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**Women's Electoral Lobby Australia**

**Submission to the Senate Community Affairs**

**Legislation committee**

**Inquiry into**

**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**

**15th November 2005**

Committee Secretary  
Senate Community Affairs Committee  
Department of the Senate  
Parliament House  
Canberra ACT 2600

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## **Introduction**

The Women's Electoral Lobby is extremely concerned that the Government's new welfare to work system will have negative impacts on women. When combined with the new workplace relations legislation it puts some groups of women seriously at risk of increased poverty and discrimination.

WEL has long been involved in the pursuit of improving the living and working conditions of women in Australia. We have contributed to policy making and discussion and to previous Senate Inquiries into industrial relations issues, and have intervened in the key test-cases on award standards conducted by the Australian Industrial Relations Commission.

As experienced policy analysts and contributors to policymaking, the Women's Electoral Lobby (WEL) Australia members are concerned that these changes will have a detrimental impact on most women. We also protest the ridiculous time lines which seriously impede the capacity of voluntary groups to respond in a considered way.

Why are these changes being rushed through Parliament to a timetable that makes informed community debate and participation almost impossible? WEL, along with many other non-government organizations, is at a loss to understand this. Such unseemly haste does not inspire confidence in, or broad-based support for, a system that threatens to reduce women's "work choices" and welfare protections.

WEL sees the changes below as neither fair nor effective in assisting sole parents or women with disabilities in the short or long term, and strongly opposes them. We have not dealt with the specifics in terms of reference alone as they cannot be separated from faults in the overall structures of both this Bill and the WorkChoices regime.

The welfare legislation contains several changes to existing rules that will negatively affect the financial outcomes for current and future recipients. These include: After July 2006 many single parents and those with significant disabilities will be put onto lower payments (Newstart Allowance or Austudy) rather than the existing higher payment system which recognises long term costs.

Those on Parenting Payment Single, when their youngest child turns eight will lose at least \$30 a week, This cut will materially reduce the already sparse resources that such households.

People with disabilities will lose the Disability Support Pension after July 2006 and be put onto lower payments (Newstart Allowance) – a loss of income of \$40 a week and nearly double on Austudy.

Breaching changes mean that sole parents, like others on unemployment payments (Newstart Allowance), could lose their payments for eight weeks if they refuse a minimum-wage job, have to leave a job or if they refuse or do not meet the prescribed requirements of the employment placement agency. With cut financial support during this time this puts families with children at serious risk of homelessness, or below necessary spending e.g. for food.

As the Newstart Allowance income test is also much less generous than the Parenting Payment Single income test and the tax treatment of allowances is much less generous than for pensioners, this also discourages outside earnings. For instance, these changes mean that the sole parent with one child, working and earning around \$230 per week can lose as much as \$96.50 a week in take-home income when their child turns eight and they are transferred to Newstart Allowance after 2006.

This is a nonsense policy as it reduces incentives to work, their weekly income and their quality of life options. Yet \$230 is about the earnings level that many women working 15 hours a week can expect. After deducting the costs of going to work and maybe some child care fees, there is little benefit in going out to work and may be losses in family tensions. The argument that this may lead to better later job options may be undermined by loss of confidence and well being because of lack of both time and money.

The government also fails to recognise that many of the sole parents and women with disabilities will not be able to find paid work in a tight labour market, given their limited experience and ability to undertake certain hours, and/or types of work. Many of these income recipients have not been able to find work in the past because of personal circumstances, exacerbated by poor levels of education, little or no recent workforce experience and lack of any confidence. Health problems, costs of transport, needs of children and many other issues militate against their ability to find scarce jobs.

It is doubtful whether the activities of the Job Network providers will be able to counter the both the problems on the supply side and the limits on the demand side. Many sole parents and people with disabilities may, at best be cycled through a range of very short term casual jobs which may diminish self confidence and reduce the work ethic. The changes in payments systems that will reward providers and arrangers of such short term work experiences, put these people at risk of unacceptable frustration and exploitation for little personal benefit.

Already there are over 450,000 officially unemployed (ABS). the number available for paid work can be nearly tripled by other categories of underemployment and hidden unemployed, including the new entrants of this policy. None of these policy changes recognises the ratio of these seekers to job vacancies, as they will try and compete for the ABS 150,000 counts of vacancies. Adding sole parents and people with disabilities will only increase official unemployment.

