

Submission to the House of Representatives Committee on Education and Employment re: Social Security Bill compliance regime

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St Kilda Income Equity Group (SKIEG) is a partnership of Port Phillip Community Group, St Kilda Community Housing, Inner South East Partnership in Community and Health (ISEPICH), and local community members. (ISEPICH is a Primary Care Partnership under the Victorian Government's PCP strategy¹ and is an alliance of over 50 local health and community agencies in the municipalities of Port Phillip, Stonnington and Glen Eira.)

SKIEG emerged from concerns raised at an anti-poverty week forum in 2009, combined with an earlier project, 'A Local Response to Welfare to Work', which investigated the impact of Welfare to Work on vulnerable people in the local community. The primary concern of SKIEG is to advocate for increased equity for low-income Australians, enabling all Australians to participate fully in their communities without stigma or disadvantage.

Summary

We thank the Committee for the opportunity to lodge this submission. We understand the government's interest in creating a connected, productive workforce and recognise that engagement in paid work, in good working conditions, has significant benefits for individual health and wellbeing as well as for society as a whole. We are, however, deeply concerned about the impacts of the government's proposed changes to the compliance regime, which we believe are similar to the ineffective and punitive Welfare to Work measures of the previous Howard government.

We see the proposals as an attempt to put the blame for system failures on individuals. We believe the proposed measures will have little or no impact on the small number of people who are actually trying to rip off the system, but will have harsh, and potentially discriminatory, impacts on people who are confused and vulnerable, and on their families, partners and carers.

In our experience, people who can't meet compliance requirements tend to be those who:

- Are having serious health difficulties or other crises in their lives
- Are homeless
- Have mental health issues or other disabilities
- Have limited literacy or understanding of the requirements
- Can't afford to pay for job seeking necessities such as public transport, suitable clothing, phones etc (NewStart does not provide adequate income, especially for the increasing proportion of long term unemployed)
- Have no faith in a system which they do not understand and often perceive as being there to punish them, not help them.

The proposed changes will do nothing to address these issues and will worsen them by introducing more complexity and more penalties.

Discussion

The SKIEG has several years' experience in monitoring the impact of welfare penalties on vulnerable community members. From 2005-2007 we conducted a project called a Local Response to Welfare to Work,^{2 3} which collected personal accounts from community members about the impact of the former Howard Government's Welfare to Work program

¹ Victorian Department of Health "About PCPs" at <http://www.health.vic.gov.au/pcps/about/>

² S Joffe & V Kay ' "A local response to Welfare to Work": a methodology of story collection' Practice Reflexions 3(1) December 2008, at <http://www.aiwcw.org.au/practicereflections/currentjournal.shtml>

on vulnerable groups, including people with mental illness and people living in insecure housing. One of the findings of this project was that financial penalties (breaching) contributed to:

- Exacerbation of existing mental health conditions (including admissions to hospital for people who had previously been stable for years)
- Loss of housing and homelessness
- Ongoing debt
- Lack of food and hunger for individuals and children
- Inability to purchase medication

These impacts damage people's health and wellbeing, and lessen, rather than increase, their capacity to find and keep work. In conjunction with AFDO (Australian Federation of Disability Organisations), SKIEG provided policy input to the Labor government following the federal 2007 election. SKIEG also participated in the Disney Review.

We strongly argue that a punitive approach is the wrong approach. The government should focus on assisting people to find meaningful employment or other forms of participation (recognising that unpaid caring and voluntary work also contribute to social and individual wellbeing). The current system is adversarial when it should be about people working together for everyone's good. The changes will make an already bad situation even worse.

DEEWR statistics show that an increasing proportion of those who are on NewStart are long-term unemployed. This pattern is persistent and has worsened following the downturn associated with the Global Financial Recession. New job opportunities are taken up by short-term unemployed, new entrants or people who have been out of the paid workforce, rather than long-term unemployed. This is a structural problem not an individual one. The changing nature of the economy has led to a loss of certain types of positions (eg unskilled manual work) and increases in other types of positions (eg white collar positions requiring good literacy and knowledge of IT). The skills required are different, and involve both educational and interpersonal skills and attributes. For older workers in particular it may be very difficult to acquire the skills required in the new economy. Moreover, the longer a person has been unemployed, the more difficult it is for them to find work. This is a serious issue requiring innovative responses from government, not 'blame the victim' responses.

