

Submission Brief to the

Social Security Legislation Amendment (Fair Incentives to Work) Bill Inquiry

July 2012

In providing a response to this inquiry Anglicare Australia will focus primarily on the first of the three amendments highlighted in the Bill: *remove the 'grandfathering' transitional arrangement from the Parenting Payment from 1 January 2013.*

Anglicare Australia like many organisations in the community sector has grave concerns over this amendment not only in regard to the grandfathering arrangements but for the policy as a whole of moving parents, single parents in particular, onto the lower *Newstart* allowance.

It may appear logical (and financially responsible) to restrict access to those higher payments in order to drive people back into the workforce. But, it is a nonsensical approach because the three key assumptions it is built upon are flawed. Firstly, the *Newstart* allowance is not sufficient to support a family until the carer is able to return to the workforce, particularly after a long absence; secondly, the period of unemployment (in receipt of the lower income support) is likely to be for an extended, rather than short, duration; and finally, it cannot be presumed there are appropriate jobs for these people to go to.

Newstart as support

The crux of our objection to this Bill is that it shifts families, lone parent and otherwise, onto the *Newstart* Allowance. The inadequacy of this payment is being addressed in a concurrent inquiry, however it has great bearing on this discussion as it eats away at the capacity of families to survive, let alone thrive, over any kind of timeframe.

These are families with children that are being pushed further into disadvantage. Almost two thirds of a family payment is expended on four major household expenses: housing, food, transport and power. With such large proportions of income going toward basic necessities it is easy to understand why within that group, 77% of recipients experience major financial stress.ⁱ

It is important to note almost 50% of *Parenting Payment* recipients also receive income other than the pension.ⁱⁱ As a rule this is income generated from employment. What that shows is that many recipients are already, admirably, seeking work and maximising their income and so (arguably) don't need to be driven back into the workforce. Importantly, however, many of these same recipients are already experiencing financial stress and spending the majority of their income on basic amenities. How logical is it then to provide these families with less money as they seek to juggle family and work commitments?

An uninformed observer might imagine that *Parenting Payment* recipients are being moved to the lower *Newstart* allowance to make them subject to the workforce participation requirements

attending that payment. The cruel irony, of which the Government is already well aware, is that *Parenting Payment* recipients, partnered and single, will have already been subject to those requirements when their youngest children turn 6 years. And since parents are already required to look for work (and almost half are already working), it seems that this policy change is purely about withdrawing financial support to parents and offering them a bigger stick to 'encourage' them toward (greater) employment.

The *Newstart* allowance is an inadequate system of support into employment at its current levels, particularly for supporting single parents, and for this reason the Social Security Amendment should not be enacted and the broader policy of shifting those recipients onto *Newstart* repealed.

Support over time

In terms of the duration of support received, many people who have been on income support for some time are expected to remain on the payment for some time to come. ACOSS reports those who have been on *Newstart* for one year are 50% more likely to remain on the payment for another year.ⁱⁱⁱ Likewise, Job Search Experience data from the ABS shows that the longer an individual is out of the workforce, the more difficult it is to obtain work.^{iv} This is particularly true for those with little to no experience and who are older, as these are commonly cited reasons for unsuccessful attempts at employment.^v What then might the experience be for a single parent, most likely a woman, who has been out of the workforce for potentially eight years?

Over time, the likelihood of gainful employment diminishes making it more likely that families will be living on a reduced payment for longer than the policy suggests. This amendment to the Social Security Act, and the broader policy of which it is a part, is particularly misdirected in that it is sentencing families to life on an inadequate income, whilst implying it is a situation of their own making.

Employment as an outcome

Finally, for this policy to encourage people back into the workforce, there needs to be the jobs for them to go to. Unfortunately, as just demonstrated by the Howe Inquiry, conducted for the ACTU, insecure employment is increasing, particularly in those sectors that might employ women returning to work after an extended absence.^{vi} For those who are on the edges of employment, insecure work conditions have them caught in an impossible position. On the one side they experience unstable or uncertain working conditions perpetuated by structural apathy – where people are on low incomes are not given opportunities as a matter of course – and on the other, they face rising house prices, basic costs of living, competitive and increasingly costly rental markets, rising utility prices and any number of other life-stage events hinging on the individual's capacity to earn a stable and secure income.^{vii} Yet, given the mix of caring responsibilities, perceptions of diminished skills due to absence from the workforce, and increasing casualisation, people shifted from the higher *Parenting Payment* on to the lower *Newstart* with significantly reduced expectations of finding employment will be forced to suffer a double disadvantage: less money and fewer opportunities to augment what there is.

