



SUBMISSION TO COMMUNITY AFFAIRS LEGISLATION  
COMMITTEE  
21/11/05

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

INTRODUCTION and BACKGROUND

This Submission, made by the National Foundation for Australian Women, (NFAW) has the further endorsement of the What Women Want Consortium, representing 64 national women's organisations with constituencies of over 3 million Australian Women. (See attachment 1- Report on Workshop 11 November 2005).

We would appreciate the opportunity to appear before the Committee to present our views and answer questions. In the event we are offered the opportunity to appear before the Committee, we will bring with us an indigenous woman to further clarify our concerns.

In the course of the examination by the consortium of women's organisations of the policy as initially announced and subsequently formulated in the two Bills, the NFAW commissioned from the National Centre for Economic and Social Modelling (NATSEM) at the University of Canberra, three research studies on the distributional effects of the proposed changes to income security arrangements for sole parents and people with disabilities. These three reports are at attachment 2.

The Director of NATSEM, Professor Ann Harding has advised the NFAW that she prefers to bring her work to the attention of the Committee through this Submission.

Subsequently, after the introduction of the Welfare to Work Bills, Professor Harding has provided some further tables and graphs on the income losses



which will be experienced by individuals placed on Newstart rather than on relevant pensions. These form part of the Workshop Report at attachment 1.

This Submission inescapably makes reference to the provisions of the Workplace Relations Amendment (Work Choices) Bill 2005.

This is because the clear intent of the policy underlying the Welfare to Work legislation is to reduce the ability of parents, people with disabilities, the very long-term unemployed and mature age people to have a sufficiently supportive fall-back position based on Government income support payments, the which would strengthen their negotiating position with a potential employer who might be seeking to impose minimal family friendly or disability friendly employment conditions.

#### GENERAL COMMENT

Representatives of over 60 national women's organisations, representing more than three million Australian women, with an interest range from education, through small business, professional groups, church and religious affiliation groups, and service organisations, have carefully considered and are unhappy with both pieces of legislation.

We would have valued a less rushed process since the Bills were tabled, since it is inevitable that some errors of omission or commission in our comments will occur.

We welcome the policy of encouraging work-force participation, and the lessening of long-term welfare dependence.

We reject the methods chosen.

Our organisations' members are the mothers, grandmothers, wives, sisters, aunts of the children and the adults who will be affected by these policies. We are young women, workers and students; we are the older women; we are women in the home and women in the workforce. We are women employers, and women who are employees. We are women in the cities and in the country towns. We are indigenous women. We are women of many faiths and many cultural backgrounds.

We are typical women of Australia.



We see parents and society as already time-poor, with adverse effects on parents and children, and on the fabric of society, already becoming evident

Time poverty affects all classes of people and all income groups. Children of the middle classes are hurt, as much as the children of the poor when their fathers and their mothers cannot spend quality time with the family as a unit.

We see both WorkChoices and Welfare to Work as worsening that situation.

We see the demands likely to be placed on individuals' regular free-time by either of the two Bills (and policies) as also completely destructive towards, and demonstrating no recognition of the importance to the fabric Australian society of volunteering - in areas ranging from schools sports through service clubs through all the other areas of society which depend on people being able and willing to make regular volunteer time commitments

We see both Bills as a grave attack on the well-being of women, and through them, on Australian families.

Moreover, we have very grave concerns about the potentially devastating impact these Bills will have on rural indigenous women and their families. We have endeavoured to draw attention to the specific impacts on rural communities. Indigenous Australian women bear a disproportionate burden in rural and remote parts of Australia. They may live great distances from centres where work is available, they are unlikely to have personal (private) transport, where public transport is almost non-existent.

We see the legislation as based on an ideological approach which is in stark contrast to the Australian traditional ethos of caring, of supporting those in our society who are going through a bad patch until they can get on their feet.

Women (with dependant children), partnered or un-partnered, are clustered in part-time, and/or low-pay areas of the work-force.

This frequently is a consequence of their lack of a skills base.

It is also a consequence of women, whatever their skills, seeking jobs with family-friendly work conditions.



We fear that the WorkChoices legislation will destroy hard won gains allowing family friendly work conditions.

