



**Submission
to the
Senate Community Affairs Committee Inquiry
into
The Employment and Workplace Relations
(Welfare to Work) Bill 2005**

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Introduction

On 9 November 2005 the Senate referred the Employment and Workplace Relations Amendment (Welfare to Work and Other Measures) Bill 2005, and Family and Community Services Legislation Amendment (Welfare to Work) Bill 2005 to the Community Affairs Legislation Committee for inquiry with particular reference to increasing participation by, and reducing welfare dependence of parents, people with disabilities, the very long-termed unemployed and mature aged people through:

- the provision of employment services and other assistance; and
- a responsive compliance system that encourages and rewards active participation

UnitingCare welcomes this opportunity to comment on aspects of the Government's above-mentioned Welfare to Work legislation that will affect the lives of one million Australians who receive direct social and welfare services from over 400 of our agencies across the country – from major cities to the remotest of locations.

UnitingCare is primarily concerned with those population groups and individuals who are most disadvantaged in society, particularly children, young people and families; people living with a disability; and older Australians.

Our services work, together with other local providers, to prevent the escalation of need, to strengthen individuals and families and to support people to live as inclusive members of their community, including participation in the paid workforce.

At the outset it should be noted that UnitingCare strongly supports the Government's efforts to move more social security recipients into jobs, and welcomes the increased investments in employment assistance and child care. However, it is crucial that the barriers that presently exist for these people be adequately addressed, that they possess the necessary life-skills to make a successful transition to work, and that adequate post placement support is readily available.

The evidence quoted in this submission is based on the experiences of UnitingCare's service users, and focuses particularly on vulnerable families and people living with disabilities.

Welfare Reform

UnitingCare Australia and the UnitingCare national network of community service providers have been active contributors to the development of the Federal Government's welfare reform agenda and in highlighting the links between welfare reform and other key Government initiatives. Actions have included written and verbal representation to assist the development of:

- The McClure Report (1999 – 2000)
- The Independent Review of Breaches and Penalties in the Social Security System (2001)
- The House of Representatives Inquiry into the '*Long-term Ageing of the Australian Population*' (2004)
- The Government consultation '*Building a simpler system to help families and individuals*' (2003)

- The Senate Inquiry into Poverty and Financial Hardship (2003-2004)
- The Senate Inquiry into proposed amendments to the Disability Discrimination Act (2004)
- The HREOC National Inquiry into Employment and Disability (2005)
- The Senate Select Committee Inquiry into Mental Health (2005).

In 2005 the Australian Government Budget signalled a new phase in welfare reform. The language of mutual participation (*Australians Working Together*) moved to a language of labour market attachment (*Welfare to Work*) – language more consistent with compliance than. Initiatives are tightly targeted to particular groups in the population and concentrate on moving welfare recipients in these groups into jobs.

Since the initial launch of the proposed measures in May 2005, the Government has announced a number of changes to address some of the unintended consequences for those who have relied on income support, but the vast majority of people – 85% - originally estimated as being worse off under the package still stand to lose.

While UnitingCare Australia supports reform measures that allow for joint and meaningful participation between Government, individuals, families and communities, and the services that enable reform to occur, it is essential that these reform measures seek to utilise empowerment rather than compliance or they risk endangering their very objectives.

To be effective the welfare reform process should aim to engage people and communities through consultative, strengths-based and inclusive processes that recognise special needs and vulnerabilities, especially among the most disadvantaged in community. Such an approach will maximise opportunities for realistic and meaningful participation in the workforce, and people’s capacity to belong, contribute and be valued.

UnitingCare Australia is ready to work closely with Government, the wider community sector, and consumer groups in the development of the Guidelines that will sit beside the legislation currently under review, to ensure that the package is as effective as it can be in the provision of the necessary supports and assistance to move vulnerable Australians off welfare and into adequately remunerated long term jobs.