Until employment prospects for people re-entering – or even entering for the first time – the labour force are improved with some hope of obtaining work of sufficient security and adequacy to support families, the Social Security Amendment should not be enacted and the broader policy repealed. In

addition, given the imminence of the parallel inquiry into the adequacy of *Newstart* and the relevance of *Newstart* to this inquiry, this inquiry and the Amendment should be deferred until the completion of the other.

The future...

At the centre of current debate is income. Income and what we mean when we assert that everyone has the right to participate equally in society. They mean different things to different people and different groups, and we are required to reach a compromise.

The Government would like to see as many people participating in the workforce as possible, thereby increasing our productivity and further strengthening our economic wellbeing, and in doing so minimising expenditure on income support. People in receipt of pensions and allowances would like to see a support system that helps them into employment without the threat of sticks looming large, and to participate in society, taking full advantage of what available opportunities there are.

Government has failed, over many years, to maintain a support system that in reality supports people from the fringe of our society into the core. To its credit, the Government does seem to be reconciling itself to the shortfall and is working with the sector to rectify some of the problems, particularly the work around linking social services with job services to better access community employment opportunities, and also, taking localised approaches to employment such as with the Remote Jobs and Communities Program. However, the faith in that process is undermined by policy decisions such as this which at once further entrenches the systemic barriers to breaking the cycle of disadvantage and implies that the effort being exerted to improve employment services for those that really need support is a diversionary tactic for the real end game, which is to minimise expenditure.

It may be an ungenerous conclusion to arrive at given the work this Government has undertaken to improve conditions for our most disadvantaged in society, work which is largely unheralded or acknowledged by the media or the electorate. But we are at an impasse and people who receive benefits have carried the burden of the productivity agenda for too long. Anglicare Australia calls for the Government to withdraw this amendment and repeal the policy given that the major criteria for a successful outcome are not in place, namely: an adequate payment that can sustain a family while they look for work; periods in receipt of the lower payment being of a shorter duration; and opportunities available for people to take up which will provide the means for their ongoing well-being.

Anglicare Australia

Anglicare Australia is a network of 45 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the faith that every individual has intrinsic value. Our services are delivered to one in forty Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 17,771 staff and 17,908 volunteers work with over 480,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

ⁱ Australian Bureau of Statistics. 2011. Household Expenditure Survey. Australian Bureau of Statistics, Cat No. 6530.0 accessed from [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/CB07CC895DCE2829CA2579020015D8FD/\\$File/65300_2009-10.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/CB07CC895DCE2829CA2579020015D8FD/$File/65300_2009-10.pdf)

ⁱⁱ Australian Bureau of Statistics. 2011. Household Expenditure Survey. Australian Bureau of Statistics, Cat No. 6530.0 accessed from [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/CB07CC895DCE2829CA2579020015D8FD/\\$File/65300_2009-10.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/CB07CC895DCE2829CA2579020015D8FD/$File/65300_2009-10.pdf)

ⁱⁱⁱ Australian Council of Social Services. 2011. Employment Participation: Factsheet. ACOSS. Sydney. Accessed from <http://www.acoss.org.au/uploads/ACOSS%20Participation%20factsheet%20April%202012.pdf>

^{iv} Australian Bureau of Statistics. 2011. *Job Search Experience*. Australian Bureau of Statistics, Canberra. Cat No. 6222.0 accessed from [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/DFB1B8DE27A753A5CA25798E000DD91A/\\$File/62220_jul%202011.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/DFB1B8DE27A753A5CA25798E000DD91A/$File/62220_jul%202011.pdf)

^v Australian Bureau of Statistics. 2011. *Job Search Experience*. Australian Bureau of Statistics, Canberra. Cat No. 6222.0 accessed from [http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/DFB1B8DE27A753A5CA25798E000DD91A/\\$File/62220_jul%202011.pdf](http://www.ausstats.abs.gov.au/ausstats/subscriber.nsf/0/DFB1B8DE27A753A5CA25798E000DD91A/$File/62220_jul%202011.pdf)

^{vi} Australian Council of Trade Unions. 2012. *Lives on Hold: Unlocking the potential of Australia's workforce*.

^{vii} Anglicare Australia. 2012. *In and Out: The challenges of work insecurity*. Canberra.