Currently the system often discourages job seekers and makes them feel that "it's all too hard". They often don't understand what the role of different workers is and the assessments seem intrusive because their purpose is not clear. Sometimes people are expected to meet requirements that are completely unreasonable (like a young man without a car who was supposed to travel from a western suburb to a southern suburb for a job that started at 7 am, when it was simply not possible to do this by public transport) or that conflict with other activities such as study or volunteering that they have undertaken to improve their skills and employment prospects. This makes them lose faith in the system.

The government should concentrate on assisting people to gain skills and experience by well-supervised systems. Appropriate training should be provided before people become discouraged and experience long-term unemployment, which makes it harder for them to get work. Underpaid make-shift schemes like Work for the Dole can actually lessen people's chances of getting decent secure work. Currently the incentives for employers to offer employment to disadvantaged groups can encourage "churn" rather than long-term skill development and secure employment. Revolving door schemes where employers are subsidised to employ someone for a short period, leave people vulnerable to exploitation and discouragement when they lose the position at the end of the period.

³ S Joffe & V Kay 'A Local Response to Welfare to Work' at the "From Margins to Mainstream" Fifth International Health Promotion Conference, Melbourne, September 2008

We emphasise that people need to have choice and autonomy, for example through real choice of job service providers and encouragement to look for work that they are actually interested in.

The current system has been described in the following words:

for many [unemployed people], the damaging effects of unemployment are compounded by the experience of participating in employment services. The blame for this cannot simply be placed at the feet of frontline workers. The system prescribes activities that may be useless, is built on denial of choices (eg about what type of work to take), and is sustained by minimising effort in those who are perceived as unlikely to succeed.⁴

This devastating critique was written by Lisa Fowkes, former CEO of one of the largest Job Service providers in Australia. Fowkes argues that the way that the system has been set up and funded encourages job service providers to focus on those who are most able to get work, and to use participation reports as an easier alternative to meaningful engagement with more difficult clients. She further argues that this has been enabled by a framing of the debate that stigmatises and shames welfare beneficiaries.

That unemployment warrants a loss of rights is reinforced by the rhetoric of political leaders and a public shaming of welfare recipients (played out in evening current affairs shows and on talkback radio) which has not been countered by our opinion leaders.

Fowkes calls for a complete overhaul of the system to focus on building capability, through a system that:

- *emphasises individual agency so that it supports effective decision-making, and provides a sense of control,*
- *confront[s] the employment and industrial structures that mean that people cannot access work, and*
- *develop[s] new types of learning/work experience pathways to bridge the gap.*

In communities where disadvantage is entrenched the system should also be part of:

- *a whole of community response ... to address basic needs (health, justice, transport) as well as employment*

We commend this report and the full recommendations to the Committee's attention.

Tax 'claw backs' also actively discourage people from working. We are aware of people who want to work part time but literally can't afford to because they will lose too many benefits and their families will suffer. Research shows that single parents in particular will not be better off in work unless they are in secure full time jobs earning over \$45,000 per year⁵. This is often not possible because fulltime jobs or appropriate child care is not available. Parents may also be reluctant to take on full time work when they have school age children. This should be seen as a legitimate choice for low income sole parents, as it is for better off parents. A situation that penalises sole parents for not taking on work that makes them worse off, or conflicts with their preferred family relationships, is socially and ethically unsound. It is also contributing to increased child poverty. This is a situation that should be urgently addressed.

We are aware that there may be a small minority of people who are 'ripping off' the system, but they are able to do this because they understand the system requirements and are smart enough to manipulate them. This problem will not be addressed through the proposed measures. Punishing the confused and vulnerable for the misdeeds of the smart and cunning is a bad approach. People who try to rip off the welfare system are a small minority and should be subject to proper legal processes as would occur in any other situation. They should not be used as an excuse to further punish people who are already severely disadvantaged.

⁴ L Fowkes *Rethinking Australia's Employment Services* University of Western Sydney March 2011

⁵ T Summerfield, L Young, J Harman & P Flatau 'Child support and welfare to work reforms: the economic consequences for single-parent families' *Family Matters* 84, 2010: 68-78.