Lessons learned from the welfare process

There are clear lessons to be learnt from the earlier rounds of welfare reform that have culminated in the above legislation:

- the importance of process and the need for genuine consultation and engagement of the community and welfare sectors;
- the need for a long-term commitment from Government and other stakeholders if genuine, positive and sustainable reform is to be achieved;
- the need for reform to be policy driven and comprehensive, not piecemeal and issue specific (e.g. disability/sole parents);
- the need for up front adequate resource allocation;
- the need to ensure that the shift towards engagement through ‘social and economic participation’ does not detract from the need to retain a viable ‘safety net’ and strong support mechanism for those most disadvantaged in society.

In our experience, across Australia, people **want** to work. A necessary component, therefore, for providing pathways to employment is to ensure that policies seek to identify and address the multiple barriers people face (ranging from access to affordable transport and childcare, to the costs associated with seeking work, to thin life-skills and low self esteem, to job-readiness) and encourage and empower unemployed Australians rather than relying on negative incentives that stigmatise individuals and risk reinforcing fear and poor motivation.

Many of the proposed initiatives represent overtly coercive strategies to achieve welfare reform, rather than promoting a sense of mutual and meaningful participation. For example, coercive measures include:

- compulsory interviews for parenting payment recipients once their child turns six and compulsory part time activities once their child turns 13;
- changes to the requirements for assessment of the disability pension, with only government allocated doctors able to assess disability pension recipients;
- the introduction of financial incentives to encourage pensioners to find part time work;
- the appropriateness of bringing in compulsory activities for disability pensioners; and
- an attempt to introduce amendments to the DDA to disallow drug addiction as a disability particularly with regard to terms and conditions of employment.

Measures to engage particular population groups in the workforce must consider the particular circumstances that may impact on such vulnerable groups as:

- sole parents and their children;
- people living with a disability or mental illness.

There is an urgent need for the development of a clear framework for welfare reform that realistically assesses and recognizes the capabilities, capacities and needs of these people and other vulnerable groups in society to ensure that a safety net is maintained and attention paid to the additional factors that impact on the most disadvantaged.

The impact of welfare reform on UnitingCare services and income support recipients

In spite of the economic stability of the country, more and more Australians are struggling to live with dignity and hope within an ever-changing environment.

The experiences of many of the service users of UnitingCare's programs have been influenced by the changes that have, in recent years, taken place in the social, economic and labour-market arenas:

Firstly, there have been significant changes in the structure of the family unit with a steady growth in non-traditional family structures. The ABS Family Characteristics Study (1997) found that 21 per cent of all families were single-parent families. Looking to the future the proportion of single parent families is projected to increase by between 30 and 60 per cent by 2021, when around one third of Australian families will be single-parent families.

Secondly, the Australian labour market has changed substantially in the last 15 years with a steady rise in the proportion of casual employment to 27.6 per cent of the total labour market in 2003. This is a decided disadvantage for low-income and low-skilled workers given the insecurity of such positions, the lack of entitlements that they carry and the limited pathways to full time, well paid work inherent in such jobs.

Thirdly, the nature of unemployment itself has changed over the past few decades. Unemployment in Australia thirty years ago was mainly short term and sporadic, and our social security system reflected this, being orientated to the provision of some financial supports to tide families over while the breadwinner was out of work for a short period. However, in the late 1980s intergenerational unemployment emerged across Australia. Well over 800 000 Australian children are now growing up in jobless households, and a significant number of these children live in areas of locational disadvantage in which it is normal not to have a job, and where jobs simply do not exist. Unemployment for many Australians is now long term and endemic.

Fourthly, industrial relations reform is likely to reinforce existing trends towards increased part time and casual employment. While this may help create more low skill (and low pay) jobs, it also risks exacerbating the problems associated with the creation of working-poor households where employment is both insecure and fragmented.

These are significant changes and pose significant challenges to our policy responses. Our experience in the provision of employment services across Australia, through Job Network and through Open Employment services, is that the challenges of moving the last tranche of unemployed Australians off welfare and into work are more around ensuring that jobseekers have adequate life-skills prior to seeking work, that they are job ready, and that there are adequate post employment supports to help them stay in a job once they have found one, than they are around matching them for a job. The other major challenge is that there are many areas in Australia in which jobs are simply not available.

