



CENTRE FOR
APPLIED SOCIAL
RESEARCH

RMIT University

**CASR Submission in response to:
*'Building a simpler system to help
jobless families and individuals'***

Introduction

This submission focuses on the policy principles and values informing the Commonwealth Government's case to simplify the income support system and increase incentives for paid work. Specifically our submission rejects the two underlying assumptions of the Commonwealth discussion paper, *Building a Simpler System*. These are:

- that recipients of income support are 'welfare dependent', with a behavioural problem that has reduced their 'self-reliance'. This simplistically reduces problems of poverty and structural unemployment to the bad behaviour of the poor;
- that the labour market has the capacity to ensure that all Australians are able to find employment if they are sufficiently 'motivated' to do so. This ignores the chronic lack of jobs, the barriers to entry and the distinctive patterns of disadvantage at the 'bottom end' of the labour market.

The first part of our submission examines the proposed principles and rationale for changing the income support system. This part of the submission briefly questions how the policy problem has been framed. It is important to draw explicit attention to the assumptions underpinning the case for reform, as these assumptions end up informing the policy solutions proposed in the discussion paper.

The second part of our submission questions the assumption that participation in the labour market leads to social inclusion and self-reliance. This assumption pays little attention to the actual characteristics of the labour market (particularly problems with the low-wage end of the labour market). At the same time the discussion paper remains silent on the value of non-economic activities. The discussion paper is also silent on job creation strategies that will lead to quality part-time employment.

Part 1. Principles

1.1 The point of welfare

The discussion paper “Building a simpler system to help jobless families and individuals” assumes that the point of an income support system is to build self-reliance. The purpose of reform is stated as: “re-structuring and re-balancing assistance to ensure that all Australians with capacity to work are encouraged and assisted to increase their self-reliance” (p. 2).

This is a value-laden interpretation of the purposes of welfare interventions as part of social policy. More conventionally in the research literature in Australia and elsewhere in the OECD, the point of having a welfare state has been variously supported by:

1. a social liberal argument for the reduction of poverty through a moderate redistribution of society’s resources, in order to remove obstacles such as poor health or poverty and so ensure that individuals have greater capacity to achieve their full potential,¹
2. a labourist argument for compensation for market failure, including the failure of the labour market to provide sufficient jobs or adequate incomes, but with welfare seen as residual to the primary objective of achieving a strong labour market with high wages,²
3. a social democratic argument, much less prominent in Australia, that welfare interventions should be comprehensive and universal and are intended to reduce the effect of the market on ordinary people’s lives and standards of living. This tradition tends to argue for welfare as part of citizenship rights. It has led to the elaboration of citizenship rights to income support or to social wage elements such as health or housing,³
4. more recently, an often contradictory blend of neo-liberalism, new paternalist, communitarian and Third Way arguments have been used to rethink social policy to assist, encourage, cajole or force income support recipients into the labour market. In

¹ Anna Yeatman has developed a radical liberal restatement of this idea – connecting welfare rights and reciprocity to freedom and individual capacity building - in “Social Policy, Freedom and Individuality”, in T. Eardley and B. Bradbury (eds), Competing Visions: Refereed Proceedings of the National Social Policy Conference 2001, SPRC, UNSW, 2002 at <http://www.sprc.unsw.edu.au/publication.htm>

² Francis Castles, Australian Public Policy and Economic Vulnerability, Allen & Unwin, Sydney, 1988

³ Gosta Esping-Andersen, Politics against Markets: The Social Democratic Road to Power, Princeton University Press, New Jersey, 1988.

Australia, this has taken the form of unemployment benefit reform, including the imposition of 'mutual obligation' and 'Work for the Dole' requirements.⁴

Obviously, these are highly contested arguments. But it is clearly not sustainable to claim, as though it were incontrovertible fact, that the point of welfare reform is to increase self-reliance. Instead, the first and second of the rationales for welfare described above have been the most dominant in Australia's welfare traditions, with some recent radical experiments based on the fourth.

