into account broader effects, what we are concerned about is whether there is going to be some consistency in those kinds of assessments.

Ms Forrest—I also wonder whether CWCA would take into account social considerations. For example, when I am at home my disability does not really exist because I have things in place so I can cope, but when I am in the shopping centre or at my daughter's school or at university, I have a significant mobility disability that would really impact on what I can or cannot do. Therefore, the CWCA does not need to just look at me in my individual circumstances, but it needs to look at a range of issues including social issues.

Senator SIEWERT—I have two questions. I apologise if I missed this earlier when Senator Wong was asking about the activity requirements. In your submission you talk about not being required to undertake medical treatment. Unless you addressed it earlier and I missed it, could you explain that a little bit, because it sets warning bells ringing for me.

Ms O'Neill—There are two places where that is a relevant matter to raise. One is about what is reasonable to ask of someone as part of their activity agreement—and the bill seeks to remove a section which outlines what can be asked of someone. It relates to rehabilitation, training or job search. At the end it says that you can have other matters that you have negotiated with the person. That will be all gone and replaced with a catch-all, which is at the discretion of the secretary. Theoretically, there is not a lot that could not go into an activity agreement.

It is also a relevant matter to people claiming temporary incapacity exemptions from activity testing. At the moment, a person will go with the medical certificate that proves that they cannot work for the next period and they will be granted an exemption from having to look for work. The proposal is that Centrelink or the secretary can say, 'We do not accept that. We think there is something you could do as well, instead of just not looking for work.' I think that is designed to require people to do counselling and things like that. The only way you can choose not to do that activity is to not get the temporary exemption. So your choice is to either undertake an activity you do not agree with or look for work when you have a medical certificate that says you cannot look for work. We can think of many situations where giving somebody in Centrelink the discretion to override a medical certificate would be a real problem.

Senator SIEWERT—I was debating whether I should ask this question and, the more I think about it, the more I would like to. Yesterday we were talking about progressive degenerative medical conditions. If you have a degenerative illness, there comes a point where you are forced to stop work; you cannot undertake your 15 hours. What would happen if I had one and I wanted to spend quality time with my family before the illness stopped me from doing so? My reading of these provisions is that they would not let me do that. I would be technically assessed at a point where I could undertake 15 hours work, but I would not be able to.

Ms O'Neill—We might have to get back to you on that. My understanding is that how you will be treated will depend on whether or not your condition is terminal. I think there are different treatments for people who have conditions that are terminal, but can we get back to you on that?

Senator SIEWERT—Yes, if you could, both for a terminal condition and an illness which gets to the point where it significantly impacts on the ability to have quality time with family.

Ms Clohesy—So you are considering something like MS?

Senator SIEWERT—Yes.

Ms Salthouse—One of our concerns is that people can have degenerative or fluctuating medical conditions, and we are not just talking about mental health conditions. For instance, as you have mentioned, somebody, having been diagnosed with MS, can be in remission. They can proceed working in full-time employment and that can be suddenly followed by a

real plunge in their ability or they can have fluctuations. There are types of MS where there are fluctuations, with months of excellent ability followed by months of inability. Those people would be affected. But for more specific information, we will get back to you.

Senator SIEWERT—That would be appreciated.

Ms Salthouse—I do want to emphasise that these fluctuating conditions do not just apply to mental health. I suppose that even people like David and me, who have physical disabilities, can come into situations where suddenly we just would not be able to work for months at a time. When we sit around the table together, I am just like you but sitting down. But I have regular trips to Sydney to see the spasm specialist. I am a resident of Canberra and, in many regards, medically it acts as a rural centre—so you can imagine that the cost for a 20-minute consultation with my specialist is very high. There are a number of ongoing medical conditions that I cope with on a day-to-day basis, and my visits to my local GP are running at one a week at least. I sit before you looking—as I am—fit and healthy, but there are a lot of associated things that you do not see.

The same would be true when we consider someone with hearing impairment. Most people in the able-bodied community would look at that person and say, ‘They just have hearing aids.’ But if any of you have tried living in another country where you are using your fledgling French or whatever language it is, you would know the energy that goes into a day of eking meaning out of somebody else’s conversation. So having a hearing impairment does not just mean sticking in hearing aids. The other thing that I think the able-bodied population does not realise is that most hearing impairment is associated with balance disorder, so there is a lot of energy that goes into keeping you on a straight line.

CHAIR—Does your organisation, or do other organisations, go out and speak to employers about issues associated with employing people with disabilities and, if so, what sort of work do you do and what sort of reaction do you get to those exercises?

Ms Clohesy—We provide disability awareness training and flexible workplace training. Most often the reaction is one of surprise that a lot of workplace adjustments can be quite easily made to ensure that a person with disability can work. Most often, it is around attitudes around employing people with disability which, to pick up Sue’s earlier point about discrimination, are one of the most significant barriers to employment of people with disability. In fact, most of the complaints to the Human Rights and Equal Opportunity Commission under the Disability Discrimination Act are in the area of employment, and most complaints about that are in the area of recruitment. So employer attitudes which prevent access to employment are, I guess, the biggest thing that we deal with in our disability awareness training, but it can go from the practical to the very complex.

Ms Salthouse—WDA undertook case studies on AFDO’s behalf as part of the exercise of examining the legislation. I got a plethora of feedback from people, most of whom were professional people with disabilities, and so much of the time their anecdotes showed that it was the attitude of the employer which made all the difference.

One particular lady said she had spent three years with a disability employment service and had been unable to get a job. Eventually, she got one independently. She needed physical access to the car park, so they put in a zebra crossing for her to get safely from the car park.

They put automatically-opening front doors to the building and they made small adjustments. All the staff had a positive attitude to her participation in the workplace, whereas her forays into other workplaces had been very negative experiences.

I have a dossier of similar experiences about workplace attitudes. Sometimes all it needs is for somebody to go in and explain the situation regarding a minor adjustment that needs to be made. I am hopeful that the roundtable discussion and the web site that you propose for information for employers will enable them to expand their attitudinal positivity towards employing people with disability. But, as we have mentioned, it would be wonderful if the Australian Public Service could reflect that commitment to employing people with disabilities.

Ms Clohesy—To supplement that: most often employers will say to us that having someone to speak to them and being able to ask them even the simplest questions was the most effective thing. So, in terms of a positive outcome, it is about having engagement with a person with a disability and having someone to speak to and ask those kinds of questions of. A web site just by itself will not be sufficient to address some of those concerns.

Senator POLLEY—I have had raised with me on a number of occasions people's concerns already that perhaps they will not be assessed in a proper and appropriate personal manner. If somebody has a disability, they are often on large doses of pain-killing medication. For example, what I may be able to tolerate as opposed to what Senator Moore can tolerate could be very different. The concerns that have been raised with me are about the assessment of the amount of time that somebody can work and whether in fact they have the ability to work. That is a major concern for people. Do you have any evidence for those sorts of concerns, or have they been raised by your members?

Ms Salthouse—Yes, they have been raised. That is where great understanding is needed in the workplace. For instance, for some people, the medication they take in the morning is such that it really puts their eyes out on stalks and impairs their ability to think clearly, so they cannot possibly be ready to function until 10 o'clock. You need the workplace assessor to take that into consideration and also the employment service person to understand that they will not be able to find a job for them that requires them to start 8.30. Those are the sorts of restrictions that apply to people. Also, they may be on medication that lowers your functionality. It may be medication for a physical condition but the side effects may lower your mental functionality. That can affect people's ability in the workplace as well.

Ms O'Neill—The feedback from our member organisations is that people are really concerned. The concerns—Ms Perry raised a lot of them—are particularly for people with low-incidence or fluctuating conditions. For those with low-incidence conditions, there are concerns because it is unreasonable to expect that every assessor in the country will be an expert in, for example, HIV, its impact and the current treatment regimes. For those who have fluctuating conditions, there are concerns because they might be able to come in one day and look all right, so feel real pressure to play down their wellness on any particular day because they do not trust that the assessor will be able to see that their condition the next week could be completely different.

Related to that, I guess the people who are most worried are those who have conditions where doing that crystal ball gazing about where you might be at the end of two years is really difficult, because you do not know the way that some diseases progress. Who knows? If you have HIV, perhaps a drug will come out in the next year that will hold off the progression of your condition. But maybe it will not, and maybe if you have a poor immune system anyway you are going to catch something else in the next two years and your work capacity will be much lower. It is very difficult. And this is not necessarily about the capacity of the assessor themselves. It is just that that is a very big ask of anyone—to know all conditions over the next two years and think of all the possibilities that might impact on someone.