The implicit assumption is that employers, especially the employers now exempt from unfair dismissals provisions, will always act with integrity and appreciation of their individual worker's situations.

A business employing one hundred people is already so big that the employer is unlikely to have that personal connection with each employee. Further, where an imbalance of power exists, long term relations at work degenerate and make the life of managers and workers tense and unpleasant, organisations and industries become less efficient with consequent adverse effects on the economy as a whole. That is to say, it's not just a matter of the less powerful being exploited - over the longer haul everyone suffers.

We see this legislation as removing choice, effectively for both workers and employers.

We fear that the inability of workers without skills in demand to negotiate reasonable pay and conditions will lead to sharply increased child and individual poverty.

We see this will have an impact on the balance between work and family life and the ability of women to care properly for their families.

It may well have flow-on effects in relation to increases in adverse mental health outcomes and other illnesses.

We see Welfare to Work as unnecessarily harsh and punitive. It is the case that most economists consider that individuals respond best to incentives- that people can and do make choices based on enlightened self-interest.

We see the plain evidence, based on our research, of the lower rates of income support payments, allied with poor bargaining powers in the workforce, which will lead to sharply increased levels of child and individual poverty.

The failure of Government policy to recognise and deal with the issue of excessive Effective Marginal Tax Rates (EMTRs), as established in the NATSEM modelling, means that work-force participation for sole parents and people with disabilities produces insuperable financial disincentives- see attached NATSEM tables.



We draw to the Committee's attention that this modelling cannot and does not take into account additional sources of likely loss of income- such as costs of working (child care, travel, clothes).

Nor does it take into account the likely claw-back faced by current pensioner residents of State public housing, who will face steep increases in rentals per dollar of privately earned income.

In instances where pension recipients (or Newstart recipients) have Centrelink debts to be repaid, participation in the workforce is likely to lead to an actual net loss of income.

Child and individual poverty will ineluctably result.

It is a common misunderstanding that Centrelink will help pay beneficiaries' fixed costs, such as utilities accounts.

This Centrelink practice is no more than a loan against future benefits, and a loan which will also have to be repaid.

We urge careful reconsideration by this Committee, the Senate and the Parliament as a whole before this legislation becomes law.

We recommend there be established a most careful and independent review of the social impacts of the legislation which is enacted at twelve monthly intervals.

We note that the Australian Institute of Health and Welfare is already collecting a range of data derived from survey and administrative data of State and Territory entities which provides important information on trends in social outlays and demands for social support services.

We recommend that the Australian Bureau of Statistics together with the Australian Institute of Health and Welfare ought to be invited to prepare an annual publicly available social impact statement.

Term of Reference (A)

THE PROVISION OF EMPLOYMENT SERVICES AND OTHER ASSISTANCE



The What Women Want consortium has consistently expressed its concern that the policy is based on a principle of 'work first', and that the expenditures provided for work readiness training will not allow for the completion of appropriate trade or professional qualifications.

There is abundant evidence that for women acquisition of appropriate educational qualifications is the best predictor for a move out of poverty (Welfare dependence) and into life affirming work-force participation.

We note evidence that of women currently in receipt of parenting payments who are not already working part-time, the great majority have no education beyond Year 12, and that most have not completed Year 10.

Were the policy underlying Welfare to Work to be evidence based then it might be expected to provide for these women to be engaged by innovative education programs in completing a recognised second education qualification and progressed towards a further training to meet identified skills in demand. These might include training as nurses and allied health workers, training as child care workers, training as school-teachers, training as hair-dressers, and training in non-traditional female occupations.

This is not the case.

Yet separately, the Commonwealth is encouraging and financing a range of education initiatives to expand technical and further education. At the same time, the Commonwealth is engaged in a world-wide search for appropriately skilled migrants.

From this we conclude that there is a) a failure to co-ordinate a whole-of-government approach towards meeting skills shortages, and

b) An underlying ideological position that women who have left marital-type arrangements, or whose partners have left should be forced into low paid work.

This policy package must also be taken into account alongside changes to the Family Law Act and to the Child Support system, which in the views of many women now favour some fathers' interests over those of mothers.