A number of design features make the Australian system distinctive, namely:

- funding directly from taxation revenue, without the social insurance payments that, in some OECD countries, mean income support such as unemployment benefits are a right and are set as a proportion of previous income (until the money runs out, after which you drop back to a residual system),
- strict work and income tests, to increase the targeting of welfare to those without other income or resources. In particular, it is important to remember that work-readiness has always been a key feature of eligibility for unemployment benefits,
- no time limit on entitlements, in the sense that eligibility does not expire after a particular period, whether due to insurance benefits being expended, or due to statutory limits.

One consequence of this history has been that the language of social rights has been much weaker than in many European societies. Australian welfare has been designed as a largely residual system, slung as a safety net below the labour market. Accordingly, a major part of policy and political energy - including on the part of the labour movement - has been about maintaining the strength of the wages system.

Australian measures to deal with poverty have been grounded in the principle of conditional welfare for the few who were not in the labour market. The consultation document continues this tradition of seeing virtue and entitlement as carefully linked to work. Those not at work not only have less income but have to show eagerness to work even to secure minimum income support below the poverty line. Public expenditure is kept down by the barrier of mean tests built into the income support system.

The consultation document claims that Australia's income support system is more than a 100 years old, but it is important to recognise that almost the entire social security system was built late - during the period of post-war full employment. The only significant parts of the system that existed before 1945 were the aged pension, war veteran's pensions and child endowment.

The remainder of the income support system was initially designed for a period of Full (male) Employment, when industrial regulation delivered good wage outcomes, and welfare could be

⁴ Mark Considine, Enterprising States: the public management of welfare-to-work, Cambridge University Press, Melbourne, 2001; Anthony Giddens, The Third Way: the renewal of social democracy, Polity Press, Cambridge, 1998 and Lawrence Mead, The New Paternalism: supervisory approaches to poverty, Brookings Institute, Washington, 1997.

seen as residual. It was what Francis Castles called a “wage-earner’s welfare state”, and Full Employment was a condition of this system working effectively.⁵ But with the end of Full Employment, and with wage regulation now significantly eroded, this sort of residual system is much more exposed and weakened. This is part of the problem that Australia now faces.

1.2 What is the problem?

How we conceive of social problems shapes, in fundamental ways, how we proceed to devise policy solutions. Policy options will be very different if we frame the problem as the unequal distribution of income and wealth as opposed to the bad behaviour of the poor.

- If the problem is framed as one of poverty, we will want options that try to alleviate poverty, such as raising income support above the poverty line, lifting the wages of the working poor and examining poverty traps.
- If we say that the problem is inequality, then we are looking at a more radical redistribution of income and wealth, particularly through focussing on developing a progressive tax system.
- If we conceive of the problem as one of market failure, both as general failure to lift the position of the poor, and as the specific failure of the market to provide enough jobs and to provide decent wages, then other options open up.
- If we construct the problem as largely procedural, to do with the rules of welfare eligibility, income tests and taper rates, incentives and disincentives, then we focus solutions on Effective Marginal Tax Rates and poverty traps.
- And if we worry that the problem is behavioural, we see it as an increase in fecklessness. The problem is framed as the bad behaviour of the poor and their attitudes of dependency and passivity, and if we say that this is becoming “trans-generational” then we focus on the rewards and punishments necessary to change behaviour and force the poor to participate in the bottom end of the labour market. And we call this “self-reliance”.

The Commonwealth Government’s argument in the welfare reform debate since 1999 has largely been about poor behaviour and forcing people to be self-reliant, with some moderate attention to alleviating obstacles of income tests and Effective Marginal Tax Rates. (Working Credit is one recent initiative that has the potential to, in effect, extend the “free area” of earnings before income tests start to reduce benefits.)

This approach of focussing on behaviour then defines the problem as too many people being dependent on welfare due to their individual character flaws, and seeks the solution through a combination of incentives and compulsions to be more “self-reliant” by taking any available work.⁶ However, framing the problem as “welfare dependency” that is becoming “trans-

⁵ See Castles, op cit. and Lois Bryson, Welfare and the State: Who Benefits, Macmillan, London, 1992.

