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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

EMPLOYMENT AND WORKPLACE RELATIONS LEGISLATION AMENDMENT (WELFARE TO WORK AND VOCATIONAL REHABILITATION SERVICES) BILL 2006

Second Reading

SPEECH

Thursday, 15 February 2007

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker King, Catherine, MP

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Ms KING (Ballarat) (12.56 pm)—It is a delight to follow the member for Canberra on this issue. She is a very passionate advocate for people with disabilities. I rise to speak on the Employment and Workplace Relations Legislation Amendment (Welfare to Work and Vocational Rehabilitation Services) Bill 2006. This bill is part of the Welfare to Work measures which commenced on 1 July 2006. It is in essence a bill seeking to fix up mistakes, but it also introduces a whole new set of difficulties to a system which is already too complex for people to navigate. The main components of the bill are the opening-up of vocational rehabilitation services to contestability—a tender process which, despite the bill being debated only today, has already started. You have to be galled by the arrogance of the government on that. There are some real issues with the process, but I also have concerns about the lack of safeguards to protect some of our most vulnerable job seekers and I will detail that later in my contribution to this debate.

The bill also restricts access to the pensioner education scheme, which the government claims is a Welfare to Work measure. The government has never been able to explain how removing the ability of people to afford education and training assists them into work. Unfortunately, that has been the government's approach to welfare reform and moving people from welfare to work: place them on lower payments, despite the significant financial barriers they already face; stop them getting the training and assistance they need; and tell them to get off their butts and get a job.

The Welfare to Work changes have been in place for some six months now. Many agencies who work with the most disadvantaged in our community continue to have concerns about them. The harshest impact of the reforms has started to bite and the eight-week breaching regime is, in many cases, causing significant financial distress. The impacts are being felt most significantly by people with disabilities, but sole parents are also waking up to the harsh reality of the Howard government's welfare reforms. No-one contests that the best way you can help people out of poverty is to get them into the workforce. No-one contests that if you are in receipt of government payments then there is an expectation that you will be obliged to do all you can to find work. But the government has never been able to explain how reducing people's income and access to education and training helps them get a job.

We will be opposing this bill in its current form. The key areas of concern are the removal of the entitlement to the pensioner education supplement for certain groups of social security recipients and the introduction, without adequate checks and balances, of contestability to vocational rehabilitation services. We also have issues with financial case management.

A demonstration of the harshness and unfairness of Welfare to Work is exposed in this bill, which strips the pensioner education supplement from some of the most vulnerable Australians. Under the Welfare to Work changes, people who moved from the disability support pension or parenting payments to Newstart or youth allowance were supposed to retain the pensioner education supplement until they completed their current course of study. This makes sense, as all the research shows that education and training are among the best ways of helping people re-enter the labour market. However, this is exactly what the Howard government is taking away from Australians who need it most. Education and training are often the bridge to employment. We should be encouraging, not preventing, access to programs like the pensioner education supplement.

The Australian Federation of Disability Organisations, in its submission to the inquiry of the Senate Standing Committee on Employment, Workplace Relations and Education into this bill, highlights that the pensioner education supplement is a stepping stone to employment for people with a disability—a stepping stone that this bill proposes to remove for some social security recipients. The bill would see a person who came onto the DSP in the transition period of Welfare to Work, between May 2005 and July 2006, lose their access to the pensioner education supplement if they were reviewed off the DSP after 1 July 2006. The amendment would result in people who continue to be eligible for the DSP after their first review but who become ineligible at a subsequent review not only moving to a lower payment but also losing their pensioner education supplement.

This element of the bill drew further fire from ACOSS, the Australian Council of Social Service, in the Senate inquiry. ACOSS uses the example of a person with disabilities on the disability support pension who has just commenced a three-year full-time course when their payment is first reviewed, say in July 2007:

- If they lose the pension on this first review, they would ordinarily continue to receive the PES until the course is completed, three years later. This would be worth \$31.20 per week, or around \$4,900 over the three years.
- However, if they retain the pension at this review but lose it in a subsequent review 12 months later, the PES would then be cancelled. They would miss out on the \$31.20 per week for the remaining two years of the course, a total of \$3,200.

