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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

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Consideration in Detail

SPEECH

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Page 4763
Questioner
Speaker Macklin, Jenny, MP

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Ms MACKLIN (Jagajaga) (5.25 pm)—There are three issues that I want to cover tonight in the social security area, but I just want to say a few general things first. It is the case, as so many Australians know, that this Howard government has cut billions of dollars out of the social security system in its three budgets. This is money which has come out of the pockets of the unemployed, people with disabilities and low income families. That is where the money has come from. It has not come from some other pot. It has come from some of the poorest people in this country. It came out of the pockets, as I said, of the unemployed, people with disabilities and low income families. They are the people who have borne the brunt of the cuts from this government. That is how this government has created a surplus—on the backs of these people, on the backs of the poorest people in this country.

This government has made these individuals and families even poorer. Even worse, it has made it harder for these people to get ahead. It is a government which has indiscriminately cut programs, many of them programs which were aimed at helping people get back into the work force. In this way, the social security cuts have undermined the ability of the system to provide both security and opportunity. It is security and opportunity that the social security system should be providing. This government will increase poverty and it will add to the entrenchment of people further into poverty. It is a government that has not been interested in real reform or how to help people get off benefits and get back into work.

The fact is that, under this Howard government, it is now harder for people to get off social security benefits and back into work. Cuts to child care have made it harder for families to earn an income. Families are, as a result of this government's recent changes to youth payments, now being forced to financially support their young unemployed adult children. People must use their savings before they can get unemployment benefits. Services and support for people with disabilities have been slashed. That is the achievement of this government when it comes to social security: make it harder to get off benefits and get back to work; increase the price of child care, so make it harder for families to earn an income; make families support their young unemployed adult offspring for longer; make people use their savings before they get any help to get back to work; and make it harder for those who have disabilities to get decent support.

On the first and what I consider to be a very important issue, it is now harder for those Australians who are unemployed to get back to work. The government has made it even more difficult for those on social security to move off benefits and get employment. It has failed to create new jobs, to reduce unemployment or to help those who are unemployed. Most critically, the government has failed to provide the incentives that are necessary for people on benefits to take up work. We know that the unemployment rate is stuck at around eight per cent and that there are around 800,000 people on unemployment benefits. Most critically, more than half of these people have been registered as unemployed for more than a year. Long-term unemployment has risen under the Howard government, while at the same time, as we saw in the last debate, special labour market assistance programs for the long-term unemployed have been abolished.

In fact, in March 1998, there were more than 13,000 additional Australians on unemployment benefits and related payments than when the Howard government came to power. So an additional 13,000 people are receiving benefits compared with when this government came into office. Just listen to what this mother of three had to say:

People like me are put off returning to work if they are to be treated like this by the very people that want to reduce the amount of unemployment in the country. All I want to do is get ahead financially. I just want to make it known that there are people in the community, like me, who are in a catch 22 situation about returning to work.

(Extension of time granted) The unemployment rate for sole parent pensions and people with a disability remains unacceptably high. The government has abolished the disability reform panels which helped people on the disability support pension get back to work. It is not at all clear to us how people with disabilities will be helped to find work under the new labour market arrangements.

Of course, cuts to child care have made it harder for sole parents to find work. A recent report to the government says that sole parents will find it harder to get jobsearch help under the new arrangements, and they may now also have to pay for training. This evaluation report of the JET program done by the Department of Social Security says, in part:

In the new labour market assistance environment, most JET participants will not receive intensive employment assistance, and . . . courses will be available only on a user pays basis. For income support customers, the cost will be prohibitive, and unless JET can offer an alternative, employment outcomes and subsequent savings to the Government will diminish.

This is yet another example of the government reducing the incentive to work. The earnings credit scheme, of course, which allowed a person to save up some of their earnings before they lost their unemployment benefit, was abolished in the 1996-97 budget. In this budget, we have had another payment cut, an extra payment cut, that went to sole parents who are studying. Unemployed people say that it just does not pay them to work, they lose too much of their benefits. This is what one sole parent said:

As a sole parent, the federal Government has directly cut my income as follows. First, as one of their public service cuts, I lost my professional job. My childcare fees have doubled. The poverty traps I face in attempting to do a small amount of part-time casual work have increased as a result of the abolition of the Earnings Credit.