CHAIR—I want to pick up an earlier issue that I think Ms Salthouse raised, about people with disabilities having to take positions. As I understand the package, if you are offered a position which has the potential to aggravate or exacerbate some existing disability, condition or illness, that is a basis on which to legitimately refuse taking that particular job.

Ms O'Neill—Thank you for that, because it gives me the chance to raise something that I had been wanting to, which is about the Work for the Dole program. It is true that the legislation says that, if a Work for the Dole program would lead to your condition becoming worse or if it would be unsafe, that is a reason for you to be exempt from doing that. However, there are many Work for the Dole programs and activities that are completely inappropriate for people with disability but that will not necessarily make their condition worse.

CHAIR—Can you give an example?

Ms O'Neill—Of course. This is a real-life example but applied to a Work for the Dole scenario. Say you are a person with a disability who is referred to a Work for the Dole project that does not have an accessible toilet in it. To use an accessible toilet you have to leave that building, go down the street, go into a different building and ask the receptionist for the key to the toilet. This happened to somebody in a wheelchair in WA, and the receptionist, as the person came in, would say: 'Do you need the key, Fred? Here, have it.' That is humiliating, and it is indirect discrimination, but it is not making his condition worse in that scenario. So in that case he would not have grounds for an exemption. Sue raised the example of somebody with a hearing aid. If you are sent to a place that does not have a hearing loop installed, you can never take part in any conversations in your workplace but you can do the job. Your condition is not affected, but should you be in an environment where you are excluded from taking part in activities?

CHAIR—Thank you very much for your evidence today. We appreciate your attendance and the submissions you have tabled for us.

[4.49 pm]

PATTISON, Mr Mark, Executive Director, National Council on Intellectual Disability

EGAN, Ms Susan Wendy, Executive Officer, Physical Disability Council of Australia

CHAIR—Welcome. Do you have any comments to make on the capacity in which you appear?

Mr Pattison—I am also a dad and have two daughters, one of whom has a developmental disability, and this legislation will affect her in some years to come.

CHAIR—Thank you. We have your submissions, which are No. 21 and No. 9. Would you like to make an opening statement in support of your submissions before we proceed to ask you questions?

Ms Egan—I do not have a lengthy statement to make, other than to thank you for the opportunity to appear before this inquiry and to say that our organisation, the Physical Disability Council of Australia, commonly known as PDCA, for obvious reasons, welcomes the opportunity to have reform in Australia. However, we do believe sincerely that that reform needs to be real reform that does not result in people being set up for failure. We do have concerns that some people will fail. It may not deliberately set people up to fail, but it will see the failure of some people.

We also think that some specific issues are not fleshed out enough, and one of those is the issue of discrimination and attitudes, which previous witnesses have spoken about. We also think that transport and access to premises, particularly for our members—people with physical disability—are crucial to employment because, without access and transport, people simply cannot work, and I can verify that myself. I also think that not enough consideration is given to episodic or intermittent conditions, which Senator Siewert raised before. That is a big issue for many people with physical disability. Their condition could worsen over time or may come to some kind of a peak which will impact on working and it could subside again. That needs to be taken into account by any employer who is going to take on a person with a disability.

We also think that one of the largest issues is the cost of disability. The cost that people pay already, simply because they have a disability, cannot be underestimated. I will give you some examples from my own life. To buy a wheelchair, like the one that I am sitting in, costs anything from \$3,000 up to \$15,000, \$16,000 or \$17,000, if you happen to use an electric wheelchair. If you work and do not receive a health care card, you have to find that money for yourself. Not everyone receives health care cards and therefore the cost of their equipment will be a determining factor on whether or not they can take a job. There are also medical costs. I am a diabetic and without my health care card I would have to pay something like \$175 every two months for insulin and \$74 a fortnight for the tablets that I take, and that is just two particular incidents that affect my life.

I cannot travel on public transport because I am never sure that the end of the journey will link with the beginning and vice versa. I can never guarantee that public transport is all accessible so that when I leave home I can go to the place that I want and come back again. I

can never guarantee that I can get into a workplace. For those reasons I work from home, because it is the most accessible workplace that I know. I had an instance of access to premises this morning, when I was roaming around Canberra shopping centres. In fact, I refused to buy things in several shops because I could not get in. Because the displays are so big and thick for Christmas, which is understandable, I cannot get into some shops, so therefore I refuse to shop in places that do not welcome me.

That is a very small instance of a day in the life of a person with a physical disability. If you are expected to travel to and from work every day in the city or wherever, that is going to be very difficult. If you catch an accessible taxi, you will face what a colleague of mine is facing at the moment. She is working up to about 20 hours a week as a consultant. She cannot catch a maxi taxi in her home state, because they are all taken up with the school runs in the morning and in the afternoon. During the work peak time, when she needs to go to work, she cannot get there. There is a community based transport system in her home town of Adelaide, and she cannot use that because the fall-off from the taxi service are using the community transport service. So she cannot use that either. She is having to rely on an individual to take her to work, and she has to pay that individual before she appears at work and earns any money. Those are some of the realities in our lives.

CHAIR—Thank you, Ms Egan. Mr Pattison, do you want to make a statement?

Mr Pattison—Yes. First of all, thank you for inviting us to attend. NCID does support the intention of the bill as set out. Employment is important for people with an intellectual disability in terms of acquiring and maintaining their skills, and it is also important for those more social aspects in terms of self esteem and those sorts of things.

In terms of looking at what is important for a person with an intellectual disability to get a job, there are four determiners. The first—not necessarily the most important—is funding. People need assistance and support, and so they need funding to attain that. Apart from that, you have the motivation of the person, you have family support, you have job matching and you have on-the-job support. If you look at the latter four things, focusing on the capacity of the person places the responsibility on them, whereas the actual capacity lies elsewhere. It lies with the family in terms of the support they get from them; but more importantly, for us, it lies with the employment agency—whether it has the technical skills to find people work, whether they have the motivation, and whether they are good at finding and keeping people in employment.

Something else which occurred to me as I was coming here is Dr Nelson's literacy review. This is slightly tangential but there was a major concern about literacy of kids in schools, and he is undertaking a review. We are part of that review, which is why I thought of it, and it applies to people with an intellectual disability. If they are not taught to read and write—those who have the capacity and the capability of doing it—when they get to the age of 16 or 18 they are not actually job ready. That is just an example showing that if the teachers or the school system do not do their job, the people who suffer are the kids coming out of school who cannot read and write. Even though they have very little say over what is taught in schools and how it is taught, they suffer the consequences when they leave school.

It is the same within the service system for us. If you have service providers who are not up to the mark, the people who suffer are the people with intellectual disabilities who go through that system. I think that is an important thing to recognise: the capacity of the system has to be good before we start looking at the capacity of individuals.

The third point is people with an intellectual disability on the DSP. A lot of people with an intellectual disability will continue to receive the DSP. For us, they become the forgotten people, because they will not become a priority for employment support. Evidence of that is, for example, in the last budget, when business services did not get an increase in places; whereas part of the Open Employment Services did. Another example in terms of Open Employment Services is that places for those who have a partial capacity to work are basically uncapped, whereas places for those who are seen to have a very partial capacity to work—requiring ongoing support and those sorts of things—are going to remain capped.

We have a fear that, in the future, the government and the departments will place more of their employment dollars on people they can get into 15-plus hours without support, as opposed to people with an intellectual disability, business services and those sorts of things. The danger for us is that, increasingly, people with an intellectual disability who leave school at 18 will have to rely upon state services or, in the case of failure of state services, fall back on their families. That will mean that a parent—usually the mother—will have to leave work and then there are all the social consequences around that. I think that has been reasonably documented over the last several years.

The last issue I would like to raise, which is in our submission, is about single parents who have a child with a disability. I know that it is mentioned and the secretary has some discretion, but we would like to see as a minimum—of course we would like it to be slightly more extended, because the disability allowance is fairly constrained as it is—that single parent families who receive the disability allowance be exempted and also get the extra supplement, the same as foster carers et cetera.

CHAIR—Thank you both for those opening statements.

Senator ADAMS—Ms Egan, I notice on the last page that you are acknowledging and applauding the coalition government for expanding the carer payment criteria to include children with difficult behaviours as an important initiative that will have an enormous benefit for many families. Could you expand a bit on why you think that is so successful.

Ms Egan—I have to be honest and say that I included that on behalf of the federation—it was a federation statement. As we are one of the founding members and a member of the federation I included the statement.

Mr Pattison—I can answer that; I would like to. One of the things that the Carers Association, for example, and we and others have been talking about for a number of years is that the criteria for the carer payment have been fairly restricted. It was originally brought in around high medical needs, and I personally know of several families who have greatly benefited from that. But we made a comparison, and the government has listened, between the support needs of those children and the support needs of children who have difficult behaviours. There is very little between them in terms of the hours and all sorts of things which you could well imagine. So the extension, which, to be quite honest, was quite in terms

of the number of families and the number of dollars, was very good. It meant that those families—there are a couple in my area—will be exempted from the requirements which are about to be introduced through this bill. So we think that is wonderful.