In this example, the person disadvantaged by the policy is the one with the more substantial barriers to work, since they retain the pension at their first review.

This is clearly unfair and works against the very people who need assistance. I know that the pensioner education supplement is highly valued by people on a disability support pension. I have had countless people in my office who are on such a pension, who are struggling to re-enter the workforce and who would like to see the pensioner education supplement expanded. This bill will greatly disadvantage many of those who need to access the pensioner education supplement but who will have it removed from them.

Catholic Social Services Australia summed up the effects of this provision well when it noted that for people who are turned down for the disability support pension after their first review there will be:

... a high cost in economic, productivity, social and human terms. Many individuals in difficult circumstances who have invested considerable time and effort in furthering their employment prospects are likely to be forced to jettison half-completed courses—courses commenced and continued in good faith in the expectation that the Commonwealth's Pensioner Education Supplement would be available for the duration of the course.

How incredibly short-sighted!

The other area that we are concerned about is the contestability of vocational rehabilitation services. We have accepted contestability as a principle for vocational rehabilitation services, but we are really concerned about the way in which this government is going about it. As I said, we are here in this place debating the bill and the tender is already out there. We have not even passed this legislation to say that vocational rehabilitation services can go to contestability, yet the government is already out there with the tender.

Mr Bowen—It is very arrogant.

Ms KING—It is extraordinarily arrogant. I do not know why we bother to have a parliament if the government assumes that, despite the Senate and despite the House of Representatives, every piece of legislation is going to go through completely unamended. It is disgraceful.

Currently, rehabilitation services are provided by the Commonwealth Rehabilitation Service; however, as with other areas of social security, the Howard government has been working towards making rehabilitation services contestable so that private providers can tender for contracts. As I said, they have already started that tender process for vocational rehabilitation services.

There are some real concerns about opening this sector up for contestability. One of the issues is that vocational rehabilitation is a specialist service, particularly for people who have mental health issues or significant disabilities or who have been injured at work. Not only does it require specialist, skilled people who have occupational therapy, physiotherapy or social work skills and qualifications but also it requires people who really understand the sorts of experiences people have gone through when they are confronted by those issues—whether they have injured themselves and are trying to return to work, whether they have developed mental health issues or have a chronic disability that continues to cause issues throughout their life. I am concerned that the government is not providing any guarantees about the quality or the standard of services for people who would be going out of the Commonwealth rehabilitation system.

Many of us have seen, when areas are opened up to contestability, agencies enter the market voraciously, sometimes getting things wrong and sometimes not doing a great job. Most of the Job Network providers and employment agencies that we have across the country do a really good job, but some of them do not and, when

we open this service up for contestability, significant protections need to be in place for people with disabilities and/or mental health challenges who want to return to or find work.

Unfortunately, this bill does not provide those safeguards and it does not provide those guarantees. Nor does it actually recognise that these are really specialist services. This is not just about going out there for job seekers who are at a certain level. This is about providing really tough job-seeking assistance, and it does require people who have good skills and good qualifications who really understand the experiences of people with disabilities and mental health challenges and those needing rehabilitation and assistance to enter the workforce. I am not convinced that the government understands that. Nor am I convinced that the government has built any safeguards into the system of contestability in order to protect people in the system.