The Government's assumption that non employment is a supply side problem is obviously absurd in most of these cases. The jobs are not there, even if this group were 'competitive'. So putting them through hoops, cutting income and benefits to make them look for work is unethical and absurd.

What the government needs to do is to assess the viability of their employment services by keeping all sole parents and those unable to work for 30 hours per week on the higher income levels for at least the next three years while introducing the proposed services and requirements for moving into employment and then measure the results.

We agree with the sole parent unions' criticism about undervaluing the role of sole parents in caring for their children. They state 'Moving parents from Parenting Payment to Newstart when their youngest child turns eight, and expecting them to seek paid work when their child turns six, ignores many of the constraints some sole parents face regularly This is a clear example of government policy which devalues parents' responsibilities to their children once the child turns 6 and starts school. As any parent knows, this is clearly wrong as children depend on their parents for care during school holidays (usually 12 weeks per year) and when they are sick.

A focus on paid work when their child is six also ignores the very real parenting dilemmas that parents face throughout children's life cycles. Not all parents become sole parents when their children are under six. Those parents whose relationship breaks down when children are aged over six will be faced with the prospect of not being able to properly care for their children through what is a very stressful time for everybody involved. These parents will have a requirement to seek paid work, increasing family stress when the need is to take time out and ensure that children, and themselves, are coping with the changes in their lives.

Adolescence is also a time when many children need additional parental care and supervision. Starting high school, going through puberty, peer pressure can result in some children becoming involved in risky behaviours. Some parents find that they need to withdraw from the workforce for a short period to guide their children through this time. The workforce requirements for Newstart will not allow parents to do this.'

These changes may create problems for Family Court care arrangements. Separated parents often share children by one having week end care, the other weekdays. This allows children to have stability during school time and still see the other parent regularly. If such parents are on Newstart, and many are, they will now be required to take on work that may have compulsory week-end shifts that limit or prevent this common model of shared care. The separated fathers may then find that they see less of their children, or that they have to substitute more shifting and difficult arrangements that may also create problems for the mothers. As mothers too will

have to find jobs once their children are six, both may find they have overlapping weekend or evening shifts that affect their parenting responsibilities.

The government also fails to recognise that many sole parents are already working, at least part time, because their personal and family support circumstances enable them to do so. Most of these also have marketable skills, family support and/or access to appropriate local or other jobs. Many of those who do not have paid work have other barrier issues including health problems, children with minor disabilities, or a range of personal and family circumstances that affect their capacities to look for, undertake and maintain continuity in jobs. Together with the lack of jobs on offer indicated above, few will be able to access the types of jobs that will give them the required flexibility to meet their children's needs.

### **Intersections of the welfare changes with IR changes are problematic**

Job applicants who are on Newstart payments will be unable to refuse any job on offer, so they will have to work, often unwelcome, weekend and evening shifts, even where it interferes with family care and responsibilities. The government insists this is a step up because they claim that families are best served by having paid workers as parents. Perhaps the Government ministers involved still see the family as male breadwinner and female carer, as they fail to notice that the care abilities of single parents may be seriously compromised by having to work awkward shifts. The legislation claims that the Secretary can exempt parents where there is no care, but there is no clarity about how this discretion can be invoked. There appears to be no clear processes for accessing Centrelink support for parents or other carers who are unable, in bargaining, to resist unreasonable shift demands after starting a job. Most are very likely to just accept these demands for fear of losing their payments.

### **Working hours**

The Government has announced that 'WorkChoices will lock in maximum ordinary hours of work of 38 hours per week – an accepted community standard'. Then it goes on to say that this can be averaged over twelve months! Not per week or even per pay period, but annual averaging. This means that many parents will have little capacity to demand regularity or predictability in shifts which is essential for meeting child care and other family needs. Given the limited effect that ordinary working hours definitions have had to date on limiting unpaid overtime or under-employment, this almost fully deregulated working-time regime is bound to impact on families. It makes a nonsense of a weekly working hours limit. The Government should come clean and call it an annual working hours limit of 1,976 (that is 38 x 52) which provides no protection over any weekly or even monthly basis.