Senator McLUCAS—Do you know the number of new carer payment child recipients that are going to be included over the next three years?

Mr Pattison—That is carer payment—2,000. Is that right?

Senator McLUCAS—Currently carer payment is 1,900 in Australia.

Mr Pattison—It was 4,000—it was going to treble. So it is quite a significant increase.

Senator McLUCAS—That is not very many families.

Mr Pattison—It is not very many families. I am quite happy to sit here and make an argument as to why it should be larger. It is only going to capture a very small group of families. It is going to capture some of those with autism, for example. It is going to capture some of those at what I would consider to be the severe end of ADD—ADHD. That encompasses both those groups, plus an extra group of people with an intellectual disability. The carer payment has always been fairly restricted and, speaking for people with a developmental disability as opposed to people with a health need, shall we say, we would like to see that being constantly revisited and looked at. It is about: do you do an assessment of a disability or do you do an assessment of need? We think it should be an assessment of need. So you should say, 'Here's the requirement: if someone spends 20 hours a week caring for their son or their daughter then that is it, no matter what sort of disability the child has.'

Senator McLUCAS—Do you know whether there are going to be two instruments for assessment?

Mr Pattison—I do not know.

Senator McLUCAS—Neither do I yet, and I am concerned about that. I agree with your premise that it should be about the care needs of the child, irrespective of the ailment or disability or illness that the child has. I am unsure how the government can extend it for people with behavioural issues or intellectual disability and be assured that the 4,000 that will come on will be carers of children with that disability, because if you are assessing the care needs of any child I do not know that you can quarantine 4,000 off from the current 1,900.

Mr Pattison—I think they can, or they will try to; and you are quite right—how they will do that will become a bit complex for them. Whereas, yes, if they looked at the care needs that might be better, because then they could quantify it in terms of 35 hours a week or something like that, in terms of the care of parents.

Senator McLUCAS—In terms of the time requirements?

Mr Pattison—Yes.

Senator WONG—My question is in relation to the exemptions from the participation requirements. We have had some discussion about the fact that they are still discretionary, in the sense that this is for people who have children with a disability. At page 5 of the National Council on Intellectual Disability's submission you say:

As a minimum this exemption must include those single parents who are in receipt of the Parenting Payment and also the Disability Allowance.

My first question is: is that saying, 'We do not necessarily want this to be discretionary; we want a safeguard in the legislation that, if you get that, you are exempted from participation'? My second question is: given that people would be exempted from the participation requirements because they cannot work, do you think it is reasonable that they are not exempted from the income cut?

Mr Pattison—I am sorry, I do not understand.

Senator WONG—The current legislation draws a distinction for a number of groups between exemption from participation requirements and exemption from the reduction in income support by moving them onto Newstart. People in the situation that is referred to in that paragraph may well be exempt from the participation requirements, but they are going to go onto a lower payment anyway.

Mr Pattison—That is right. We would also ask for them to get the top-up supplement, I think it is called. The reason for that, of course, is that to get the disability allowance there is an acknowledgment that—

Senator WONG—Precisely.

Mr Pattison—there are some significant caring needs; otherwise you would not get it. It is a small number, so we think that there is background for that.

Senator McLUCAS—Ms Egan, in your submission you say that what you would like to see is an increased rate of mobility allowance paid to all people who are eligible for the allowance. That would broaden the eligibility quite considerably. I dare say that is around the cost of mobility. Can you expand on why that is a policy position that you have got?

Ms Egan—It is to do with the cost of working. For instance, a person may spend half their pay going to and from work, and that is not uncommon. If you require a taxi, you will find that taxi companies in various states and territories add loading fees to the taxi fare. In Victoria, for instance, if you have a mobility disability and you need a wheelchair-accessible taxi, they will charge a loading fee. That is supposed to be paid to those taxi drivers by the Victorian government but, if you are like me and you go to Victoria on business, then they will charge you the loading fee and, of course, you do not know that you are not supposed to pay that—that is a local thing. People are getting caught out all the time by those types of things. The idea of a loading fee is expanding, as other states pick up on the idea to encourage taxi drivers to drive the wheelchair-accessible taxis. But, at the end of the day, it is a cost on the individual.

Senator McLUCAS—It has been put to me that people who access work at Business Services, who, I am assured, are not caught up in the proposals from the government, should also get access to the increased mobility allowance—and, Mr Pattison, you might have some comments on this—because of the cost of those people accessing their Business Services employment.

Ms Egan—The costs would still be the same—

Senator McLUCAS—That is right.

Ms Egan—regardless of the disability. If they are eligible for a mobility allowance, then those costs have not stayed still and, despite the increase once a year, it is not meeting the cost of transport. It is nowhere near meeting the cost of transport.

Senator McLUCAS—And that is exacerbated in regional centres, of course.

Ms Egan—Yes.

Mr Pattison—I do not understand why there is a difference. We think that everyone on the mobility allowance should get the enhanced rate.

Senator McLUCAS—I asked that question at Senate estimates. I will be happy to send you the answer which they provided. The answer, in summary, was ‘no’.

Senator McLUCAS—I asked that question at Senate estimates. I will be happy to send you the answer which they provided. The answer was no, basically. The other question that I would like to put to both of you is about a person’s ability to get to work on time when the person needs personal assistance to get up and get dressed in the morning. It is a question of timing—of when those people can actually access that personal assistance in order to meet the requirements of their work day. Do you have any comments on the ability for people to get HACC services—as that is what it usually is?

Ms Egan—The issue of providing care or support for people, particularly those with a physical disability, is quite complex because it runs across federal and state governments. It is under the CSTDA. I have had many a discussion on the need to have an increase in the amount of money that is targeted for that type of support—in fact, as recently as last week in Brisbane, with the Department of Family and Community Services. Every time I talk to one of the parties, depending on whether they are state or federal based, they refer that to the other and say that it is the other department’s responsibility. But that never actually addresses the issue.

For a person with a physical disability—for example, the colleague I mentioned earlier—getting up for work and getting to a place on time requires some support. My colleague needs a person to help her shower in the morning, get dressed and get ready for work. She is allotted something like 15 hours per week for support, but if that 15 hours has to be shared across her life in a week—and that includes all seven days—then how do you prioritise what is most important? Do you use all of your hours to get you up in the morning and maybe get you home in the afternoon from work just to keep down a job, and then have nothing else left? Very soon that job will fail because you will be too exhausted.

Senator McLUCAS—Thanks for that. The other part of that question was about having access at the right time. It has been put to me that people are finding it difficult to receive personal support at a time that allows them to get to their job on time.

Ms Egan—Just two weeks ago that same person was in Brisbane and needed a support person to arrive at seven o’clock on a weekend morning. The service could not supply a person until 8.30, and that was too late, so we had to organise some alternatives. That is quite common in an industry that is very lowly paid. It is an industry that is scattered across Australia. It is all state based. There is no national framework and there is no national system

whereby people are trained in the same way. It is very spasmodic. If people do not want to work before eight o'clock, they do not.

Senator McLUCAS—And therefore you do not get to work on time either. I thank you both very much.

CHAIR—I want to ask a question about the comments that you made before, Mr Pattison, about there not being enough places for people. I think you were saying that there were not enough places for employment assistance for those who remain on the DSP who are not transferred away. I understand that there are 38,000 places in the capped stream as part of this package and they are not quarantined to those who are moving into the Newstart stream. So it is possible that a very large number of those could be consumed by those who are being put into Newstart. As I understand it, there is nothing to stop those places also being used by those who stay on DSP. Do you have any indication that 38,000 places will not be enough to deal with both those who stay on DSP and those who move off it?

Mr Pattison—It was put to me the other day that the question was: how many people are going to be on the Newstart allowance? I think there were 100,000-odd places for going onto the Newstart allowance, or something like that.

CHAIR—I do not think the figure is quite as large as that.

Mr Pattison—Whatever it was.

CHAIR—There was some dispute about it.

Mr Pattison—And that was fine.

CHAIR—I think it was 80,000 or 77,000 or something of that order.

Mr Pattison—Whether that was going to be sufficient to take the number of people who would be put into that category of having a partial capacity to work, I do not know. If it is not then they will start to eat into that 38,000 and then they would be given priority. Because of the 'penalties' that would apply to them, you would, within reason, give them the priority because they would be starting on Newstart not the DSP. In a perverse way that makes logical sense. It depends upon the numbers and how many people go through the system over the next three or four years as to how many of those 38,000 will actually be to people who remain on the DSP. So, yes, it is to be seen but we know definitely, for example, that there were no extra places given to business services, and that is where a number of school leavers choose to go.

