



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE

FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT (AUSTRALIANS WORKING TOGETHER AND OTHER 2001 BUDGET MEASURES) BILL 2002

In Committee

SPEECH

Thursday, 12 December 2002

BY AUTHORITY OF THE SENATE

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Questioner
Speaker Cherry, Sen John

Source Senate
Proof No
Responder
Question No.

Senator CHERRY (Queensland) (7.10 pm)—The Democrats will be supporting these amendments. I want to commend the Labor Party and the work they have put into them. The whole breaching area is an incredibly difficult area and it has been difficult for some time. We have had several Ombudsman's reports. We have had the report from the independent panel. We have had the report of the Senate committee. We have also had various internal reviews within Centrelink and FACS. I commend also the measures that the minister introduced earlier this year to try to deal with the policy issues surrounding the administration of breaching. I have been very critical of Centrelink in my earlier comments, and I stand by those criticisms, but I acknowledge that the minister has sought to put in place significant measures to change what has been happening.

It is worth noting the enormous increase in breaching that has occurred over the last couple of years. I hesitate to quote ACOSS figures after the trouble I got into earlier in the year—but I will, for fear of contradiction. ACOSS figures suggest that the number of breaches in 2000-01 was around 189 per cent higher than the number of breaches in the year to June 1998. That is an increase in three years of 189 per cent, which suggests that as many as 350,000 breaches would have been imposed in that year. The minister might be able to correct those figures, but that was what ACOSS said was happening. I understand, from what my adviser is telling me, that the most recent figures from the department are that there has been a significant fall in breaches since the minister made her policy announcements earlier this year, and that the number of breaches for the most recent quarter is roughly half the number of breaches for the previous quarter. But I am concerned that we are about to put another 63,000-odd people into the Job Network—very disadvantaged people, with severe labour market participation difficulties. I think we will see a significant increase in breaches as a result of that, simply because of the nature of the people that we are dealing with. Whilst there has been a reduction in recent times, the figures are still much too big. I think we will probably be seeing an increase coming up as more people get into the system.

The Pearce recommendations for dealing with breaching which the Labor Party have put into their package are really worth supporting. I hope that later tonight, when this is considered in the House of Representatives, the minister does seriously give some consideration to supporting this package. It is supportable because it is a package, as Senator Bishop has pointed out. We have a reduction in the maximum period to eight weeks. We have an ability for the person in breach to actually remedy their fault and be reinstated on payments. We have reasonable notice periods before they are actually breached, so that we ensure they know what is going on. We have that reduced period in terms of the accumulation of breaches, from two years to 12 months. As a package, that will ensure that there is some fairness in the system, but also that people are not getting away with things.

This is not, and the Democrats are not, about supporting welfare cheats. The Democrats are very much about making sure that there is genuinely mutual obligation. The government does its bit, the unemployed do their bit and the community as a whole does its bit to try to make sure that we make the transition from welfare to work something that actually works for people. We believe this is supportable as a package. I note, for the record, that my earlier amendments did suggest a lower percentage reduction than the Labor Party has proposed. The 25 per cent on activity tests and the 20 per cent on admin tests are an increase on what is there now, but we are prepared, as a fall-back position, to support those percentage figures rather than the ones which we proposed, because this is the Pearce package. It is a package which we are presenting to the government and saying, 'We believe this package will work.'

As one of the welfare lobbyists called it when I spoke to them today, it is a short, sharp shock that we are proposing here. Rather than having this pain stretched out over 26 weeks, as the current provisions allow, the notion is to get the behavioural change. The notion is not to raise money or save money. It is almost inappropriate to talk about how much this will cost the budget, because the government should not be budgeting on making money out of unemployed people being breached. This is one of the issues which has come up in the Ombudsman's report: whether there were in fact targets for savings from breaching. That is something which the government should not be including in its budget figures. If these proposals are rejected on the basis of budget cost, I personally will be extremely offended. The notion that every police minister in the country constantly denies is that they would in fact be in a situation of using—heaven forbid—speeding fines as a revenue-raising

resource. And they always deny it. It is only about behavioural change. And that is what we are talking about here: behavioural change. It should not be about budgetary impact.

I want to read for the *Hansard* record the comments which came through from the St Vincent de Paul Society, because they were very important. They highlight the importance of these amendments to this legislation. The St Vincent de Paul Society's National Council wrote to me and said:

Our view is that the legislation should NOT, under any circumstances, be passed without addressing the minimization of breaching of the unemployed and disadvantaged groups. For many the immediate effect of the breaching system is that it provides the most direct path to abject poverty.

They went on to say:

Breaching is not about finding a job which simply does not exist for 600,000 Australians. It is rather a severe penalisation of the unemployed because there are no jobs. It is also about enhancing the myth that the \$52 billion per year spent on welfare goes to the unemployed. The simple fact is that less than 16% (\$8 billion) goes to the unemployed!

What we need to recognise here is that the St Vincent de Paul Society are asking the Senate to ensure that we fix this legislation. They want us to use this opportunity of the first tranche of the government's welfare reform package to fix what is probably the most dysfunctional part of the welfare system at the moment: the breaching penalties regime. Along with working credits, the personal support program and the other measures we have put in place, it provides a good base from which to get some of the worst holes in the social security system fixed at this point in time so that we can move to the next stage of discussion of welfare reform as a result of the policy paper we saw today.

The Democrats would prefer to see lower percentages than 20 and 25 per cent as the rate reductions, but we are prepared to support the Labor Party's amendments today. We commend them for moving these, because it is such an important issue. I note for the record that both the President of the Australian Council of Social Services and the President of the National Welfare Rights Network are supporting these amendments and saying this package is essential in order to get some fairness and equity back into the social security system. I commend these amendments to the Senate. Given the enormous evidence that has been developed from the Ombudsman, the independent panel, the Senate committee and the various welfare groups that there is failure in terms of the policy surrounding our current breaching regime, I hope that these amendments receive unanimous support.