Can the Minister for Immigration and Multicultural Affairs (Mr Ruddock), who is at the table, explain to us why it is in fact the case that the government has reduced what was already only a very small and tightly targeted payment, this payment that was made to social security recipients and pensioner recipients who are seeking to improve their education, who are going back to school, TAFE or university and doing some more study. What do they get from this government? They get a reduction in their pensioner education supplement.

I would be interested if the minister could actually inform us as to how many people, how many sole parents, will in fact have their benefit reduced by this change. Of course, the government is taking a saving, once again, at the expense of one of the poorest groups in our community. It is people on sole parent pensions who are going to have their pensioner education supplement reduced when they are trying to get out there, earn a little bit of money as a result of casual employment and do some study so that they can get ahead and get a better job. I would like to know how many people have been affected.

Why is it the case that the government has seen fit to exempt those on the disability support pension from this rate change but, for some reason, take a saving at the expense of those on sole parent pensions? Once again, it seems that they really are singling out some of those who are the worst off in our community who are trying to make the best of a difficult situation and get back into the work force.

The second issue I want to talk about is what this government has done to the young unemployed. As we now know, young unemployed adults who are living at home in families with incomes as low as \$23½ thousand are now, from 1 July, going to start losing their unemployment benefits as a result of this government's introduction of the youth allowance. The budget papers were very helpful because, for the first time, we discovered how much this government is saving on the backs of the young unemployed and their low and middle income families—\$428 million to be precise. Some \$428 million is going to come out of the pockets of families with incomes as low as \$23½ thousand. (*Extension of time granted*)

If you are in a family on, say, average earnings of \$35,000, the unemployed young person in that situation will find themselves, from 1 July—that is, of course, if they get the paperwork in time and get it in—\$55 a week worse off. That is the approach that this government has taken to those unemployed young people and their families. If the young person is living in a family where the family income is \$42,000, they will have to find \$87 a week because their young unemployed person will not get any unemployment benefit—nothing.

Effectively, the government is transferring responsibility for unacceptably high rates of youth unemployment to families. That is basically what has happened with the changes to the youth allowance. They have completely failed to reduce youth unemployment, so they are handing the responsibility back to the nation's parents.

On this matter, I would like to know from the minister: in the process of taking \$428 million out of the pockets of young people and their families, why is the Department of Social Security being given \$70 million to do it? What is that \$70 million going to be spent on? Why is it that it is going to cost so much money—\$70 million—

to take all of those payments off young people and their families? I have another example from a young person, who says:

I am 18 years old, live with my parents, and currently unemployed . . . As of December my family has lived off one income of just under \$28,000 per annum . . . Under the new legislation my family is now means tested on past income, despite the fact that for the last 6 months, we have been a single income family. I am now no longer eligible for any payment of any kind, Health Care Card etc.

This is the reality of what this government is doing to the young unemployed. It is saying to them, 'If your family has an income above \$23½ thousand you will not be entitled to full unemployment benefits.' It is from that level of family income that, in fact, we will see a reduction in unemployment benefits. To repeat, once again, there is no question that this is yet another example of the government putting the responsibility for youth unemployment back onto families.

A further issue that I wanted to raise tonight is another way in which this government has, over its three budgets, attacked the savings of different groups in our community. The government has, as a result of a number of different changes, forced people to now use up most of their savings before they get access to unemployment benefits. This was a 1996-97 budget measure, and I will go on to draw out how this theme has been repeated again in this year's budget.

When the workers in Burnie find themselves unemployed because of this government's actions, just like those in Cobar, they will find that they have to use up their savings down to their last \$2,500 before they get unemployment benefits. As a young unemployed fellow said to me:

This was not the way I had wanted to spend my life savings . . . The whole experience has made me feel as though someone has stolen a large part of my savings.