Ms Egan—It is not commonly known that people with physical disabilities traditionally do not go through employment services. Traditionally they prefer to find jobs by word of mouth or by looking for themselves or by going to alternative employment services. Therefore some of those figures that you are talking about might not be taken up as much as you would think.

CHAIR—We did hear evidence in Albury last week that some people with disabilities—and they did not distinguish between intellectual or physical disabilities—prefer to use mainstream services because it does not stigmatise them for using a specialist service.

Ms Egan—Certainly the people that I represent fit into that category.

Senator MOORE—I have a standard question. I am trying to find out exactly what consultation and information has been going on around this legislation. It came out with a lot of promotion around budget time and now we are looking at the bill in November and December. I know that both of you are very much involved in various consultative committees through the government process. What kind of interaction have you had with the government and the department on this particular process? Concerning the range of suggestions that you have put in your submission for things you think should happen, what response have you had when you have had the chance, if you have, to raise them with the ministers at different times?

Ms Egan—Speaking personally, on behalf of my organisation I have attended all of the consultations that have been put out by government that have either come to Brisbane or have been elsewhere—

Senator MOORE—They are DEWR?

Ms Egan—Yes, they are DEWR mainly. I went to all of those. I am on one of the DEWR reference groups that meets this week for the first time, in Canberra—that is the star assessment process. I cannot tell you anything about that because I have not been yet. I am part of the Disability Participation Alliance with the federation and ACOSS and ACROD. We have held either two or three official national forums and I have participated in all of those.

Senator MOORE—You are maintaining your record.

Ms Egan—I think so.

Senator MOORE—What about you, Mr Pattison?

Mr Pattison—We have let the federation do it because they represent us. We get caught in a bit of a dilemma here because the arrangements around people with an intellectual disability are not as severe or as catastrophic as they are going to be for other disability groups.

Senator MOORE—That is probable?

Mr Pattison—Yes. It is my belief that the voices of others should be heard—people, for example, with mental health problems, people who have periodic illness, people who have increasing disability through ill health—people with MS and those sorts of things. The main issue for us is going to be the commitment to ongoing employment support for people with an intellectual disability.

There will be some difficulties about assessment. But assessment is fairly good for people with an intellectual disability purely because of the long history and the fact that, to qualify and be eligible, with an intellectual disability you have to have a significant impairment anyway. There is not a graduation. There is a point at which there is a cut-off and then there is a graduation down. So it becomes a lot clearer. It is better understood by Centrelink and a whole lot of other areas, so in a sense we are in a slightly privileged position.

A number of issues have come up for us, though, in terms of our consultation with our members. That is the group which has traditionally been seen as mild and borderline. The issues for them are increasingly around the sophistication of the job market and the expectations that will be placed upon them as employees, particularly if they do not get ongoing support. By and large, people with an intellectual disability need assistance to find a

job. They usually find it through their family if they do not get some form of formal assistance. People who have a borderline intellectual disability, usually after a couple of years, may go onto no assistance depending on what the workplace and all of those sorts of stuff are like.

But they still have an intellectual disability. We put this in our submission, and we put the impairment in our submission very deliberately because it is to do with cognition, understanding and reasoning. From our consultation with our members there is an issue about how they will work within the modern workplace in terms of negotiating AWAs, how they will go in terms of a whole range of stuff that is about to happen. I will not bore you with all of the details as you probably know it as well as I do. I guess that is our major fear. We have discussed those sorts of issues with DEWR. We have had ongoing discussions with them because that is where the effect will be for us, I think.

Senator MOORE—Ms Egan, you have had various meetings where I know you have been putting forward these kinds of issues. Has there been any feedback from the department? Has there been any acknowledgment or have they said, ‘Not at this time’? Has there been any kind of response?

Ms Egan—Not really, to be truthful. One of the things we have tried to push really hard—and I need at this point to clarify something that was said earlier about this—is the access to premises standard that was raised. The access to premises standard is being developed under the Disability Discrimination Act in the same way that the transport standards have been already enacted in parliament and are attached to the DDA. The access to premises standard is already drafted. It is a draft document that was put together by the Australian Building Codes Board and representatives from the Australian federation. Three people with disabilities sat around that table to design the standard.

At the final point of meeting and developing that standard, the ABCB—the Australian Building Codes Board—was not forthcoming with what the final recommendation would be to government. The process is that, now the draft has been put together, it will be put to the Attorney-General and the government in general to look at and decide on whether it is acceptable and will go forward as a standard or not. One of the issues of concern in that is that the Property Council, who are participants in that process, and the Australian Building Codes Board seem to support the idea that there should not be lifts in buildings under three storeys.

Our position, and why I mention it here, is that buildings of three storeys and fewer mainly involve the small businesses of Australia. They are in those buildings. People with physical disabilities and many with other types of disabilities will not be able to get employment unless government can see the connection and see that, without access, whilst the jobs might be there, there will not be people with disabilities employed in them—certainly not those with physical disabilities. We need that to happen to be progressive in Australia. So we have been pushing that issue.

When we put that issue before DEWR at several consultations, I do not think they understood it, to be truthful. I do not think they truly grasped the bigger picture of that. The more we talk to Minister Andrews, the more Minister Andrews has begun to see that there is a huge impact there and a connection. Recently, our organisation—you probably all are aware

of this—sent you all a letter saying, ‘Please look at this.’ If you do not have it, it is in your office somewhere. It really is a big issue. Transport is already under way. Within a 20-year time frame—and it has been 15 years now—access to public transport in Australia will be pretty good. But if we do not do something as proactive as we did with the transport standard, we will be behind the eight ball forever. That is one of the biggest issues for us in terms of employment. It is what has kept people out of employment in the first place, and it is what has kept them on DSP for all of this time.

CHAIR—Thank you very much for the evidence you have given us this afternoon, and thank you for your submission.

[5.26 pm]

COLEMAN, Mrs Marie Yvonne, Chair, Social Policy Committee, National Foundation for Australian Women

CHAIR—Welcome, Mrs Coleman. Do you have any comment to make on the capacity in which you appear?

Mrs Coleman—I am representing the National Foundation for Australian Women and, through that, what is known as the What Women Want Consortium, which is a group of 60-odd national women's organisations who are affiliated with three of the national secretariats funded by the Office for Women.

CHAIR—I remind you that the giving of evidence to the committee is protected by parliamentary privilege and that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee has before it your submission, which we have numbered 7. Would you like to make an opening statement, after which we will ask you questions.

Mrs Coleman—Thank you very much for the opportunity to appear. In the written submission we indicated that, if we could, we would like to bring with us one of our Indigenous members, but unfortunately we were simply not able to finance travel for that woman from Western Australia. I will refer from time to time to some of the points that she has asked me to make.

We would certainly like to emphasise, as I am sure other people have done, the speed with which this review is taking place following the introduction of the legislation. Without implying any criticism of the Senate, it is very hard for community organisations to completely assess all the detail—some of which, of course, is not yet known because it is yet to appear, in terms of regulation. We feel very strongly about references on web sites and so forth to guidelines. We know that guidelines do not have the same status as regulations, and we think it is important when these policies are finally put in place that, to the extent feasible, there be parliamentary scrutiny through the regulation process rather than through simply having guidelines. Guidelines are just that—guidelines. They do not have a lot of status.

We want to emphasise the importance for us of independent—and I stress that word—external evaluation of the social impacts of this legislation. I notice that there is some funding provided in the DEWR budget for evaluation. I do not know how that is going to be used, but we would have a great deal of reservation if all evaluations which were carried out were evaluations which were subject to the approval of the minister before they were published. Again, I impute no impropriety; I am saying that I think the community would be more satisfied if this were to occur. That is one of the reasons why we have recommended that, through the AIHW and the ABS, annual statistical statements be produced which demonstrate some of the social impacts of the legislation. And that is without prejudice to whether good things or bad things eventuate. With respect to the level of public confidence in what is being done, and given the high level of apprehension, we think there should be completely impartial and independent statistical publications.

We have focused, as women's organisations, essentially on two sides of this question—that is, economic security for women and the psychological and emotional security for women, their children and their families. We make the point that there is already clear evidence—I think from recent ABS data—in terms of economic security, that shows that, at present, award-dependent women receive only 83 per cent of male earnings and that women on AWAs receive only 60 per cent of male earnings. That is a fairly important figure to take into consideration.