Our experience working in and with communities across Australia is that people want to enjoy a sense of community-belonging, wish to contribute to the workforce and have their contribution valued. People want to work. Motivation is much less of an issue than the many barriers disadvantaged job-seekers must overcome to find and keep a job. From our experience, the lack of motivation is often tied to hopelessness and fear of failure. A system based on activity, where jobs are often not available and barriers are not addressed, and on compliance for people who feel hopeless and are afraid of trying lest they fail at something again may be able to attach people to the labour market in the short term, but is very unlikely to move vulnerable people into jobs that pay enough to live a decent life over the long term.

We believe, therefore, that the proposed welfare reform measures will impact negatively on the most vulnerable groups of society.

Barriers to Work

Research undertaken by the Department of Family and Community Services (FaCS) in 2000 with long-term unemployed NewStart recipients, mature aged people on income

support, and workless families provide a picture of the hardship and long-term disadvantage experienced by these groups.¹

The findings reveal that for all three groups well over 60 per cent of participants had not been schooled beyond Year 10, 53 per cent reported an ongoing disability or medical condition, and an average of 53 per cent had little to no employment history due to home and family duties. Furthermore it was noted that individuals receiving Parenting Payments had particular additional barriers to entry into the labour market.

The research also indicated that 91 per cent of the very long-term unemployed and 89 per cent of Parent Payment recipients said 'they would prefer to be working - immediately or within the next five years' – and large numbers expressed an interest in pursuing further study.

It would seem from this study, therefore, that most people would choose to enter the workforce should the present barriers to their participation be overcome.

People with disability have identified discrimination, inaccessible environments and the lack of adequate investment in employment, training, education and rehabilitation assistance as major barriers.

Implications of welfare reform measures for disadvantaged Australians

It is well known that the interaction of the income tax and social security systems leads to high effective marginal tax rates. This means that frequently, there is a very small net financial gain from returning to work, gains that often become net losses once the cost of transport, childcare, clothes and other work requirements is factored in. For people with no or low financial reserves this results in poverty traps that prevent or severely discourage participation in paid work.

The initial result of the welfare reform measures has been a series of proposed changes that have heightened the fear factor and lack of trust among those eligible for re-entry into the workforce because of:

- a perceived ongoing reduction in eligibility to income support;
- a real reduction – and loss of a safety net - for those most disadvantaged in society; and
- a lack of flexibility in Government programs for voluntary, inclusive re-entry and sustainable participation in the workforce.

Current welfare reform measures, as outlined above, are impacting in particular on sole parents, people with a disability (including those with a mental health difficulty or disorder or mental health co morbidity such as alcohol and drug dependence) and older Australians.

These groups of people and those who live, work with or care for them, are often exposed to multiple vulnerabilities and complex and rapidly changing needs. Quality of life is frequently impaired. Stress levels are often high.

¹ ACOSS *Info 373 – May 2005*

Many sole parents, many people with a disability and those with mental health problems follow rocky roads through life. Progress is represented by small steps at a time and some of those steps may, at times, be retrograde. For example, managing the complex combinations of mental illness, homelessness and other issues is often a case of 'one step forward and two steps back'.

These population groups do not present as 'neatly boxed categories'. People presenting for assistance with income support, housing, employment or emergency relief commonly present with multiple vulnerabilities. For example, community services will frequently be working to support sole parents who are carers, or sole parents who are depressed and who self-medicate with alcohol or other drugs or people with a disability who are ageing.

Change, whether in the social security system or in the workplace itself, creates fear in those who are already vulnerable. Fear of losing income; fear that signing on for new incentive programs may jeopardise the small securities they already have; lack of trust that the new incentives will remain in place long enough to work in their favour. Compliance measures (eg for income support, for training, for employment) that have different criteria and that require the participant to undertake multiple parallel processes are beyond the capacity of many of those with multiple vulnerabilities.

Bringing people with you in a model of mutual participation - through the building of trust and genuine support - must be a central part of the welfare reform changes.

For parents the foci of concern with the current welfare reform process are:

- the ability to provide quality parenting;
- an opportunity to participate in a family-friendly workplace;
- the availability of jobs and training;
- the availability of affordable quality childcare;
- secure and adequate income support; and
- an accessible public transport system.