We have been appreciative of the courtesy extended by Departmental officers in clarifying the proposed arrangements for the Comprehensive Work Capacity Assessment regime.

That said, and given our understanding that a great proportion of the individuals in receipt of both parenting payments and disability pensions have some kind of mental illness, either a primary illness or as a compounding additional problem, we wonder how the proposed new employment services support systems will adequately manage the issues of



such persons. We know that many such conditions are subject to intermittent fluctuations.

We note that such individuals, if placed in suitable employment may have behavioural difficulties which will affect their employment.

We hold grave concerns that such individuals are likely to be summarily dismissed for misbehaviour, and we note the impacts of this both under the provisions of the WorkChoices Bill and the breaching arrangements of the Welfare to Work Bill. (See below ToR B)

Moreover, given it is accepted that currently States' mental health services are grossly under-funded, and many individuals are inadequately managed, we wonder how it can be expected that Job Network providers will be able to handle these individuals need to access ongoing and appropriate psychiatric and medical management.

We are disturbed to note that the Comprehensive Work Capacity Assessment is not permitted to take into account the state of the labour market where the individual lives (i.e., whether there are any jobs).

We are disturbed to note that the restriction in the Newstart guidelines on the individual moving to a district where there are few jobs remains.

For many individuals and families placed on Newstart, a shift to a location where there will be cheaper rents will be a necessity. It may also be a necessity for some to move closer to where there are family support networks.

To do this under the proposed rules will mean the possibility of immediate loss of income from Centrelink.

We urge reconsideration of this rule.

Term of Reference (B)

#### A RESPONSIVE COMPLIANCE SYSTEM THAT ENCOURAGES AND REWARDS ACTIVE PARTICIPATION

We are particular disturbed by the new regime for compliance announced on 21 September 2005. <http://www.dewr.gov.au/NR/rdonlyres/2F89F650-B331-413B-8202-AD0BCD055C2F/0/FactSheetWTWCompliance.pdf>



The emphasis in the new policy moves from breaching (where the penalty is a percentage of payment for a specified period) to suspension from payment altogether – far more draconian.

Individuals or families could face income losses of \$1600.00 or more.

How will the family survive in this period? Note that to be eligible for Newstart the recipient must have run down (spent) all cash savings.

Will charities and the States' child welfare systems become the last resort for support? Will some women choose to remain in potentially violent or otherwise child-damaging situations to avoid the Victorian rigours of this new policy?

The 8 week non-payment period is also of concern.

The guidelines announced by Minister Dutton state that this will apply to those who, “without good reason ... refuse a job offer or leave a job voluntarily; and to very long-term unemployed job seekers who fail to participate in full-time Work for the Dole”.

- There are no details provided on what constitutes “good reason”.
- For those who refuse a job offer – what happens if the job offer is for shift work at times that are not family-friendly?
- For those who leave a job voluntarily – what if the reason for leaving is sexual harassment? Or failure of child care arrangements? Or family illness – especially with an ageing population and the burden of care for parents likely to fall increasingly on adult children?
- What of the individual with a mental health problem which leads to dismissal? Will they suffer an immediate cessation of any financial support of this nature?

We have further concerns about the matter of false declaration of income.

The Social Security legislation requires fortnightly declaration of earnings for those on stimulus payments such as Newstart Allowance. However, many businesses pay monthly, especially small businesses where preparation of payrolls is a time consuming (and therefore expensive) activity. Moreover, pay slips often don't show details for individual shifts.

Where people are on casual shift work and paid monthly, they often don't know the actual details of their income when they lodge their fortnightly



return, and estimate it. Reconciliation of these estimates with actual income is complex for all concerned, including Centrelink staff.

Adjustments to payment are often necessary, and if the estimate was less than actual income, constitute an earnings-related debt.

Will these debts be subject to the 10% recovery announced by the Minister? Or will the Government be putting an additional impost on small business by requiring them to pay fortnightly, in a cycle linked to an individual's social security pay cycle?

Again, we urge careful re-consideration of these matters.

Marie Coleman P.S.M.  
Chair, Social Policy Committee  
National Foundation for Australian Women.  
Speaking also on behalf of the What Women Want Consortium.