Sole parents and other primary carers need flexibility and security to deal with daily needs, sick children and other care demands. They often lack a partner or informal care support person so have to take time off for sick children, school events or

appointments. The legislation provides for a maximum of ten days combined personal/carer's leave but only for non casual workers. For many sole parents this may not be adequate to cover their own and their children's needs and it is not clear what protections are available for employees whose employers are not prepared to be flexible.

Some areas of high female employment will create particular problems. Workers in the care sectors, for instance, have little or no bargaining power despite shortages in qualified workers, as they may be defined as easily replaced, at least partially, by underqualified staff. The pressure on these employers to cut costs and the pressure on recipients of Newstart to take anything on offer may create serious problems. We are likely to find many examples of both the gross exploitation of vulnerable workers, and expectations that they will undertake tasks which require both skills and supervision they don't have. Not only will workers suffer but so will those dependent on their care, as the carers struggle to meet their needs. The costs to both groups may be serious as standards are undermined. The use of what is virtually forced labour, with no access by unions to ensure OHS compliance may be very problematic for the industries and its customers as well as workers.

With limited capacity to bargain, the only defence such workers have had in the past has been the widespread adherence to the award system and the capacity of unions to negotiate more adequate pay rates and conditions even for non-members, and to monitor compliance. As many other workers in these areas may be newly arrived migrants, older workers, casuals and part timers, there will be few able to speak out. The newly employed sole parent or woman with some disabilities will be even less likely to be able to negotiate and be very frightened of losing their jobs.

They will be prime targets in employers' efforts to reduce labour costs and increase profits, in areas where wages are necessarily a substantial proportion of business costs. Areas like aged care that operate on a 24 hour basis, and other forms of employment that also require this type of shift-cover, employ high proportions of young workers, older workers with limited other employment options and family members trying to balance working hours to fit family care needs with financial requirements. Few of these will feel able to negotiate because their circumstances, (care requirements, other work commitments) or personal characteristics (limited other work experiences, seen as too old, language/educational limitations, disabilities) and fear of no access to welfare if seen as leaving employment voluntarily. When people lack the resources to risk a period of unemployment, or the confidence to look for other jobs, they become more vulnerable to unfair contracts and exploitation.

We are concerned that the wages of the women workers who cannot negotiate their AWAs, will be reduced by loss of penalty and casual rates. Without penalty rates, employers may resort to making weekend or other a-social hour shifts compulsory parts of the workloads of these even more vulnerable workers, who will be scared to refuse shifts, even if they cause family problems. While the Departmental

Secretary has the power to vary the rules in these cases, few workers, if any, will know this or day to ask.

The Government and some commentators argue that minimum wages jobs provide mobility into higher paying jobs. Many studies indicate that most workers entering low paid jobs remain in the low paid sector, unless they are students supporting their studies by unskilled work. The definition of what jobs are unskilled is often badly flawed. In reality, low paid jobs and industries are more a reflection of the social and gender structuring of jobs and workers.

The proposed changes to the IR system are posited on some very untested and unlikely assumptions: one is that there is a level playing field on which workers and employers negotiate. Experience shows that the world of paid work is characterised by major power imbalances. The economic capacities of workers and employers differ substantially, as many workers cannot afford to hold out for more and/or risk being unemployed. Where this imbalance is exacerbated by the women potential employees being on Newstart payments, they have no bargaining power, as they risk losing their income support payments.

### **Work and family choices - a new framework is needed now**

We echo here some of the material we have already submitted to other inquiries. We refer the Senate Committee to our recent submission to the HREOC *Striking the Balance* inquiry, as it is relevant to the IR reform proposals. We have recommended that HREOC request the government to fund and establish a Work-Life Balance Commission. This should be adequately resourced to run educational and research programs, which will monitor the effects of both social and legal changes underway. It should report annually directly to parliament and recommend policies and programs that will assist people in integrating their social and economic roles and increase social well being. This will fill gaps in current knowledge as well as assess the impact of changing demographics and policies.

### **Conclusion**

There are many changes in the IR and welfare system that will differentially affect men and women in their work places and homes. WEL suggests the following change options will mitigate some of the damage.