⁶ Jocelyn Newman, “The Future of welfare in the 21st century”, Address to National Press Club, Canberra, 1999.

generational” is based on threadbare evidence, and tends to avoid the other more compelling evidence of structural poverty and labour market failure.

In the following sections, we examine the evidence about poverty in Australia, the much thinner evidence for something called “welfare dependency” and the problems involved with seeing the current configuration and state of the labour market as a solution to poverty.

1.3 Poverty

On all the measures of poverty lines, the incidence of poverty increased in Australia between 1990 and 2000. Detailed work by the National Centre for Social and Economic Modelling at the University of Canberra, commissioned by the Smith Family and published in 2001, measured poverty before and after housing costs were taken into account, and used a variety of poverty lines.

The main poverty line NATSEM used was based on half the average family income for all Australians. In 2000, this meant the poverty line for a one-income couple with 2 children was \$416 per week, as disposable income after tax and before housing costs were taken into account⁷.

This research showed:

- that the incidence of poverty grew from 11.3 per cent of all Australians in 1990 to 13.0 per cent by 2000. In 2000, 2.4 million Australians were in poverty (before housing costs) and 743,000 of these Australians were children.
- that the incidence of poverty amongst sole parents has been reduced,
- the emergence of the “working poor”, many of whom eke out a living combining poorly paid and precarious work in the labour market, with part-rates of income support through the income security system.

⁷ Ann Harding, Rachel Lloyd and Harry Greenwell, Financial Disadvantage in Australia 1990 to 2000: The persistence of poverty in a decade of growth, The Smith Family, Camperdown, 2001.

Table 1: Percentage in poverty, using “half average income poverty line” (before and after housing costs) for different groups and family types.

		Before housing		After housing	
		1990	2000	1990	2000
1	All Australians	11.3	13.0	15.4	17.5
2	All children	14.3	14.9	20.8	22.9
	Family type				
3	Sole parent families	28.0	21.8	na	na
4	Couple families with children	10.4	12.2	na	na
	Family income				
5	Income support as main family income	23.9	31.1	na	na
6	No earner in family	25.5	28.2	na	na
7	One part-time job	21.2	24.2	na	na
8	One full-time job	5.3	6.5	na	na
9	2 earners (at least one part-time)	6.7	7.8	na	na
10	2 full-time earners	4.4	4.0	na	na
	Age				
11	All 15-24 year olds	16.2	15.9	20.7	19.7
12	15-24 - away from home; non-dependent	15.0	15.2	22.6	23.7
13	25-34 year olds	9.5	12.0	16.0	18.0
14	35-44 year olds	9.2	11.0	14.1	17.7
15	45-54 year olds	8.8	10.4	12.1	13.5
16	55-64 year olds	11.2	13.3	10.1	14.4
17	65 and older	7.3	11.2	6.1	7.3

Notes:

Line 3: while poverty among sole parents came down during the decade, by 2000 it was still the experience of over 1 in every 5 single parents.

Line 5: the inadequacy of income support payments is shown by the rising incidence of poverty amongst families whose main income is from social security benefits. This will also begin to include the effects of breaching / loss of income due to failure to comply with more stringent activity and work tests for Newstart benefits.

Lines 6-10: having a job (unless it is 2 full-time jobs in the family) is less of a bulwark against poverty than it was in 1990. These figures show the continuing growth of the “working poor”, particularly of those families attempting to combine some part-time work with part-benefits.

Line 9: one indication of the working poor is that one out of every 13 families who have 2 jobs (where one or both are part-time) is in poverty.

Lines 11 & 12: the rates of poverty amongst young people are high, and for those who are not dependent on their parents the effect of high housing costs in sinking more into poverty is very marked.

