



The Uniting Church in Australia
Synod of Victoria and Tasmania
Justice and International Mission Unit

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Ms. Christine McDonald
Committee Secretary
Community Affairs Committee
Department of the Senate
Parliament House
Canberra ACT 2600
Australia
Email: community.affairs.sen@aph.gov.au

Tuesday, 15 November 2005

Re: Inquiry into Employment and Workplace Relations Legislation Amendment (Welfare to Work and other measures) Bill 2005 and Family and Community Services Legislation Amendment (Welfare to Work) Bill 2005

Dear Ms. McDonald,

The Justice and International Mission Unit (the Unit) would like to thank the Committee for this opportunity to make a submission relating to the *Inquiry into Employment and Workplace Relations Legislation Amendment (Welfare to Work and other measures) Bill 2005 and Family and Community Services Legislation Amendment (Welfare to Work) Bill 2005* (Welfare to Work Inquiry).

However, the Unit is disappointed at the timeframe provided to make a submission. There is not enough time to properly scrutinise the detail of the legislation so as to provide the Committee with a measured and informed response to the reform agenda of the Government.

Therefore, we have decided to provide the Committee with brief comments only.

Human dignity and Welfare-to-Work

The Uniting Church in Victoria and Tasmania seeks to be a living Christian faith community across Victoria and Tasmania; faithful to God, seeking ways of love, peace and justice for all people. The Synod of Victoria and Tasmania of the Uniting Church in Australia oversees 748 individual churches. After government, the Victorian wing of the church is the largest community services employer in the state.

This submission recommends that welfare reform should promote human dignity. In the *Statement to the Nation - Inaugural Assembly, Uniting Church in Australia, June, 1977* the church stated its commitment to:

- seeking the correction of injustices wherever they occur;
- working for the eradication of poverty and racism within our society and beyond; and,
- the rights of all people to equal educational opportunities, adequate health care, freedom of speech and employment (or dignity in unemployment if work is not available).

The church stated opposition to all forms of discrimination which infringe basic rights and freedoms. These are key principles informing this submission.

The Unit is concerned that the changes to welfare payments (and compliance mechanisms) could introduce greater strain on welfare provision by the church.

We hope that the Committee will take heed of suggestions put by welfare organisations submitting to the Welfare to Work Inquiry that are involved with direct provision of services to relieve the effects of poverty on the most vulnerable in the community.

The Unit is concerned about the connection between the current proposed changes to industrial relations and welfare systems in Australia. These changes are underpinned by the Federal Government's commitment to successive large budgetary surpluses as well the current push by both major political parties to decrease levels of taxation for the wealthy in our society.

Budget surpluses and welfare

The 2005 Uniting Church in Australia Synod of Victoria and Tasmania meeting passed a resolution asking the Federal Government (and Victorian Government) to prioritise spending of surpluses on services such as health and education.

This year the Commonwealth reported a \$13.6 billion surplus (\$4.4 billion over the estimated figure). This money will be used to retire debt and cut tax. However, there is not an urgent need to reduce debt. The average debt for Organisation for Economic Co-operation and Development (OECD) nations is around 40% of Gross Domestic Product. Australian national debt is approximately 5% of GDP. A survey *A C Neilson* in 2004 found that 75% of Australians would rather see more spending on health and education than receive tax cuts. The Australian Council of Social Services has stated that Australia generally spends less on social security than most wealthy countries. Surplus funds could be used to provide greater assistance to people suffering from the effects of poverty. There are no ethical, social or budgetary reasons to cut future payments for sole parents and people with disabilities.

Clearly, there are recourses available to the Commonwealth to provide for the greater provision of employment services and other assistance.

Impact on the vulnerable and disadvantaged

In July this year the Victorian Council of Social Services (VCOSS), stated that under the Welfare-to-Work changes approximately 27,400 Victorians will be worse off. Future changes to social security arrangements will cause some of the poorest people in our society, sole parents and people with disabilities, to be worse off by \$20-\$40 per week. It appears that those sole parents and people with disabilities who choose to study full-time for more than a year will be worse off by \$155 per week. Social security changes for sole parents will impact on children growing up in these families. The Medical Journal of Australia has stated that last year an estimated 1500 Australian children died from causes related to poverty. There are 1.5 million unemployed people in Australia. The Australian Council of Social Services (ACOSS) is calling for greater assistance to these people, and in particular those enterprises that take on the long term unemployed.

Cutting future payments for vulnerable groups receiving welfare payments does not provide for a responsive Australian welfare system that encourages and rewards active participation.

'WorkChoices' and welfare reform

The Unit is concerned that new employees will have less bargaining rights in the proposed WorkChoices framework due to the loss of the 'no disadvantage test' for individual contracts (and collective agreements). The "Billy" example in the WorkChoices booklet outlines how individual contracts can be offered on a 'take it or leave it' basis which, as a consequence, allows for exploitation. In the "Billy" example, the jobseeker is unemployed (a situation of disadvantage) and is expected to give up working conditions (annual leave, personal/carer's leave, parental leave, and maximum ordinary hours of work) that would enhance the quality of his life for the benefit of his employer by signing an individual contract (AWA) that removes these entitlements.

'WorkChoices' and welfare reform (continued)

It is important to note for the purposes of this submission that if Billy is a recipient of a Commonwealth welfare payment in most cases he would have no choice but to sign off on these basic conditions (due to the stringent compliance regime for most categories of payment) and take the job.

We also note that such contracts can last up to five years with what appears to be little chance of favourable review during this long period. In any case, regardless of the length of contract the employer can choose to terminate the contract at the end of its duration and Billy falls back on the Fair Pay and Conditions Standard (which would only matter if Billy had managed to bargain for any award conditions above this Standard in the initial contract). The employer is not required to offer a new contract and Billy remains on the Fair Pay and Conditions Standard.

Loss of such entitlements does not encourage and reward active participation in the job market by job seekers.

Recommendations for consideration by the committee

1. Safeguards should be in place so that people do not lose Commonwealth welfare payments if they do not accept a job offer which requires them to give up such award conditions as annual leave, personal/carer's leave, parental leave, and maximum ordinary hours of work entitlements.
2. Given significant levels of budget surpluses at State and Federal level (while there are substantial needs for people in poverty and hardship within our communities) we ask that the Federal Government review the level of surplus that budgets are being run at (currently running at \$13.6 billion surplus - \$4.4 billion over estimates); and, urge that budget surpluses be used to provide greater resources to social security and assistance for enterprises taking on disadvantaged jobseekers.
3. That there will be no reduction of payments for future sole parents and people with disabilities requiring Commonwealth welfare support from the Commonwealth.

To conclude, we hope that the Committee will take into account the three recommendations of the Unit when deliberating on the proposed legislative changes

Yours faithfully,

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