We note that, I think from recollection, submission No. 35—from the Australian Association of Superannuation Funds to the sister inquiry into the Work Choices legislation—drew attention to the concerns of that organisation about what will happen to women's capacity under these arrangements to put sufficient funds to one side as superannuation contributions. Clearly, the smaller people's income, the less their capacity to make adequate provision for retirement in terms of future economic security as well as current security.

Another aspect which our group is most anxious that I should emphasise concerns the issue of education. We are absolutely satisfied that all the evidence demonstrates that the way out of poverty is through education, and this is particularly true for women. I have material here, which I do not propose to table, which fleshes out the point that, as it stands, most of the participants in the special technical training programs, for example, are boys rather than girls. We see great problems if, as a result of all these policies, there is not sufficient emphasis not just on readiness to work but on the actual development of saleable skills.

We note and draw to your attention again that the majority of women currently on parenting payments who are not already working part time have no education beyond year 12 and many have not yet completed year 10. We think that it is tremendously important that the issue which deals with the inability of Newstart recipients to access part-time education is resolved before this legislation is finally passed. I will leave it at that because I feel confident that the people who have gone before me have made many points which we endorse. There is not much point in my saying them over and over again. I would be happy to answer questions.

CHAIR—Thank you. I will start by taking up the point you raised about the guidelines. As I understand it, the intention behind the legislation is that there should be major reform to the way in which people's accessibility to welfare payments or income support payments might be affected. The size of the transition that is being proposed, in terms of eligibility and other factors, is such that there has been an attempt to preserve as much flexibility as possible in the approach that has been taken. It seems to me that, as much as possible, the package has been put in a flexible form in terms of guidelines rather than legislation. This afternoon, a witnesses from ACROD made the point that they would not want to attempt to quantify or formulate some of the requirements for exemptions, for example, in legislation because it would be inflexible and that there would be so many complexities that it would not be productive to try to do that. Putting to one side the question of whether or not the guidelines should be disallowable instruments, isn't there a case for saying that, while there is so much that needs to be sorted through and tested by trial and error, it is better to leave as much of that as possible in instruments that are below the level of legislation?

Mrs Coleman—As a former public servant, I can understand the wishes of the Public Service to have the opportunity to test things on the ground. There is some merit in that. At

the same time, we know from experience that when things are left very extensively in the guideline framework, very significant regional and state differences in entitlements can develop. These matters need to be scrutinised.

For example, some years past I recollect there was a particular benefit available through the old department of social security which was about whether or not somebody needed a particular kind of support in daily living. It was associated with disability. There were a number of examples given of what kind of support with aids for daily living might be required. Our colleagues in Western Australia were saying that if you had the need for any one of those examples then you were eligible to receive the benefit, whereas our colleagues in Queensland—I don't know whether it is a climatic difference—had decided that you had to need every single aid to daily living of which an example was given in the guidelines. That meant that in terms of equity the citizens of Queensland who had a need for that service were not being treated equally with the citizens of Western Australia. These are examples of why we have tended over the years to move towards something much more standardised and less given to some potentially idiosyncratic local decision making.

CHAIR—Isn't the example you have given more an illustration of poor interpretation of the guidelines than of the guidelines necessarily being inconsistent? If standards need to be applied and they are clearly set out in the legislation, that is an exercise in drafting more than where they are to be found. If it is interpreted differently in Western Australia to Queensland, you could have the same problem with respect to legislation. An officer in Western Australia could read the legislation differently.

Mrs Coleman—It is somewhat easier with legislation to use the appeals provisions which have been gradually introduced since 1973. There is much more opportunity to use the social security appeals system or the AAT system if necessary. That is much harder to bring into place when you are dealing with something at the guidelines level.

CHAIR—I understand that all of the decisions that are made of a discretionary nature by an officer under the guidelines are appellable in the usual way that administrative decisions by Centrelink officers are appellable now. I think nothing is different. Appeal mechanisms against interpretation have the same capacity. Applicability of legislation to a person is also appellable in the usual way.

Mrs Coleman—My prediction is that the more leeway there is over a period of time, the greater the discrepancies that will develop in local administrative practices.

CHAIR—Can I ask you a philosophical question about people who are being assessed to move onto lower incomes. It has been argued that people being placed on Newstart allowances from parenting payments will be moving to lower incomes and will be necessarily disadvantaged. There is some dispute about how many people that is. Figures suggest that 70,000 to 80,000 people after three years will be on Newstart. But we also understand that that figure is not net of those who will move off into employment. We do not know how many of those 80,000 might be in that position. If you were dealing with those people, if they were coming up for the very first time to the system and saying, 'We want to be provided with income support' why wouldn't you say to them the following? 'You are assessed as being capable of seeking work. You might not work full-time but your youngest child is eight years

old and you have the capacity to spend some time in the work force. There are some restrictions on what you can do, but you are capable of entering the work force.’ Why would you not say that those people ought in principle to be on a Newstart type allowance, as opposed to some allowance that is structured around people not having the responsibility to enter and participate in the work force?

Mrs Coleman—I think you are drawing a distinction there between the type of benefit which is set at a lower rate and the requirement for people to engage in job seeking or actively be engaged in the work force. I think the evidence is that the great bulk of sole parents who have an education and who do not have a large family usually move after a fairly short space of time, once their youngest child reaches school age, into part-time work. There is historical evidence that shows that. I do not think any of us who have been in public policy have ever had any problem with the idea of encouraging people to participate in work once they are able to do so. If you go back to the introduction under the Hawke government, I think it was, of the JET program—Jobs, Education and Training—you see that that was created specifically with that particular philosophical approach. The idea was that, once the youngest child reached five or something like that, immediately the individual became case managed and there was an attempt to stream the individual into appropriate job training, such as job readiness training.

I am basically saying that there is no problem with the concept of encouraging people to develop skills and get into the work force. That is not the point at issue. The point at issue, for most of us, is that the use of Newstart as the income support system is much too rigid in its present form and the taper provisions are much too punitive. You could easily go back to the philosophical principles of the JET program and put a great deal more emphasis into this group of women who we know probably do not even have year 10 in schooling. You could give them more education, closer case management and really work on their employment prospects, without at the same time putting them into a situation where on any objective reading of the data from our colleagues at NATSEM there will be a sharp loss of income and a very high effective marginal tax rate. So it is not a philosophical question. It is a question about how much income support people ought to have while they are undergoing that re-linking into the work force.

There is a separate issue when it comes to people who, for example, live in remote areas, and particularly the Aboriginal population in remote areas. I have done quite a lot of work in Cape York. I know Arnhem Land reasonably well. I do not want you to think I am just speaking from a basis of living in sunny Canberra. There is a tremendous shortage of work up there. There is a tremendous problem in the levels of literacy. I was talking with one of my Indigenous friends and colleagues the other day about this. She said that she doubted that anything greater than 15-odd per cent of Indigenous girls who had children in the remoter areas would have an education level even up to year 7 or year 8. I have seen that myself in a lot of the communities. I do not wish to give a summary on why I think the education system has so badly failed Indigenous Australians. Let us just say it has. There are a lot of women who have children who are in a situation where they are virtually unemployable and, even if they were employable, there are no jobs. I see those women as being at particular risk. I think that is a different set of problems to the issues of the people who live in the larger rural

centres and cities, where all of us feel that it is much better for people to have job training, enhanced education and support to enable them to re-enter the work force. It is not an issue.

Senator McLUCAS—Thank you, Mrs Coleman, for your submission. I also thank you for the work that you commissioned through NATSEM. I think it was incredibly instructive to the debate that we had to have in this committee about what the impacts of these proposals are. Can I first go to the point of urgency. You talked about the speed with which we were dealing with this proposal and now with the two bills. What do you see is the motivation and the urgency for us to be dealing with it in the haste that we are? Is there a time frame—

Mrs Coleman—You are asking me to look into the minds of both the cabinet and the Department of Employment and Workplace Relations, and I am afraid that is somewhat beyond me, Senator.

Senator MOORE—I find that hard to believe, Mrs Coleman.

Mrs Coleman—I am assuming that, having made an announcement in the budget context, where certain expenditures were almost certainly—I cannot say it was a fact—proposed to be offset by savings on changes to the income support system—that is to say, they can finance here by taking away money from poor people, which is one way of doing things—there is some urgency about getting things in place by 1 July. That I take it to be the reason, but I have no private communications from anyone.

Senator McLUCAS—I suppose the point I am making is that if this were delayed for another 12 months we would simply put the forward estimates forward for another 12 months.

Mrs Coleman—We would much prefer to see—and I note our colleagues at Catholic Welfare Australia have said much the same thing—intense efforts to get people both job ready and into jobs, with an activity requirement, and that they were left as they currently stand on the current DSP and sole parenting arrangements. That is what we would prefer to see, but I realise it would make a hole in the Treasurer's budget.

