

## **GOVERNMENT MEMBERS MINORITY REPORT**

The Government Senators wish to note that, yet again, the Labor Party and the Democrats have combined in the Senate to refer the Family and Community Services Amendment Bill 2002 to the Community Affairs References Committee instead of the Community Affairs Legislation Committee. One can only presume that this is regularly done so as to arrive at a particular outcome regardless of the evidence provided to the Legislation Committee.

As can be seen by the terms of reference, consideration of the Committee was given specifically to participation requirements for parents and older unemployed people, the nature of penalty provisions, and the fairness efficiency and effectiveness of the proposed provisions.

Based on readily available statistics, lone parents have the highest rate of dependency of any popularity demographic in all of Australia (over 50% of all lone parents) on the income support system. The only demographic group that comes close is people who are in the fifty-five to sixty-four age bracket. These are the two groups at the centre of this consideration for those reasons.

The Government Senators find it remarkable that the Labor opposition would be recommending a watering down of the provisions contained in the Bill which are far more lenient and tolerant of people's circumstances than was ever in place under thirteen years of their administration.

The table below outlines the penalties for breaching arrangements under Labor and the current arrangements under the Coalition Government.

<b>Under Labor Government (Working Nation)</b>	<b>Under Coalition Government (Australians Working Together)</b>
Penalty for first breach if unemployed for less than 12 months – loss of payment for two weeks.	Penalty for first breach \$863 payable over 26 weeks (\$33.20 per week).
Penalty for first breach if unemployed for 12 to 18 months – loss of payment for four weeks.	Penalty for second breach \$1144 payable over 26 weeks (\$44 per week).
Penalty for first breach if unemployed for 18 months or more – loss of payment for six weeks.	Penalty for third breach \$1456 payable over 26 weeks (\$56 per week).
Penalty for third breach for someone unemployed in the 12 to 18 months bracket that would equate to a total loss of payment of 16 weeks.	Penalty for fourth breach subsequent breaches as per third breach.

Much of the emphasis of the opposition was placed in research undertaken by Barrett and Cobb Clark and referred to by the Brotherhood of St Laurence in their submission. The Opposition used this research to claim that breach penalties were far in excess of community expectation and acceptance. For example, it was believed that people were asked whether they thought that a breach penalty of \$863 was appropriate when a person received only \$186 per week. In reality the fine is a total of \$863 payable over twenty-six weeks during which same period of time that person is being given \$4810 (unemployment rate) by tax-payers. If one were to receive the Parenting Payment plus Rent assistance, they would be receiving \$6660 over the same twenty-six weeks.

To claim as the Opposition did, that people were not given a reasonable opportunity to provide an explanation for a breach is absolutely wrong. If a person gives a reasonable explanation, they can start afresh, they will not be breached and their payment will be reinstated.

As can be seen from the above table the penalties under the former Labor Government were exceedingly harsh, inflexible and provided no opportunity to have a financial penalty waived. Under the regime considered in this Inquiry, not only are the penalties far less onerous, but alternatives are provided to the financial consequences of breaching.

The Government Senators believe that the focus of the legislation aimed at getting more sole parents into employment and off welfare is highly desirable. It is widely accepted that the success rate in moving from sole parents payment to employment is poor. Therefore to encourage participation rates and activity with this group at an earlier and reasonable time is essential. If it were to be voluntary, it would be highly unsatisfactory because there is no evidence that compliance would be high.

Contained within this legislation are deliberate measures designed and delivered in a payment regime which recognises the primary responses of ensuring care for children. However, it is important at an appropriate time to start moving that person into thinking about participation for the benefit of the parents and child/children.

The Committee was provided with evidence that suggested for those children growing up in families where there is a very short spell on benefits, there is much less of an impact on their future outcome as compared with children who have parents or a parent with a high level of dependency or who spend multiple spells and long periods of time on benefits over their working life.

This is particularly important legislation designed to assist those at the highest risk of long-term workforce dislocation and long-term poverty and therefore should be considered and passed by the Senate as soon as possible.

Senator Sue Knowles, Deputy Chairman  
(LP, Western Australia)

Senator Guy Barnett  
(LP, Tasmania)