It's all too hard.... There's no job I can do that fits in with the needs of my kids.... And anyway, when I worked out the money I'd earn it wasn't as much as my Centrelink payment At least I know where I am even if I have to struggle to make ends meet..... the casual jobs come and go..... and it takes a lot of stress to keep telling Centrelink about this change and that.... It's a nightmare. (Single mother of two pre-school age children)

Issues facing people living with disability are concerned with:

- the stigma that exists in the workplace and in the wider community;
- the lack of work placement and/or training;
- inadequate post placement support;
- the inflexibility of employment and income support;
- inadequate additional training and support; and
- the chronic relapsing and often disabling nature of mental illness and drug and alcohol dependence.

The experiences of UnitingCare's service users are described below.

Children, Young People and Families

Responsible parenting and workforce participation

The participation of sole parents in the workforce should not be at the expense of the wellbeing of children. For single parents, combining paid work and parenting is a difficult balancing act. Being a responsible parent – responsible for the health and wellbeing of the children in their care, providing financial stability and opportunities to participate in their community – requires care and creativity.

After I had my baby I worked full-time. It was pretty hard working full-time and being a single mum as well. So I stopped that and did a course at Burnside – I'm doing the mentoring program. I'm still doing that training and doing some voluntary work as well. Two days a week. I enjoy that and when my kids are older I will look for work again.

Yes, I did work before I had Amy... in a fish and chips shop ... and also did other bits and pieces all over the place... Cleaning jobs etcetera... Now I'm just looking after my child. ... She's only 10 months old.

In order to balance responsible parenting with jobs and/or training, sole parents require flexibility in job situations and childcare options that fit with their workforce participation. Sole parents should have access to appropriate return to work programs with appropriately trained staff. Re-entry into the workforce may also necessitate training to upgrade skills previously used in employment which are now outdated, or education options to enter the workforce in a new field.

When you try to balance work and family life..... you can't..... I worked for a big organisation.... They were really good at first but later said "you'd better think about your role here.... How your job is being affected..... so I left..... I can't understand them...." (ex-working single mother)

To participate in the workforce, sole parents require flexible quality childcare that is affordable. High childcare costs can be a disincentive to work. The major issues concerning childcare are:

- access – childcare centres in the local community, close to where the children live;
- availability – provision of sufficient child care places, including before school, after school and vacation care;
- affordability – the cost of childcare is often prohibitive, which can make the net take-home pay of a sole parent less than what they were receiving on a government pension. Out of hours childcare can also be more expensive;

- flexibility – part time and casual positions, positions that do not have regular hours, or out of business hours work, require flexible childcare arrangements not adequately catered for by current childcare providers; and
- high quality child care that caters for the wellbeing of children.

When I was working full-time I was pretty much working to put him into day care because I didn't get any assistance from Centrelink. Now that I'm not working its much better. Still pricey but manageable.

I did work before... Did bits and pieces – bar work and I was a cleaner. I started to do some voluntary work but couldn't find day care for her, so I've decided to wait until she goes to school. Then I'll look for work.

For parents receiving income support a return to work can mean the loss of certain payments, with the possibility of lump-sum repayment demands from Centrelink. For example, when a woman increases her work input as her child gets older, her family progressively loses:

- Family Tax Benefit Part B,
- Baby Bonus;
- Child Care Benefit;
- Parenting Payment when husband has low income;
- maximum or part of Family Tax Benefit Part A;
- Health Concession Card; and/or
- Travel concessions

People Living with Disability

Employer attitudes and workplace discrimination

Systemic barriers and the stigma from employers and work colleagues still exist and will have to be addressed if there are going to be more places opened up for people living with disabilities (such as people living with a mental health disorder) to access open employment. Promoting the value of employing people who live with a disability to employers is vital, to ensure adequate places in the workforce are available. Full integration and participation in the workplace is to be actively encouraged to combat discrimination and encourage a sense of self-worth and belonging.

Work placement, training and post placement support

People living with a disability require different levels of support to enter and remain in the workforce. Employment opportunities must also be supported through access to accredited educational and training opportunities. Provisions of supportive processes that encourage people to achieve their employment goals, to enter and to stay in the workforce are important to aid workforce participation. This would also include post-placement support focussed on maintaining sustained workforce participation, particularly with regard to the possible episodic nature of mental illness.

