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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Main Committee

APPROPRIATION BILL (NO. 1) 2005-2006

APPROPRIATION BILL (NO. 2) 2005-2006

**APPROPRIATION (PARLIAMENTARY
DEPARTMENTS) BILL (NO. 1) 2005-2006**

APPROPRIATION BILL (NO. 5) 2004-2005

APPROPRIATION BILL (NO. 6) 2004-2005

Second Reading

SPEECH

Wednesday, 1 June 2005

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Questioner
Speaker Plibersek, Tanya, MP

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Ms PLIBERSEK (Sydney) (11.51 am)—I would be really pleased if government members used this opportunity in the debate on the Appropriation Bill (No. 1) 2005-2006 to do what speakers in the appropriations debate are supposed to do: come in here and talk about the budget, in particular about the Welfare to Work measures that are contained in this federal budget. We have 86 coalition MPs. One after the other they troop in, tell the good news story and troop back out again. What I am really interested in is how they can justify to their constituents—in particular to the poorest constituents—the iniquitous tax cuts in this budget and the harsh Welfare to Work measures. I cannot understand why members opposite think that if someone is wealthy they need to be given more money as an incentive to work yet if someone is poor they need to have money taken from them as an incentive to work.

I want coalition MPs to come in here and explain to us why it is that they think shifting people on to newstart allowance—which has a higher taper rate than the parenting payment or the disability support pension, so that people who will be on newstart will lose 60c in the dollar for every dollar that they earn instead of 40c, like they do now with the parenting payment and the disability support pension—is going to encourage people to move from welfare to work. How does making it more expensive for people to pick up some part-time work, making it less attractive for them to do that, encourage people to move from welfare to work?

I want coalition MPs to come in here and explain to us how cutting access to the JET program, the Jobs, Education and Training program that provides child care for people who undertake training to move from welfare to work—a marvellous program that was first developed by a Labor government—encourages people to move from welfare to work. At the moment people are able to access JET child care for longer than a period of a year. They go on it for a year and then if their course is not finished they can go on it for another year. This budget says that if your course is longer than a year you have no access to JET child care training. How can it be that making it harder for people to undertake training—like hairdressing apprenticeships, learning to be a social worker or studying to be a nurse or a teacher—will help them move from welfare to work? It is a mystery to me, and I would love to hear coalition members of parliament explain it.

I believe that shifting people from the disability support pension and from the parenting payment on to newstart from 2006 is simply a cost-cutting measure. The member for Deakin said that it is actually not going to save money in the short term. The reason it is not saving money is not because of any of the Welfare to Work measures in it; it is because of the policing of those measures, because we are going to come down like a tonne of bricks on single mums who cannot find child care and thus cannot get part-time work. That is why it is expensive. We are going to pay the Job Network providers to breach people without explanation. The first time they do not turn up to a job interview, the Job Network provider will be able to get Centrelink to breach people, to rip them off benefits. That is where the expense comes in. It certainly does not come in from changing people to newstart allowance, which is going to be a major cost saver for this government.

The second class of welfare recipients who are going to go on the parenting dole or the disabled dole are the hardest hit by this budget. I will talk a little bit about the tax cuts later on, but the people who should really concern us in this budget are the people who are going to be put on this second-class parenting dole and second-class disability dole. Disability support pensioners are going to lose \$77 per fortnight. This is an enormous amount of money to someone who is on a benefit. It is not much to the Treasurer and his mates who are getting their \$65 a week tax cut on top of their pay rise, but it is an enormous amount of money to someone who is on a disability support pension. It is not just because the cost of living is unaffordable to people who are on welfare benefits; people who are on disability support pensions have a number of additional costs. They often have lots of medication to pay for; they often spend a greater proportion of their money getting around just doing the ordinary things that people do from day to day. Some people have incontinence aids to pay for and all sorts of things that we do not consider to be day-to-day expenses. These are the necessary types of expenses for people on a disability support pension, and they cannot afford a \$77 a fortnight cut.

People who are sole parents will lose \$44 a fortnight when they are moved onto the parenting dole. If they are working or getting money from a private source, they are going to be enormously hard-hit by this budget. In fact, some single parents who work part time will have their benefits slashed by up to \$236 a fortnight. Under current arrangements, a single parent with four children under the age of 16 and who has \$800 in private income gets \$250.26 in parenting payment. From 1 July that person will have their benefits cut by \$236, and they will be left with a benefit of \$13.80 a fortnight. How can we justify taking \$236 from this sort of family? What the government seem to forget is, in their rush to punish these undeserving parents who are living the high life with their children, it is the children who suffer. It is always the children who suffer when money is taken from these sorts of vulnerable families. This family will be expected to suffer a 22½ per cent cut in their income.