Senator McLUCAS—On page 2 you identify that your submission also makes reference to the workplace relations amendment bill and then explain what the National Foundation for Women think is the clear intent of the policy. That is a very clear statement. Could you further expand on the statement that you have made there?

Mrs Coleman—There is and always has been a link, which is not necessarily widely understood, between the platforms which the income support arrangements place under people who are unable to participate in the work force. The most obvious thing of course is that pensions have been indexed to average male earnings, whereas the Newstart or unemployment benefits, which it has always been assumed people would be on for short periods while there was frictional unemployment—frictional just means short term—were associated with CPI. What we are about to see are some very radical changes in what might constitute average earnings and we are going to see people put onto an income basis which is going to be indexed at a much lower rate. I draw attention to the fact that even where the government has already announced that certain individuals on Newstart will have a supplement paid which will bring them up roughly to the level they would have been on if they were on pension, I cannot find anything as yet—I am not saying there is not anything; I

am just saying I cannot find anything—which tells me whether or not that supplement is going to be indexed by CPI or AWE. That is to say, the value of it is likely to slip behind.

We are very concerned that the hypothetical Billy, the person entering the work force for the first time, who was mentioned in the original material about the Work Choices legislation, was going to have to take whatever an employer was going to offer. We are deeply aware that Billy is just as likely to be a woman of Chilean background whose English is pretty wretched and whose husband has just shot through. She is not going to be the best person to be negotiating a really effective AWA. We know that women on AWAs earn 60 per cent of what men on AWAs earn. These things are pretty alarming from the prospect of people who are at the most vulnerable point in the community.

Senator McLUCAS—That leads us to the scenario that has been painted by many witnesses who have talked to us about what will, in effect, happen to women who move off the parenting payment single onto Newstart and achieve some work. By the nature of their education and skills base it has been put to us that those people are destined to stay in that level of employment. Would you agree with that from the work that you have done for NATSEM?

Mrs Coleman—I agree with that entirely, unless there are very strenuous efforts made to continue case management which places them into further education. My understanding is that the Work Choices legislation now will not support any educational programs beyond 12 months in length. This is precisely what is worrying us because, if women are going to get themselves off the bottom rung of grotty jobs with bad hours and low pay, regardless of whether there is Work Choices or anything else, they need education. This is what we see as really lacking in this particular policy change.

Senator McLUCAS—And only one element of that is the pensioner education supplement. It is a broader question than that.

Mrs Coleman—We need to make sure that there is some kind of pensioner education facility built in. I am sure you have already had it drawn to your attention that there are problems if somebody wants to work part time and go onto Austudy. Austudy, of course, is paid at an even lower level because we always assumed that that was for 18-year-olds who are bludging off their mothers. It is hardly the payment that you are going to put a woman with two children under 10 onto so that she can put herself through the University of Canberra and get a qualification as a nurse. In the meantime, we are off overseas recruiting nurses.

CHAIR—I understand the supplement is to be indexed so that it maintains value with the parenting payment.

Mrs Coleman—I am grateful for that. As I said, I was not able to discern from the material that I could access whether it was going to be indexed or how it was going to be indexed. Could I mention that, if it is indexed by the CPI, it will fall below the rate at which the pension is increasing.

CHAIR—It is meant to keep level with the parenting payment. That is what is the intention so whenever the parenting payment is—

Mrs Coleman—No doubt it will be spelt out further in more material. I am grateful for that information.

CHAIR—I think that has been articulated already.

Senator WONG—You were having a discussion at the outset with Senator Humphries regarding a number of protections or safeguards under these changes which are supposed to be in the guidelines. Without wanting to go over it again, do you share the concerns, which have been raised already in this committee, not just that parliament will not look at the guidelines but that they can be subject to change without a process of public scrutiny and without a process, necessarily, of parliamentary scrutiny?

Mrs Coleman—That is precisely why we would prefer to see them as disallowable instruments which does mean that they have to be put on the table in the Senate, as I understand it, and the Senate has the opportunity to consider them.

CHAIR—In fairness, the question I was raising put that question of disallowability to one side. I said this flexibility was in terms of formulation and getting them on the ground.

Senator WONG—I am not trying to ping you, Senator Humphries. I just wanted to make sure that we were clear about the position of NFAW.

CHAIR—Okay.

Senator WONG—I do not propose to go to the detail of the NATSEM report, it is annexed to your submission, so it is before our committee, and it has obviously had a fair bit of discussion, but the financial effect of the changes proposed are quite clear from that. I want to take you to your comment in your written submission about the likely effect on poverty. Could you expand on that?

Mrs Coleman—The people whom we have talked with from disability organisations and the people we have talked through the implications for sole parents with, all see that the Newstart allowance is a great constraint on their capacity to support themselves and their families. We think it is very likely, given both the harsh income tests and the differential rate of indexation, that there will be people living below the poverty line. This is one of the reasons why we are very concerned to have proper statistical reporting about these ideas on a regular basis and in a public forum. I would say also that it is important to bring to attention that our colleagues from the National Investment for the Early Years—we have a very diverse range of friends—were very anxious to point out that some of these changes are going to make parents, no matter what their income level, very much more time poor. It was seen as very much a disadvantage to have children growing up in households where there was not enough time for a sole parent or two parents to be with them.

Senator WONG—So, on that point, are these changes family friendly?

Mrs Coleman—My view is no; our view is that they are not family friendly. At our most recent workshop we had a very diverse group of women attend, from the Catholic Women's League to the Women's Electoral Lobby, and they were all very apprehensive about these changes to family life.

Senator WONG—You raised in page 5 of your submission the issue of Centrelink debts. Are you talking about Family Tax Benefit debts, or debts more generally?

Mrs Coleman—No. Say somebody is breached—

Senator WONG—So you are talking about that situation?

Mrs Coleman—We are talking about that situation. There are other situations where, even now, people go to Centrelink and say: ‘I’m really desperate. I can’t pay my gas bill and can’t pay the rent, and we’re about to be thrown out into the street.’ Centrelink will arrange a loan to help people with that. A lot of people just do not grasp that that money is a loan. It is not a free gift.

Senator WONG—It is a point I do not think we have discussed, and we probably should raise it with the department tomorrow. The protection put before this committee for parents who are breached and where there is an eight-week suspension, which is a very substantial period of time—

Mrs Coleman—It is a very large loss of money.

Senator WONG—Correct—is that essential bills such as putting food on the table, electricity, housing et cetera are supposed to be met by Centrelink. I have to say that I do not recall whether the department disclosed whether that would be on a loan basis. Do you have some information on that, or are you just making an assumption about how Centrelink works?

Mrs Coleman—We have been through the material we could access, and we have not seen any clarity that it is not still on the same loan basis.

Senator WONG—If it were on a loan basis do I understand your evidence to be that, if you added the repayment of the loan to the effective marginal tax rates and all the other issues about which you have given evidence in your submission and orally, people could in fact be in a situation of negative return?

Mrs Coleman—Yes.

Senator WONG—Working for nothing, essentially.

Mrs Coleman—That is right. I think I heard someone from one of the disability organisations commenting on some of the difficulties between state responsibilities and Commonwealth responsibilities. Most state housing authorities, when somebody has been on a reduced rate because they are a pensioner, will start to deduct almost dollar for dollar, and they will decide to put the rent back towards market rents. So that is another set of costs which will be incurred by the person who moves off the pension and into part-time work. There is a risk that all of these things will actually reduce the cash in hand. People are quite likely to be worse off by working part time. That is not an incentive. I know it is a very long time since I graduated in economics but I do recall that the idea was that you gave people incentives to change their behaviour.

Senator WONG—What do you say to what the NATSEM reports show about the financial incentives under the proposed scheme?

Mrs Coleman—They constitute a disincentive if you apply a normal economic analysis to them.

Senator WONG—Thank you.

Senator SIEWERT—I would like to follow up on a couple of things. One is training. You spoke a little bit about it earlier and we have heard lots of evidence from people expressing concerns about training not being allowed any more, basically. Yet we are also hearing about the skills shortage. There are now other Commonwealth programs aiming at technical education and there is also talk about a worldwide search for skilled workers et cetera.

Mrs Coleman—You just want me to say that I think it is ludicrous, do you?

Senator SIEWERT—No, I would like your thoughts on it. If we are really genuinely trying to tackle skill shortages and also get people back into work, what should we be doing?