Lines 13 to 17: housing costs have a diminishing effect with age on increasing poverty rates, though it is only with those over 65 that low housing costs (due to higher rates of home ownership) start to reduce the incidence of poverty.

Two clear features stand out in this research on the rising incidence of poverty amongst the most vulnerable Australians. The first is that income support is failing in its primary purpose, to reduce the incidence of poverty. The second is that paid work is increasingly less and less of a protection against poverty; the discussion of this point is dealt with in part 2 of this submission.

1.4 The inadequacy of income support benefits

Part of the explanation of why poverty is increasing amongst income recipients is shown by an analysis conducted by ACOSS, which compared social security payments with the Henderson Poverty Line including housing costs (as at the September quarter 2002). This analysis shows that many households requiring income support are on incomes below the poverty line.⁸

Table 2: Income support payments relative to the Henderson Poverty Line, Sept, 2002

	payment as % of poverty line
Single adult student – not in workforce	63%
Single, independent unemployed (18-20)	67%
Single adult unemployed	78%
Single student, independent, 18-25	82%
Couple, unemployed – 3 children	92%
Sole parent, unemployed – 3 children	93%
Couple, unemployed – 1 child	95%
Couple, unemployed – 0 children	96%
Sole parent, unemployed – 1 child	97%
Sole parent not in labour force – 3 children	104%
Single Age/Disability pensioner	108%
Sole parent, not in labour force – 1 child	113%
Couple, Age/Disability pensioner – 0 children	117%

This table shows that for many social security recipients, being “on payment” means being well below the poverty line or at best merely hovering above it. However, we should note that the poverty line used – the traditional Henderson poverty line – is disputed. It excludes some groups of people (self-employed and 15-24 year old dependents living at home with parents)

⁸ ACOSS, “Reforming of workforce age payments – towards a fairer and more flexible system: a guide to the issues”, May 2003, Table 1.

and it has been indexed based on Household Disposable Income per capita. This traditional Henderson Poverty Line tends to inflate the incidence of poverty.⁹

The key to the discussions of simplification of welfare payments, payment adequacy and the growing incidence of poverty is that a number of social security payments are, as currently structured, significantly lower than Australian income poverty benchmarks. An income support system must incorporate a basic payment rate that is higher than poverty benchmarks. If it does not, then it fails to meet an essential criteria of income support – to protect people from poverty.

The McClure report on welfare reform examined the other way of considering the level of payments, by looking at “replacement rates”. This measures levels of income support relative to income from paid employment (usually using full-time paid employment at minimum wages for one person as the measure). The report concluded that “compared to OECD countries, Australia’s net replacement rates (taking account of both taxation and other benefits) are comparatively low.”

This means that income support is lower in Australia (compared with minimum wages) than in many OECD countries. In other words, the gap is bigger in Australia between benefits and minimum wages. The report also noted that “Ingles and Oliver (1999) suggest that the income floor set by income support payments in Australia is sufficiently low, relative to wages, to have had little impact on the supply of full-time workers (compared to other countries).”¹⁰

1.5 ‘Welfare dependency’

Dependency is a “key word” of welfare reform in western welfare states such as the USA and the United Kingdom.¹¹ The welfare dependency discourse assumes that recipients are somehow behaviourally deficient: lacking activity, motivation, attention to their obligations or work ethic. “Dependency” suggests a moral or psychological problem, rather than an economic one. The aim of welfare reform then is to change behaviour through sticks and carrots (but mostly sticks).

The discussion paper argues that an increasing number of Australians are now passively reliant on others. Consequently, in outlining the key objectives of welfare reform, the discussion paper argues: “Australia is best served by a safety net that encourages participation through a renewed emphasis on expecting Australians to use all their existing capacities.” The implication is that increased rates of income support are a problem of individual behaviour.

This has been the government standpoint since the then Minister for FaCS, Jocelyn Newman, stated that the main objective of welfare reform was “to reduce welfare dependency among

⁹ See Harding, Lloyd and Greenwell, 2001, pp. 34-38.

