

**Submission to Senate Inquiry into 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**

Submitted by: Katherine Fairfax

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Dear Senators,

I am writing to express my deep concern at the changes to the current welfare system proposed in the *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*.

As I am sure you are aware, the 'Welfare to Work' concept is not new – a quick google search alone yields 1,790,000 results for the phrase. Unfortunately the approach taken by the Federal Government to welfare changes over the last few years has also been tried many times elsewhere, such as the United States, and is tired and unoriginal. It is also patronising and ill-informed, and has a much greater chance of hurting than helping the most economically vulnerable Australian citizens.

Firstly, I would like to share some details of a friend of mine, who parents alone. There is no other way to put it: her life is a continual financial, physical and emotional struggle. Any parent finds the task difficult, but for a solo parent, the work never stops. Everything a parent has to do, she has to do alone. There are no breaks, no 'time off', no babysitting as she can't afford it. Her child is eight years old, the cut-off point for the proposed changes, when solo parents will find themselves being moved onto lower, activity-tested payments such as Newstart and lose \$30 *income per week*. Last week, she had \$5 in the bank. Can you imagine just having five dollars to safeguard your child.

Under the proposed changes she will be forced to enter the paid workforce or undertake further study. In reality she has never stopped 'working' since her child was born and will not be able to until her child leaves home – it has just been unpaid. She has also been studying part-time for the last three years but finds it utterly exhausting. Her 'child care' is largely when her child is at school, and cannot afford more than two 'after care' sessions, which means that three of her 'study days' are very short. And everyday – whether sick or not, she has sole responsibility for getting her child to school and home again – a 1 ¼ hour trip each way by train and walking as she can't afford to fix her car.

She is amazing, she is a battler, and she works incredibly hard, 24/7, to raise her child and reach her goal of tertiary graduation to achieve her career vision. Under the proposed changes, she will be treated like a 'bludger' refusing to 'give something back' for her (poverty line) parenting allowance, a non-'participant', a non-contributor to society. Based on these assumptions, she will be forced to further enter a punitive system that will deprive her of \$30/week of the money she needs to raise her child, and demands she take a minimum wage job or study more hours, with very little real, if any, child care or other support. Her local labour market conditions will not be taken into account, nor

will the lack of flexibility in the only sector/s she could really enter right now, after 8 years out of the workforce. My friend is aware that until she graduates, her only real employment 'option', like many people on parenting payments, would be something like hospitality work – hardly the kind of sector that is into 'family- friendly' practices, or flexi-time. You turn up when your shift is allocated or you are replaced. Simple. *Then* what will happen under the proposed changes if my friend is fired for trying to make her job family-friendly? Will she be punished for not 'sticking faithfully' to a job that would not recognise that she is also a mother, with the sole responsibility for her child?

I submit the proposed legislation extends an already highly punitive welfare system to some of most vulnerable groups in Australian society. It gives legislative teeth to an erroneous government assumption: that unemployment is a matter of individual choice, not a broader issue of social and economic power, advantage and disadvantage, market forces etc, and that unemployed people both need and deserve a 'big stick' approach to force their participation in the labour market. Similar to the United States, this legislation both reflects and adopts objectionable assumptions about, and ways of describing, Australian citizens and work and welfare-related issues. In relation to people with disabilities, for example, the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Bill 2005 (hereafter referred to as the Employment Bill) states:

'The changes to income support arrangements and the increased funding for employment services are designed to encourage and assist people with disabilities to test their capacity to work'¹.

In other words, people with disabilities perhaps only *imagine* they cannot work; it could not possibly be that they know their disability better than a Centrelink officer. All they require to 'participate' in society is an 'opportunity' to test themselves. I submit that this is an ill-informed and patronising view of Australians with disabilities. Indeed, the Employment Bill goes further to assert that (the reality of) forcing a possible 81,000 Australians with disabilities off the disability pension onto the lower paid, activity tested payments, and/or into minimum wage paid work (as *any work that pays award wages will do*) will help them:

"become more independent and active in the community. More people with disabilities will be able to share in the rewards and benefits of work—increased income, improved standards of living, better links to the community and enhanced self esteem and wellbeing".

The sharing of work-related benefits may be true, if the government adopted an entirely different approach that was proactive and genuinely supportive, not punitive. I submit that very few Australian workers experience 'enhanced self-esteem and wellbeing' in award wage, often dead-end work, and I imagine it would be even worse if disability defined the job. A further patronising assumption is that people with disabilities, single parents etc *aren't already* contributing, active members of society – how did the value of Australians just come to be measured in economic terms...even Centrelink refers to people receiving payments as 'customers'.

In addition, there is something fundamentally wrong with the idea that vulnerable Australian citizens should be forced into low paid jobs that may not enable them to build their career, and could significantly reduce their quality of family life, to build the *prosperity of the country as a*

¹ Employment and Workplace Relations Legislation Amendment (Welfare to Work and Other Measures) Bill 2005, p14

whole – when this Bill clearly indicates that their government does not consider them worthy of the type of assistance that national prosperity should lead to...income support.

Let us be clear: Poverty is a set of *circumstances* not a 'choice'. The conditions which have led my friend to parent alone were never her 'choice' and the grinding poverty she has had to endure as a result has not been either. It is the *government*, not unemployed people, that has all manner of choices to create a social security system that really supports and empowers its citizens. Many people receiving income support want to work, but like the rest of us, desire work that uses their skills and knowledge and pays a living wage. Most working Australians also appreciate flexible, family-friendly employers, and three groups that this legislation targets – parents, people with disabilities, and mature age persons - particularly need them. How will the legislation ensure that these basic requirements are met? It will not. Centrelink's website claims:

'Welfare to Work aims to increase labour force participation and higher employment over time. It is expected that these changes will generate stronger economic growth, increasing individual's and Australia's prosperity.'