Mrs Coleman—I think we should be coming at it from that ‘planning for meeting skills shortages’ approach. I was listening yesterday morning, I think it was, to some journalist from the *Economist*—not a notably left-wing radical organisation—talking about what the drivers of Ireland’s economic growth had been. From being a basket case 30 years ago, it is now one of the richest countries in the EU. Asked by the interviewer how Ireland had achieved this remarkable turnaround, he said, ‘They poured a huge amount of money into educating their population.’ I thought, ‘Yes, there’s a good idea.’ I just cannot see how we can expect to deal with skill shortages unless we put a lot of effort into retraining and reskilling our own work force. It seems to me that that begins certainly with the job readiness kind of training—and I have made mention, for example, of Indigenous women, who are way behind the eight ball. But there are a great many women—both those at home with a partner as well as those in a dependent child but unpartnered situation—who would be ready, willing and able, given the appropriate encouragement and support, to undergo further education. If we are going to talk about improving the productivity of the economy then it is about having a more skilled work force and not about having more people able to flip hamburgers.

Senator BARNETT—Regarding your organisation, I think you were quoted in the *Canberra Times* today as representing over three million women. I noticed in your submission that you have the endorsement of the What Women Want Consortium, representing 64 national women’s organisations with constituencies of over three million Australian women. How does all that work and how is it that you represent them?

Mrs Coleman—Clearly not in the way that you represent Tasmania, having been voted for. The Department of Family and Community Services, and prior to that the Department of the Prime Minister and Cabinet through the Office of the Status of Women, established a system some years ago—about five or six, I think—of offering the women’s movements throughout the country support by means of providing funds for initially three and then four national secretariats to which women’s organisations could affiliate.

Those organisations include the Australian Women’s Coalition—and I was at their annual general meeting in this committee room one day last week when Senator Patterson spoke to them. There is the Security 4 Women group, which initially was based on business and professional women, but that has a slightly different focus of interest and a slightly different group of women’s organisations affiliated with it. Then there is another group of organisations affiliated with the National YWCA, and they are called the WomenSpeak Network. There is also a fourth group called the National Rural Women’s Coalition, but they have not been working with us on this particular project.

The three secretariats agreed this immediate past June that they wished to work together on a project which would examine the implications for women of these two major policy changes. That is to say, the three secretariats and their affiliated organisations were all meeting in Melbourne at the same time. They held a joint session. It was agreed that these two pieces of legislation together posed one of the most enormous possible changes for women in Australia. The National Foundation for Australian Women was asked to take on the lead role in helping to organise that project. We had a workshop in Canberra in July where we brought together expert speakers to elucidate the legislation for us. All those papers, by the way, have been published and are on the internet. Representatives of the organisations attended.

The proceedings were sent back out through the secretariats to the affiliated organisations and they were asked to say what they wanted changed. Back came more paper—the capacity to generate paper even in the days of computers is absolutely phenomenal. An agreed statement was developed by the three secretariats and on that basis the three secretariats had meetings with Minister Andrews, Minister Patterson and, I think, DEWR and FaCS officers. We also agreed that flowing from that, as soon as the legislation was available, we would have another workshop.

So that has been the process. The submission that I have made today has been endorsed by the three secretariats. The timing is such that I cannot say that it has necessarily been through that enormously extended process through all of the women's organisations that are affiliated. But the point is that there are said to be by the Office for Women some three to four million Australian women affiliated with the organisations which have authorised me to make this submission.

Senator BARNETT—So it is three to four million—not three million?

Mrs Coleman—Three to four million. I do not know how good that data is. I do not do the counting.

Senator BARNETT—What are the names of the three secretariats? I am just tried to clarify things for the record. Can you name the three secretariats?

Mrs Coleman—The three secretariats are the Women Speak network, Security for Women and the Australian Women's Coalition.

Senator BARNETT—And how many members does the National Foundation for Australian Women have?

Mrs Coleman—As an organisation? I think we have three or four hundred. I am not on the board of management. I am not prevaricating, I am just not—

Senator BARNETT—Do the three secretariats represent 64 national women's organisations?

Mrs Coleman—That is my understanding.

Senator BARNETT—You mentioned earlier Work Choices.

Mrs Coleman—Yes.

Senator BARNETT—I could not help but respond in terms of the benefits for women. I was just wondering if you are aware that, of the 1.7 million new jobs created since 1996, 53 per cent have gone to women?

Mrs Coleman—I am aware, Sir. Ever since I was first mentored by Senator Dame Ivy Wedgwood, I have been actively promoting and engaged in trying to encourage women, including married women, to participate in the work force. We have all been extremely interested to see the growth in jobs for women and we welcome that opportunity.

But the question which then arises is: which jobs and which rates of pay? There have been very significant changes in the work force. When I was a young person the average respectable girl in the country town where I grew up might hope to become either a lady in a bank—somewhat along the lines of Eliza Doolittle I suppose—or perhaps somebody who worked in a shop. Or the person might aspire to go off and become a schoolteacher or they might train as a nurse at the local hospital. Jobs for girls in banks have just about disappeared. Jobs for mature women in shops have changed very considerably. There has been a huge growth of jobs in casualised work paid at not very great levels. We applaud the opportunities for women to participate in the work force. We think anything which helps women to gain economic independence is a really valuable contribution towards Australian society. But we would also like to feel that those women participating are participating in reasonably well-paid jobs which are family friendly.

Senator BARNETT—I refer you to the government majority report on Work Choices that was released today where it highlights the 14.9 per cent increase in real wages to men and women across Australia in the last 9½ years, and there is also a reference to the inequality gap, which you referred to earlier in your presentation. That is on page 27 of that report. It says:

... there was no significant change in income inequality between 1994 and 2003-04.

I draw that to your attention in light of your earlier comment.

Mrs Coleman—I think there has also been a considerable body of work disseminated through people like David Peats and others which talks about the fact that, for example, the figures of income earned on AWAs brings together—and I do not wish to pretend that I am an expert on these topics—the incomes of people at the very top end of the scale as well as the incomes of people on the bottom end of the scale. I did take the opportunity before I came today to skip read that report, which is on the Parliament House web site, and I noticed a very interesting graph. I cannot remember which page it is on. I did not print it out; the printer ran out of ink. It purported to show productivity growth on the top axis and income levels on the bottom axis. I was not at all surprised to see that community services, for which we will read health and stuff, and hospitality type occupations were both showing a not very great increase in productivity or incomes. Guess what—that is where the women are clustered.

Senator BARNETT—Yes. Of course in 1980 there was a drop in real wages. There has been an increase in real wages in the last 9½ years. But in terms of AWAs, which you have just mentioned, I draw to your attention to the May 2002 survey of men and women on AWAs, which demonstrated that men on AWAs earned on average 22 per cent more than those

on collective agreements and women on AWAs earned 48 per cent more than women on collective agreements, and of course a whole lot more than those on an award.

Mrs Coleman—The fact remains also that the women who are on AWAs are not earning as high a proportion of the male wage as the women who are on awards. Had I known that you wanted to engage me in extensive debate about this, I would have taken more time to read the Senate report and dissect it a little bit more carefully. But I think we might have to agree to differ on whether or not the low-pay women clustered in the casualised work force are necessarily all dancing with glee at the opportunity to engage in bargaining themselves into an AWA. I have a granddaughter, by the way, who is putting herself through university through doing this kind of work, so I am not speaking totally hypothetically. I watch what is happening to those kids.

Senator WONG—Can we go to an opposition senator now, given that Senator Barnett has had quite a number of questions?

CHAIR—Okay.

Senator McLUCAS—I was interested in the comment you made on page 3 of your submission about the impact of this legislation on volunteering. It is not an issue that has been raised with us extensively, so I am pleased that you have raised it. Would you like to give us an understanding of that? I think I might understand why, but—

Mrs Coleman—That came out very strongly from the workshop we had on 11 November and I think it came from quite a range of people. There were the women who volunteer at school tuckshops through to people who have time to engage in more broadly based community activities, whether that is running the Boy Scouts, the Girl Guides or school sporting activities. This diverse group of people raised the point that they were worried that the changing work pattern would have the potential to reduce people's available time for volunteering.

I listen to the ABC far too often; one knows that that is a radicalising organisation! I was listening to a very passionate Country Viewpoint yesterday with a woman talking about the importance of some sort of income security being given to volunteer firefighters, who after all have to absent themselves from their places of work, quite often for days on end. She was raising just this point: what is going to happen to these people if they cannot be guaranteed that their workplace is going to see that kind of volunteering as important to the fabric of the community? Everybody knows it is important to stop the town from burning down, but it is a question of it being of importance to the social network.

Senator McLUCAS—The other issue that could be raised is the point that you made on page 3 that the proposals are affecting an already time-poor society and time-poor families. I am thinking of the single parent who has a child at school and wants work—she always does, in my assessment. The compounding nature of wanting to volunteer and wanting to help at the tuckshop along with these proposals may impact on—

Mrs Coleman—I do not think that that sole parent, whether female or male, is going to have a lot of spare time. They are certainly also unlikely to be able to take on further education, given the drains on their time.