¹⁰ Appendix 4: “Financial and Other Incentives”, McClure Interim Report, 2000, pg. 49, referring to D. Ingles and K. Oliver, “Options for Assisting Low Wage Earners”, in S. Shaver and P. Saunders (eds), Social Policy in the 21st Century: Justice and Responsibility (vol. 2), SPRC Reports and Proceedings no. 142, Sydney, 1999.

¹¹ Fraser, N. and Gordon, L. (1997) “‘Dependency’ Tracing a key word of US Welfare State”, in Justice Interruptus, Routledge, New York and London.

people of workforce age”.¹² The proponents of this view argue that, even if well-intentioned, entitlement-based programs “kill with kindness”, preventing individuals from being sufficiently motivated to act in their own interests.

The justification for such arguments is drawn from the “new paternalism” articulated by US academic Lawrence Mead:

To live effectively, people need personal restraint to achieve their own long-run goals. In this sense, obligation is the precondition of freedom. Those who would be free must first be bound. And if people have not been effectively bound by functioning families and neighbourhoods in their formative years, government must attempt to provide the limits later.¹³

The Commonwealth’s interpretation of this philosophy is inherent in the following statement in the discussion paper:

A purely voluntary approach to participation does not work to maximise self-reliance. The most effective strategies to increase employment and reduce reliance on income support combine assistance and good work incentives with clear and fair expectations that people on income support who can work should seek to become more self-reliant (p. 18).

Mead and others have claimed that this alleged culture of dependency is also passed on to children. It is significant that amongst many unsubstantiated claims in “Building a Simpler System” is that “in Australia, relying on income support has become a trans-generational problem” (p. 5)

Mead’s proposed solution consists of contractual requirements to work for welfare, or “conditional welfare”. In Australia this approach has been translated into the system of “mutual obligation” requirements now imposed on the unemployed. However, these have been widely criticised as a false form of “reciprocity”. The supposed contract is coercive rather than freely entered into, the obligations all fall on the unemployed, and government, taxpayers and business all appear to escape the obligations imposed upon the unemployed. As several commentators have pointed out, “mutual obligation” is a distinctly one-way contract.¹⁴

A genuinely mutual relationship would recognise interdependency and recognise the responsibilities of society and government to those in poverty. It would also include treating those in need with respect and dignity. We should not underestimate the human and social costs of unemployment, nor underestimate the human and social effects of poverty in

¹² Newman, op cit., p. 3.

¹³ Mead, op cit. p. 3.

¹⁴ Anna Yeatman “Mutual Obligation: What sort of contract is this ?”, in Peter Saunders (ed) Reforming the Australian Welfare State, Australian Institute of Family Studies, 2000; Pamela Kinnear, “Mutual Obligation: A Reasonable Policy?” in T. Eardley and B. Bradbury (eds), Competing Visions: Refereed Proceedings of the National Social Policy Conference 2001, SPRC, UNSW, 2002 at <http://www.sprc.unsw.edu.au/publication.htm>, and Pamela Kinnear, Mutual Obligation: Ethical and Social Implications, The Australia Institute, Canberra, 2000.

Australia.¹⁵ But defining the problem as the behaviour of those in poverty is unhelpful for understanding these costs. What then follows in the discussion paper is an argument that assumes all welfare recipients are not contributing to society and are unwilling to work.

Amongst the consequences of being out of work are supposed to be loss of confidence and “a sense of detachment from society”. Research amongst unemployed people does show consistent patterns of low self-esteem and general misery that are more than just the constraints of being on extremely low incomes. But this research also shows strong commitments to being able to work. One example of this research is work by Coventry and Bertone, who interviewed young people in Melbourne’s west, and found high levels of attachment to work.¹⁶

Similarly Professor Tony Winefield of the University of Adelaide conducted research amongst participants in pilot projects of the Work for the Dole program. He concluded that their degree of “work involvement” (their commitment to the value and importance of work in one’s life) was already so high that “there was little room for improvement” through participating in Work for the Dole. Nor did taking part lead to any improvement in self-esteem (as measured by psychologists), despite research that shows a close relationship between self-esteem and being employed. Winefield’s conclusion was that participants did not see Work for the Dole as “employment” and so it did not help their self-esteem.¹⁷

Overall, this research contradicts the image of unemployed people, or other welfare recipients, as a passive “underclass” that is disengaged, inactive, dependent and unwilling to work. To develop punitive government policies, and to demean the unemployed as “job snobs” or “dole bludgers” who are unwilling to engage with society, only adds another layer of humiliation, when the disparity between available jobs and numbers out of work continues to be so large.