The other area of concern in this bill is the issue of financial case management. You have to remember that financial case management does not have any basis in legislation. Financial case management basically is a by-product of the Howard government's extreme welfare compliance regime, a regime that even many right-wing commentators have noted is excessively harsh. The regime provides that people who commit certain breaches within the social security system will lose their income—all of their income—for eight weeks. If the penalty is applied to you, you may be eligible for assistance through financial case management. This means that Centrelink or one of its contract providers will actually cover your costs and will pay for your food, rent and utilities in certain circumstances. But there is absolutely no basis in legislation for saying that, if it is not deemed that you can get access to financial case management, you have a capacity to appeal that. This bill puts in place a mechanism by which, if, by the end of financial case management, overpayments have occurred, those overpayments can be claimed back—and you have no capacity, if you are in those circumstances, to appeal. There is no appeal mechanism and no complaints mechanism that you can apply if an overpayment is being sought from you under the financial case management system.

I think that should be of concern to many people in terms of procedural fairness. Many people working in politicians' or solicitors' offices find that a lot of people in the social services system are incurring a Centrelink debt and their capacity to negotiate their way through the system to decide whether they can appeal is really quite difficult. Unfortunately, within this bill there are no protections and no complaint mechanisms for those people who may find themselves subject to a claim to have their payments reduced because an overpayment was made under financial case management.

I am extremely concerned by the lack of balance in the current welfare system. Labor supported and introduced the notion of reciprocal obligation into the welfare system. But our version was just that: we asked that people in receipt of social security payments did everything they could to find work and that they actively demonstrated it. In return we said that there were certain things that people could expect—access to training, proactive assistance in finding work and becoming job ready, and high-quality service providers in the local area that they were able to work with in an innovative way to find work.

We recognised that there were some people, particularly those with chronic conditions, mature age workers and sole parents, who had specific difficulties and faced unique barriers to entering the workforce. We recognised that there were people who started well behind the eight balance—those whose lack of education or a lack of a nurturing and supportive upbringing, or in many instances even a home, made their job prospects very limited.

As a former social worker I have worked with many young people whose literacy and numeracy skills were completely inadequate for them to even contemplate entering the workforce. Their capacity to hold a conversation with anybody and to speak to anybody in an appropriate way without causing great offence was extremely limited. The thought of these young people being able to get solid, full-time work without a significant amount of work on them beforehand was completely ridiculous.

We recognised that those with caring responsibilities and people with disabilities may not have the capacity for full-time work. We recognised that there needed to be some flexibility in the system to accommodate individual circumstances.

The government, in my view, have forgotten what the notion of reciprocal or mutual obligation means. They have forgotten their end of the partnership, their end of the bargain, with job seekers. The system now lacks the balance necessary: you need both incentives and penalties to assist job seekers into work; there need to be obligations placed on employment agencies about the way in which they deal with unemployed people; and the government needs to take an active role in removing systemic barriers for job seekers.

The Howard government's reforms have been all about punishing people, not helping them. I would have been happy to support welfare reforms that provided reward for effort, increased training opportunities and worked out practical solutions to some of the reasons why people are not participating in the workforce. Instead, the Howard government decided to reduce financial rewards for work and made it harder for people to get the education or training they need to get a job. I have yet to meet someone with a disability who is not desperate to get work. Most find it extremely hard to find an employer to take them on. There is little that this government has done to change employer attitudes. I meet many women with children who are itching to get back into the workforce but they cannot afford the childcare fees. Or they do the sums and find they would be worse off after getting work not only because of childcare fees but also because of effective marginal tax rates that mean they are working to fill John Howard's coffers, not to provide for their families.

This bill, in particular the restriction of the pensioner education supplement, is a continuation of the Howard government's failed approach to welfare reform. We on this side of the House know that it is dangerous and foolhardy to sit back and somehow think that the resources boom will be the driver of permanent jobs and prosperity for all time to come. We know that it will not. To drive the next wave of prosperity, we need an education revolution, to borrow the words of the Leader of the Opposition. All the evidence shows that the best way to help people out of poverty, to help them into jobs and to increase participation and prosperity is for governments to invest in education and training. This government has done just the opposite, and this bill is just a continuation of the failed and flawed Welfare to Work reforms that the government has been driving.