It is not just families in this scenario. Let us look at a single parent with one child between the age of six and 16. When they move onto the parenting dole, if they have \$800 in private income a fortnight—if they are working a couple of days a week, maybe part time; they are doing exactly what it is that the government is asking single parents to do—they are going to lose \$206.94 a fortnight. They would suffer a 20.3 per cent cut in their fortnightly income. Under the current regime, they would receive \$220.74 a fortnight; under the new regime, they will receive just \$13.80 a fortnight. How can we justify punishing parents who are doing exactly what the government wishes them to do—working part time, improving their chances of full-time work as their children grow older—by taking from them \$206.94 a fortnight? It just beggars belief.

As well as this, there is also the second class of welfare recipients who sign up after 1 July 2006. They are not just going to lose \$77 a fortnight if they are disability support pensioners or \$44 or more a fortnight if they are sole parents; they are going to miss out on the higher rate of indexation of pensions, so the gap will grow over time. The gap that we are talking about now will only grow because of the different way that pensions are indexed from the newstart allowance. They are going to miss out on the pensioner education supplement. All of the rhetoric about the welfare to work measures has been about skilling people and sending them out into the work force. How can it be right then that we would take from such people the pensioner education supplement? How can that be right?

What about the telephone allowance? Surely someone who is looking for work needs a telephone to be connected to the rest of the world. Surely this is a basic requirement of someone who is searching for work. But people on the new newstart allowance, the parenting dole or the disability dole will not get it. So any help that they were led to expect in moving from welfare to work will be undermined by that as well.

The government has been trumpeting these welfare to work measures for months. People who watch these social issues were thinking: 'Great! They must have something really great in their back pocket because they sure have been making a fuss about these welfare to work measures. It must be something pretty exciting.' What a sad disappointment this budget has been. When it comes to moving people from welfare to work, it is all about punishment; it is all about stick and no reward, no carrot. It has been an enormous let-down. With \$22 billion to spend on tax cuts, surely the government could have done a better job than giving 45 per cent of the tax cuts to the top 10 per cent of earners.

I do not understand how it is that we have family tax benefit part B, which is essentially a reward to a primary carer of children for staying out of the work force. It is structured so that, in a family where there is a major breadwinner and someone on a much smaller income or no income, they are rewarded for staying out of the work force or for working a minimum number of hours. Other people have called it social engineering and said that it is an attempt by the government to keep women out of the work force. Yet, if a woman is a sole parent—if her husband has died or left her or if she has left him because he was bashing her and the kids—then it is not a good thing for her to stay home with the kids. In those circumstances, when she is doing the job of raising her children on her own, suddenly she is a bludger. I cannot understand how we reward one set of parents for staying home and punish another set of parents for staying home, when the only difference between these two sets of parents is that in one instance they are in a couple and in the other they are on their own and doing it much tougher.

The other thing we need to talk about when it comes to moving people from welfare to work is: where are these part-time jobs going to come from? The government has been very enthusiastic about the 83,400 out of school hours care places. That is terrific, and Labor welcomes any increase in out of school hours care places because there is a shortage around the country. On budget day in the lockup Treasury officials confirmed that there are already 35,000 children waiting for out of school hours care places. That is almost half gone. There is no guarantee that any of these extra out of school hours care places will go to parents seeking to move from welfare to work. There is no tying of the extra places to parents who are seeking to move into the work force,

and so it would be quite natural that a number of these places, perhaps the majority of them, would go to parents already in the work force. It is a real disappointment that this government has not done more in the area of out of school hours care and, more critically, in the area of long day care.

One of the reasons that women get locked out of the work force and lose their skills is because it is impossible to find child care for children under the age of five and particularly for children under the age of two. When you do find it, it is so expensive that, unless you are a very high income earner, in many circumstances it is not worth your while going to work. So you take people who perhaps have a trade, a skill or a profession and you say to them: 'For the next five years, it is not going to be economical for you to be in the work force. But when your child turns six, just like that, we expect you to pick up where you left off.' That is not a reasonable thing to expect of people.