The *reality* is that *if* labour force participation is increased, there is no attention paid to the quality of work, or whether they are jobs that will in fact actually boost Australia's overall productivity or more likely, of the companies that employ them and their (frequently off-shore) shareholders. A further reality is that the proposed legislation will not ensure that people forced into paid, low wage work will actually be financially better off than they are now. The decrease in payments will force them to take any work available, at any wage and under any conditions, yet they will somehow have to pay for the things they currently do in an unpaid capacity. Is it likely that they will be able to pay for adequate childcare etc, out of some of the lowest wage levels in the country, without something having to give? How can this contribute to building anything but a class of working poor?

The fact that Centrelink admits the current robust health of Australia's economy sends a clear message about one agenda underlying this Bill: to establish a punitive system that will force people off 'welfare' at any cost. The end result will very likely be the development of a two-tier labour system whereby Australia develops a (even larger) class of working poor – a very ugly phenomenon currently witnessed in the United States. Terms such as 'encourage' and 'assist' are masking an ugly reality: that the Federal government is now proposing to subject the most vulnerable of all groups of low income earners – people parenting alone, people with disabilities etc – to a welfare system that is already very soul-destroying for Australians on activity tested payments. The current system, less draconian than the one proposed (though draconian enough), is *not*, as your terms of reference suggest, a 'responsive compliance system that encourages and rewards active participation'². Instead, it will be setting up a highly complicated and administrative 'breach' system that many of the target groups will find extremely difficult to comply with – not because of an 'attitude problem' – but because of very real, practical barriers to participation such as lack of transport, unpredictable health status, child care needs, low literacy etc etc. 'Non-compliance' of course will result in cuts to income support, and I do not believe the negative immediate and long-term impacts of that to these groups can be

² Terms of reference, Senate Inquiry into 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

overstated: at a minimum people who are currently living not far above the poverty line will at be at very high risk of being pushed below it. This is not just an unacceptable and inhumane approach to vulnerable members of our society; it endangers the living standards and health of families already struggling to survive.

I submit that the proposed changes will do very little to achieve their stated aims. Instead the issue of poverty and long-term welfare dependency will simply be displaced from being a 'welfare' issue to being a 'working poor' issue. Of course, once a person has entered the labour force, they are no longer the government's responsibility. Minimum wages, flexi-time (so you can pick up your child from school, or because it takes a disabled person 2 hours to get ready in the morning), family-friendly practices, extra medical leave (for the specialist appointments many people with disabilities need to have) etc become private matters between the employee and the employer. And how will this legislation protect solo parents or people with disability re-entering the workforce after many years (perhaps for the first time), or help them negotiate such matters, particularly under the new industrial relations changes?

I believe the Employment Bill's explanatory memoranda itself states the true agenda of the proposed 'welfare to work' changes:

'Increasing the participation of people in the paid labour market will also reduce the adverse economic impact that Australia faces with its ageing workforce and declining growth in the number of labour force participants over the next 15 years.'

There are so many other ways to tackle the issue of an aging population: reducing budget costs and broadening the tax base by kicking people off welfare, and creating a sub-class of ultra-vulnerable working poor within an already growing class of casualised, minimum wage workers in Australia is not the correct way. Changes to the current welfare system introduced by the federal government in the last few years have engineered a punitive, fear-based system. By all means, let us review and reform the welfare system...based on principles of genuine empowerment, respect, support and real choices. Such an approach would reach behind the policy jargon, and listen to the stories of Australians, asking *them* what they want and need to enter the labour force. Extending the current 'big stick' approach to the least empowered, most impoverished groups in Australian society to try and reduce the impact of an aging population is not acceptable.

I therefore urge the committee to reject the punitive approach promoted in this legislation. And I urge the government to pioneer a truly proactive approach to social security that shares Australia's wealth with the most needy, increases the safety net for the most vulnerable groups in society and puts Australia on the map as a country that really knows how to care for its citizens. Countries like Denmark and Sweden recognise that it is government, not the labour market, that has the primary responsibility for social security, and we should be looking to them for ideas on social security policy, not to countries such as the United States whose massive class of working poor should alert us to the dangers of this legislation.

Consultation process

Lastly, I would like address the issue of public consultation with one simple question: ***How is it possible that a 258pp Bill (with a 186pp Explanatory memoranda) could be released for public consultation with just one week for a response?***

It is hard to imagine a less democratic process - the groups who will be most affected by this legislation are amongst the most marginalised in Australia: people with the

lowest incomes, potentially the lowest levels of formal education and literacy, and a lack of material wealth and access to technology such as the internet. Yet the submission process gives them just 7 days to respond, with the note that emails and faxes are preferred.

I cannot imagine how this could be considered a fair, democratic timeframe, particularly in the case of a person with a disability that affects communication. Must Australians in such circumstances always have to rely on (under/non-funded, over-taxed) lobby groups to speak for them? If this legislation is going to be so beneficial, why the rush? Why not design a consultation process that benefits the inquiry by really trying to hear from as many potentially affected individuals as possible? For many lucky Australians, \$30 is simply a bottle of wine for a nice café dinner. For my friend, the \$30 cut per week from her social security income that she will face next year if this legislation is passed, will force her to make choices – not about great work options – but between types of food for her child, between study for a tertiary level job or an award wage job at the local pub, between medication or a train ticket for her child to get to school. These are the real lives behind the ‘welfare’ label: they must be consulted.

Please inform me if there is an opportunity to contribute to the Senate hearing.

Yours sincerely,
Katherine Fairfax