That was a young unemployed person who was hit by the liquid assets test and, basically, had his redundancy payments affected. For those who are over 55 but below age pension age, there is now the additional hurdle. Those workers are having their superannuation assets counted under the pension income and assets test. They are being forced to rely on their superannuation and, effectively, retire early. These two measures are hitting those workers who have been made redundant hardest. The government, I would have to say, just seems to want to get these people out of the work force entirely, and certainly off the unemployment queues. (*Extension of time granted*)

We have had so many responses from people in the community about this change because they do believe that they are being punished by this government for saving. As an older man said to me:

During these days of high unemployment workers will be forced to use these funds for living and searching for work instead of keeping them for their retirement. I myself have been retrenched three times now, and have kept my savings and Superannuating Payments in Approved Deposit Funds, instead of frittering them away, and now I am about to be penalised for being careful in trying to provide for my old age.

That is the effect of this government's change on those who are over 55. What do we see in this budget when it comes to those who have been badly affected, once again, by this government? In this budget, those who have received lump sum compensation payments for pain and suffering, not for income loss, will be affected by one of the worst changes in this year's budget.

Previously, if you had received a lump sum payment for pain and suffering, it was not treated as income for social security purposes. From July next year, people who receive lump sums above \$10,000 will have their age pension, unemployment benefit or disability pension cut for up to 12 months.

For example, an unemployed person who loses his leg in an accident and gets a lump sum payout of \$25,000 for pain and suffering will lose all of his unemployment benefit, all of it, for 12 months. An old age pensioner who might fall over and, say, gets a lump sum of \$15,000—and these are realistic amounts that people have received in compensation for pain and suffering—will lose \$46 a fortnight out of her age pension every fortnight for a year. As an injured person said to us:

To the people who designed this legislation—

so I say this directly to the minister who is at the table—

I would expect that they would sing a different tune if it happened to them. If I were to win money at the races, I would not be removed from the pension that I am on because of my injury . . . I always believed that Australia was about fair play. No more. It is about kick them when they are down.

So, if you put all of these measures together, consider what the message is that the government is sending to people who are unemployed, to sole parents who are trying to further their education and get ahead, to people who have saved for their retirement or who have been paid a redundancy payment because they have lost their jobs, or to people who have had accidents, through no fault of their own, and have received payouts for pain and suffering.

What is the government's message to these people? The government is saying to the unemployed, 'Don't try to work your way off benefits because we're going to make sure it's not worth your while to do so.' It is saying to families, 'Don't earn more than \$23½ thousand because, if you do and you have an unemployed person living at home, we're going to cut their unemployment benefits.' It is saying to accident victims, 'Don't use your lump sum to get a fresh start because we're going to take away your social security payments, if you do.' The Howard government says to older Australians, 'Don't invest in superannuation because, if you are retrenched and over 55, we'll make you use it up before you get unemployment benefits.

The next message, of course, coming from this government to social security recipients is just as perverse, and that is going to be the goods and services tax. Make no mistake about it, the goods and services tax will undermine people's chances of getting ahead. Not only will those items like food and clothing rise in price, but it will be equivalent to a cut in benefits. Also, the cost of getting a job will rise. People will have to pay more to get job help, more for getting their resumes together, more for child care and more to travel to work.

I just want to finish with a quote from a mother, which I think expresses the way many Australians are feeling at the moment as the direct result of three rounds of deep cuts to services and support in social security. She said:

(Extension of time granted)

Many people from all walks of life that I speak to generally have been 'hit' in some way by the Howard Government. It seems to range from loss of jobs, incomes and job security, cutting of basic community services (health, education, welfare) to higher costs for all basic necessities in life, leaving people caught in the middle and uncertain of the future . . . The nation is going backwards.

I think that summarises what this government has done as far as social security is concerned.

Mrs Crosio—Mr Deputy Speaker, I raise a point of order. Through you to the minister at the chair: I understand that my colleagues and I are all touching on immigration. Perhaps the minister might like to answer some of these social security questions before we move into the next sector of immigration. I am easy; it might be appropriate.