1. If the Government insists on reducing payments, there should be a twelve month review so long term recipients can be back onto the higher payments if they cannot be found employment within a set period. This would recognise the lack of suitable jobs for some people, in some areas and some categories. .
2. The government policies also should exempt sole parents from loss of income for breaches unless they can prove deliberate fraud is involved.

3. Women (and men) should be allowed to refuse jobs that impose shifts and /or hours that interfere with their child rearing/care responsibilities.
4. As many of these income recipients have poor levels of education, little or no recent workforce experience, the Government should remove new restrictions on training and education for welfare recipients as they need access to more than short term training courses to get recognised qualifications;
5. Many people with disabilities will have costs of looking for work and travelling to work that exceed other people's. so require a special allowance for such costs including a job search component;
6. Women have been shown in many studies to be less assertive in pay bargaining, regardless of education or knowledge. If more than half any organisation's employees are shown to want a collective agreement, or the award, the employer should be obliged to negotiate with them on these options.
7. Unfair dismissal changes will put many women workers at risk if legal remedies are seen as too hard to prove or pursue. This may result in forms of hidden discrimination; with employers being unfair but not clearly illegal in what they say and do. Retain unfair dismissal laws for all employees with more than six months service.
8. The evidence indicates that collectively negotiated agreements have more family friendly clauses than individual ones such as AWAs. These therefore need an extension of the basic (New Standard) conditions for AWAs and awards to include the right of parents to request part time work and extended maternity and paternity leave as in the AIRC decision for parents of children up to six. If the above requests are raised by employees in good faith, employers should be required to give reasons for any refusals and workers protected against penalties, if they make such requests.
9. Equal pay for work of equal value: Many jobs with mostly women employees are still undervalued, eg child care and other personal services areas. Most cases on comparable worth have been done on state awards, some are still incomplete, some not yet started. So the federal legislation should specifically adopts new Equal Remuneration Principles similar to those found in the New South Wales Equal Remuneration Principles as part of its basic conditions.
- 10. We ask, at least, that the committee support some monitoring processes to see whether these propositions do work or create damage. These legislative changes are huge experiments reducing the legal protections and financial resources of workers, under assumption that there is an equality of power between employer and employees. Results need to be monitored to see their effects on equity, family and social functioning. Therefore the government should establish a national Work/Life Balance Commission to monitor the effects of the new legislation and report to Parliament. This should be attached**



**to the Human Rights and Equal Opportunity Commission and be given sufficient resources to monitor demographic and other related changes and work with ABS to develop the appropriate measures of the effects of the changes on social functioning.**

## **Appendix**

Sole parents are the group most likely to be in the workforce

The percentage of sole parents in the paid workforce has been steadily increasing. According to ABS figures, in 2001 45.4% of sole parents were in the paid workforce, up from 41.8% in 1991. This is a point in time figure, meaning that in one particular week when the census was taken 45.4% of sole parents undertook more than 1 hour of paid employment. According to Centrelink and FaCS, when taken over 12 months this figure increases to around 70% of sole parents undertaking some paid work.

### **Characteristics of parents not in paid employment**

According to the 2001 census, 18% of children under 15 years (over 660,000 children) lived in a household with no employed parent, with over half (61%) of these living in one-parent families. In half (50%) of all the couple families with no employed parent, the youngest child was aged less than 5 years, and in a further 27% the youngest child was aged 5-9 years, while in the remaining 23% the youngest child was aged 10-14 years. A considerable proportion (44%) of one-parent families with the parent not employed were families with the youngest child aged less than five years and a further 32% were families in which the youngest child was aged 5-9 years.

Families with no employed parent were more likely to have a larger number of children than were families with at least one employed parent. In 2001, of families with children aged less than 15 years, around one-quarter (27%) of couple families with no employed parent, and one-fifth (19%) of such one-parent families, had three or more children living in the family. In comparison, of families with at least one employed parent, 20% of couple families and 9% of one-parent families had three or more children.

ABS Australian Social Trends, Family and Community: Families with no employed parent 2005

The figures above do not take into consideration those families where parents were studying, or had disabled or high needs children, or were undertaking unpaid work.