Senator McLUCAS—There are a range of exemptions, for home-schooling and a number of activities. A question that has been raised on a number of occasions is that of the 16-week exemption for domestic violence. Did your workshops talk about that issue? Do you have a view about the suitability of that 16-week exemption period?

Mrs Coleman—I would have to say that I cannot remember that exemption period coming up. Somebody may have mentioned it, but it is not sitting at the front of my mind at the moment, I am sorry. I am not saying it was not discussed; I am just saying I cannot remember.

CHAIR—To return to the question of women's wages, you were talking about casualisation of women in the work force. I understand that in the last 10 years the average weekly earnings for women have risen faster for women than for men and that the gap between men and women's wages has closed quite significantly. It is still lower, of course, but it has closed. Also, the propensity for women to be much more likely to be part-time than men is at least partly a product of the fact that it suits the lifestyle—

Mrs Coleman—Yes, it is family friendly.

CHAIR—of many women who take on child-care responsibilities within the family.

Mrs Coleman—Yes, there is no question that quite often a woman will take a job which is marginally lower than she could aspire to with her background, simply because the conditions are more family friendly. That is what women do.

Senator POLLEY—Isn't it also a fact that quite often the only jobs that are available to women when they do have a family are unfriendly in terms of hours and shifts? It is not like they have a lot of choices, so they may take on a casual or part-time job simply because there is no other choice.

Mrs Coleman—The whole of the work force has changed so much over the past 10 or 15 years that one increasingly sees people working for smaller companies rather than big companies where there is more capacity to move people around to other parts of the organisation if there is a particular problem over availability of family time. Rather than a job of longer hours people now tend to take the casual job with a bit more flexibility when problems emerge—because children come down with chickenpox or some other extremely tiresome thing when you are not going to be able to get time off work.

CHAIR—Senator Moore, you can ask one last question.

Senator MOORE—It is not the normal one this time, because Mrs Coleman has talked about the discussions she has had with the department. One of the things that has come up, Mrs Coleman, in evidence is that people's concerns about the future have been coloured by their experiences with the current system. We have had some evidence about the way people are treated now, in terms of their trust in the system, their interaction with and their worry about more discretion going in the legislation. Did your workshops have any discussions about the current relationship between people who may be affected in the future, what—if anything—we can do to improve that and whether that was in fact an issue?

Mrs Coleman—I do not think the workshops focused on that so much as on their concern about their whole casualisation, the loss of time and loss of bargaining capacity. I think those were the things that people were more concerned to talk about than that experience. The other

thing which might make the organisations I am speaking for slightly different from some of the others that have been here is that, while we have had a certain number of the welfare client groups with us, the organisations who are affiliated are also classically not welfare organisations.

Senator MOORE—Some of them work in non-government agencies picking it up, but they are not the traditional client.

Mrs Coleman—Basically, they are not the traditional client. In the report of the last workshop, which is one of the annexes—and I suspect it might have been something Senator Bartlett was hopeful of getting a bit more information about—the organisations that are listed are not classically welfare organisations. They range from the Australian Jewish Welfare Society to the National Council of Women. They are not the welfare sector. They are less likely to be talking about what is happening to them in their present experience simply because of that.

Senator BARNETT—Can I respond to Mrs Coleman's answer to a question about family-friendly provisions. In terms of the certified agreements, 84 per cent of those contain at least one family-friendly measure.

Senator WONG—I am taking a point of order. I have not interjected on Senator Barnett because I understood that there were issues about the Work Choices legislation which he was keen to explore. I do not think it is necessarily fair to the witness, who is making a submission in relation to these bills, to be asking her to comment on some of the detail in a report that has only just been tabled today on a separate piece of legislation. As to the question about family friendly, I am not sure what Senator Barnett is referring to but certainly my question on family friendly was whether the changes in the bill were family friendly. I think that was the context of the answer. There might have been other issues raised. I am just concerned that the witness is being asked to respond to detail in a report that she has already indicated she has done nothing more than skim through because it has only been tabled today.

Senator BARNETT—On the point of order, Chair, Senator Polley asked a question specifically about family-friendly provisions. I am wanting to put on the record that there are family-friendly provisions in certified agreements and AWAs.

Senator WONG—Well, put that in your report.

Senator BARNETT—In 70 per cent of AWAs, in fact.

Senator WONG—It is not a question.

Mrs Coleman—The more family friendly—

CHAIR—On the point of order, Senator Polley made a statement a moment ago. It was not a question; it was a statement.

Senator WONG—She asked a question at the end. This is a statement—

CHAIR—She actually said she wanted to make a statement.

Senator WONG—and if Senator Barnett wants to rely on it, which he is entitled to do, he can put it in the report.

CHAIR—With great respect, the submission that Mrs Coleman has put in front of us does have extensive references to the Work Choices legislation. The issue has been raised.

Senator WONG—The issue I am raising is the witness being asked to comment on a detailed report.

CHAIR—I have not heard the question, so I do not know what the witness is being asked to do. Perhaps if we hear the question we can decide whether or not it is out of order.

Senator BARNETT—On the point of order, it is actually not on the report; it is in respect of the bill and the words which Mrs Coleman has discussed with us quite consistently for the last half an hour or more.

Senator WONG—Because you have asked her questions about it, with respect, Senator.

Senator BARNETT—No, I have responded to Mrs Coleman.

Senator WONG—Let me finish. Perhaps we can just indicate to the witness that if she does not feel she is in a position to answer, because she has not come armed with the data that she might require, she can obviously take the question on notice.

CHAIR—Yes, that is obviously the case, Senator, but we have had questions already to date about the impact of Work Choices on this legislation. I think it is only reasonable that this issue be explored, particularly as it has been raised in the substantive submission before the committee. Senator Barnett, you have the call.

Senator BARNETT—I think we have nearly concluded the questioning of Mrs Coleman. I wanted to ask whether you were aware that there were family-friendly provisions in 84 per cent of the collective agreements and in 70 per cent of the AWAs.

Mrs Coleman—I am not aware of the data in the way you have presented it.

Senator WONG—Perhaps, to be fair to the witness, if you want her to comment on it: where did you get the data, Senator?

Senator BARNETT—In fact, you are probably familiar with it, Senator Wong. You have read *WorkChoices: A simpler, fairer, national workplace relations system for Australia*—

Senator WONG—Okay, you are asking a witness to respond to a government propaganda document.

Senator BARNETT—It is a public document, Senator Wong.

Senator WONG—It is just inappropriate.

Senator BARNETT—I have responded to Senator Polley, and I want it to be put on the record.

CHAIR—Thank you, Senator Wong, but I have allowed the question. The question has been asked, and it has been answered, so I think that is where we will leave it. Is there anything else to be asked that is of burning importance?

Senator McLUCAS—I would like to seek some advice, Chair. Is it appropriate for a member of this committee to seek to put things on the record rather than to question witnesses?

CHAIR—With great respect: people throughout the last two days have been putting things on the record under the guise of questions.

Senator WONG—Yes, but from that side.

Senator McLUCAS—I do not recall it happening from here.

CHAIR—If Senator Barnett were the first person to do that, I would be a little less comfortable with the fact that it is happening, but it has been happening for the last two days.

Senator McLUCAS—I thought the purpose of these inquiries was actually to ask witnesses questions, to seek their input into our deliberations—

CHAIR—Yes.

Senator McLUCAS—rather than to put things on the record. I have to say that that has happened a little bit from that side of the table over the last two days.

Senator BARNETT—I have experienced it in the last few days.

Senator WONG—You have not been here, Senator Barnett, so I do not know how you can make that assertion.

CHAIR—My experience of parliamentary committees has been that it has been very much a case of scoring points, Senator—

Senator McLUCAS—It is not scoring points.

CHAIR—both inside and outside the room. So I am sorry; if this were the first instance I would be more concerned, but I am not.

Senator BARNETT—Cheer up, it is not!

Senator WONG—Being patronising to other senators really is not becoming, Senator Barnett.

Senator McLUCAS—Especially when we have been here all day.

CHAIR—Senators, do you think we—

Senator WONG—Can I just—

CHAIR—I do not think we are adding to the lustre of the Senate committees by proceeding with this debate. I think we should—

Senator WONG—No, nor do I. Can I just ask one last question. In the light of some of the questions you have been asked, Mrs Coleman, is there anything that we have not addressed in your submission that you would like to put on the record?

Mrs Coleman—I think not. We are grateful for the opportunity to present our concerns, and we appreciate the senators' time.

CHAIR—Thank you very much, Mrs Coleman, for appearing today, for the submission that you have made and for the time that you have spent with us. We appreciate it.

Committee adjourned at 6.27 pm