If we had seen some more long day care places in this budget so that working women in particular could maintain their skills and maintain their attachment to the work force, which is so critical to people getting work, then perhaps I would be more convinced of the government's sincerity. But the fact that there is nothing in this budget for long day care and that there is so very little when it comes to family day care really makes me question what it is that the government intends with its child-care announcement. I think basically it is window-dressing. It is supposed to make this budget look a little more compassionate than it is.

It is worth remembering too that most single mothers are already working or looking for work—over 64 per cent of them. Most want to be in the work force. If we do something about child care and about training, I think there is a good chance that a lot of them will voluntarily move into the work force. At the moment all we seem to do is put hurdles in front of these people. All we seem to do is make it harder for them. As I said earlier, the harder we make it for the parents the harder it is on the kids. A lot of these kids are already skipping meals and missing out on school excursions, and the government's solution is to move their parents onto a lower welfare benefit.

If you look at this budget you also see that we are developing a two-tiered welfare system, which I think is appalling. I think that it is shocking that we are moving to a system where, if you are on a benefit on a certain day, you get one rate but, if you are in the same circumstances and have the same need for government support but you go onto the benefit after 1 July 2006, you will get a different amount. That is incomprehensible. I was interested to see that Ross Gittins also found it incomprehensible. In his column last week he said that this decision is:

... a cold-blooded decision to switch the nation to a two-class welfare system—a system where some people get benefits a lot higher than others.

He points to people on the age benefit who will retain their higher benefits and their higher taper rate and he compares them with the people who are going to go onto the parenting dole and the disability dole. He says:

The lower class will be the unemployed, sole parents whose youngest is six or older and people with disabilities who are judged capable more than 15 but less than 29 hours a week. They will get a benefit indexed the consumer price index—

in contrast to the pension, which is indexed to male total average weekly earnings.

Ross Gittins says the reason the government have been boasting about how their package is going to cost a bit is that they have been trying to portray that as an indication that they are in fact doing something constructive to move people from welfare to work. He points out that it costs a fair bit just to impose the work test—hassling people about how many jobs they have been applying for—on people who formerly would not have been subject to it. But the government has admitted that the package of changes will be saving the budget money after about eight years. We know why it will be saving people money: because people are going to be on a lower benefit with a higher taper rate, and they are going to miss out on programs like the JET program and the pensioner education supplement and the telephone allowance and all the other benefits they will miss out on.

Ross Gittins concludes by saying:

The real saving will come simply from screwing working-age welfare recipients a lot harder than the politically untouchable golden oldies.

I think Ross Gittins hit the nail on the head.

The other thing that is important to remember when it comes to what is keeping people out of the work force is child care, which I already mentioned. Child care has had what is called a broadband review. The minister

has been looking at all the different types of child care and what we are going to do with all of them. The bad news is that some services are going to miss out. One that is going to miss out is in Daylesford Victoria. On 23 May 2005 David Wroe wrote in the *Age*:

The irony of this month's federal budget was not lost on single mother Michelle Lowndes.

As the Government encourages single parents into work, it is tinkering with a child-care funding formula that might force the Daylesford Community Child Care Centre to close, in turn forcing Ms Lowndes to quit her part-time work and studies.

The manager of the centre, Julie McLean, is quoted as saying:

What seems to be missing from the equation is that the low-income people in this area cannot afford to be paying higher fees.

The member for Ballarat, Catherine King, presented to the parliament a petition with 700 signatures about the closure of Daylesford Child Care Centre. Because of this government's policies, centres like the one at Daylesford, which help working parents to balance their work and family responsibilities, will close. I do not think this is irony. It was described in the newspaper as irony, but it is hypocrisy. To say, on the one hand, 'We are going to help people get from welfare to work,' and, on the other hand, to take away from them every support that helps them move from welfare to work—their child care, their training opportunities—is not irony; it is hypocrisy.

The range of training and support measures provided in the budget is manifestly inadequate. Recipients of the disability support pension currently number 700,000 and recipients of the parenting payment 600,000. As well, there are about 65,000 mature age recipients of newstart. So there is a group of 1.3 million people that we are hoping to move from welfare to work. What have we done for these people? We have allocated 136,600 additional Job Network places. Someone is going to miss out. Only one in 10 people will get access to an additional Job Network place. There are 7,600 vocational training places for 700,000 disability support pension recipients. Training measures provided in the budget are manifestly inadequate. The problem is that a significant number—about 60 per cent—of the target group have only a year 10 or equivalent qualification. Something serious needs to be done about their training and their child-care needs. This is not about moving them from welfare to work. It is about cutting their benefits. (*Time expired*)