We understand that a person's presentation today is not necessarily what will be seen tomorrow. Clients with mental health issues present with fluctuations in their health and behaviour. This requires understanding and longer term support.

Employment flexibility

Flexibility of employment options for people living with a disability would take into account their needs, their life choices, and their location. For example, forcing people with a mental illness to undertake work testing often brings on anxiety, paranoia and undue stress. Voluntary participation gives the opportunity for people who already have the confidence, to take the next step in their recovery and participation in the community and the workforce.

We experienced an influx of referrals last year which resulted in little uptake or continuance of service, due to not having the initial collaboration of the person and more importantly them not feeling ready to take risks (which may likely result in relapse).

Flexibility of income support

People need to be empowered to do their best, to take calculated risks to move forward, and access the services they need to provide support to them in their achievements. Ongoing income support, whether a pension, an allowance, a wage, or a combination, must be adequate enough to ensure that people can live a decent life. Payment cuts associated with shifting from pensions to allowances in the proposed reforms are of real concern. The continuation of government supported pharmaceutical concessions, mobility allowance and access to regain income support if a person is unable to continue work for a time are important to provide security and ensure people can participate to the best of their ability.

Recommendations

1. No cuts to payments and no tighter income tests

We recommend:

- Maintain pension rates of income support for people with disabilities assessed as able to work part-time and sole parents whose youngest child is aged 6 – 15 years.
- Maintain pension concessions and supplements for these groups including Pensioner Education Supplement and Rent Assistance for those studying in approved courses.
- Income tests for payments for these recipients should continue to encourage part time employment.

2. More investment in programs to get people into jobs

We recommend:

- More places should be funded in specialist programs to help people overcome barriers to work, including Open Employment for people with disability, vocational education and training, the Wage Assist wage subsidy program for very long-term unemployed people, and the Personal Support Program.
- Customised Assistance should be at least as accessible for disadvantaged jobseekers as it is presently.
- Greater investment in a national employer education media campaign to help overcome misconceptions about the work capacity of people with disability, and mature aged workers.

- A high proportion of the extra child care places should be set aside for jobless parents and capital grants should be offered to organisations seeking to establish outside school hours care services in areas where no such service exists.

3. Legislative guarantees that activity requirements are relevant and reasonable

We recommend:

- Recently announced temporary exemptions for parents of disabled or ill children, for four or more dependent children, victims of domestic violence, recipients with caring responsibilities for adults, foster carers, distance educators, and home schoolers should be legislated. There should be a presumption that exemptions will apply unless in the opinion of Centrelink the recipient is able to undertake required activities.
- Temporary exemptions should be extended to parents who have recently separated, people who are undergoing a personal or family crisis, and people who due to homelessness or an episodic illness or disability, are temporarily unable to comply with activity requirements.
- Legislation should specify that the activity requirements for parents are conditional upon availability of affordable child care considered suitable by the parent.
- Activity requirements for parents, people with disabilities, and mature aged people should be circumscribed in legislation to take account of their inability to engage in fulltime work and activity, parenting responsibilities, time and costs taken to travel to work or activities, the need to ensure personal safety of domestic violence victims, and other participation costs.
- Participation in approved education or training courses should be accepted as fully meeting activity requirements.

4. A fair compliance system with less severe penalties

We recommend:

- The maximum penalty should be substantially less than the proposed eight weeks.
- Recipients should be able to reduce this penalty by re-engaging with service providers or undertaking mutual obligation activities.
- The maximum penalty should not apply to 'minor' breaches like not attending interviews.
- Recipients referred to 'full-time Work for the Dole' should be able to seek review of that decision by Centrelink or SSAT.
- Full-time Work for the Dole should not extend beyond 10 months.

In Conclusion

UnitingCare Australia supports the concept of fair and equitable opportunities for work for all Australians, including for those income- support recipients who have a genuine capacity to work. UnitingCare Australia is keen to work with Government towards welfare reform that ensures better economic and social outcomes for those most disadvantaged in Australian society.