Imagining welfare recipients as passive, lacking in self-reliance and forming a dangerous underclass that depends on the taxpayer may be an electorally popular way to deflect attention from entrenched unemployment and poverty, but it is misconceived in the light of available research. Misconstruing these social problems and developing punitive, administratively complex solutions to deal with them is not the most effective form of policy making.

The case for welfare reform rests on the assumption that a growing number of recipients (particularly sole parents) are staying on income support for longer periods of time. While this claim is partly true, the statistical increase disguises a number of factors. The interpretation of the figures ignores sustained declines in full-time employment, increasing proportions of people without partners and increasing levels of education among young people. These

¹⁵ Peter Saunders and Richard Taylor (eds), The Price of Prosperity: The Economic and Social Costs of Unemployment, University of New South Wales Press, Sydney, 2003.

¹⁶ Coventry, L. & Bertone, S. (1998) 'What I mean by a good job: Young people's views on employment and labour market programs', in Bessant, J. & Cook, S. (eds) Against the Odds: Young people and work, Australian Clearinghouse for Youth Studies, Tasmania.

¹⁷ Tony Winefield, Measuring the Impact of the Work for the Dole Pilot Projects on work ethic and self esteem, consultancy report for DEETYA, 1999.

recipient statistics also ignore policy changes (such as the in-work Parenting Allowance introduced in 1995).¹⁸

Today one woman in five of working age is receiving full-time income support from the government, in the form of Newstart Allowances, Parenting Payments (single and partnered) or a Disability Pension. This data is usually presented as illustrating a growing burden on the public purse, which in itself is not an irrelevant policy issue. Equally important, however, is the need to acknowledge the enormous disadvantage suffered by such families. They are poor and they lack the benefits and positive rewards of employment.

Importantly, these women do not simply go on a benefit and stay there. Many are involved in some part-time work, which - due to short hours and low wages - does not reduce full-time income support. Bob Gregory's recent research shows clearly that when single mothers attempt to become financially independent, their attempts often fail and they return to some kind of benefit support. Most policy emphasis has focused on getting sole parents off welfare support - but it has not paid enough attention to ensuring access to sufficient working hours to make such support unnecessary.¹⁹ Our analysis in section 2 is that this is a problem of the deregulated part-time and casual labour markets, rather than a problem of "motivation".

1.6 The breaching system

The increase in single mothers on welfare reflects the lack of a full-time job or of a relationship with a partner in a well-paying full-time job. Gregory's research suggests that the policy problem is larger than one of idle mothers. The only likely result of extending "mutual obligation" requirements to sole parents will be to make life harder for a group of people who are already managing parenting on their own, without the benefit of sharing this load with a partner. Single parents, like everyone else, should be entitled to decent, ongoing and fairly paid work. Without creating more jobs, simply extending "mutual obligation" means that poor families risk losing a significant part of their income under the breaching system.²⁰

The harsh penalties imposed through breaching of current unemployment benefit recipients are an example of how increased levels of coerciveness have resulted in the inequitable treatment of unemployed citizens. HREOC research found that between June 1997 and March 1998, breach rates were consistently higher among indigenous people by a factor of about 1.5 for activity test breaching and a factor of 2 for administrative breaching. Issues influencing these higher rates include lower levels of literacy and higher rates of mobility amongst the indigenous population; lack of confidence dealing with bureaucracies; lower propensity to seek appeal or review of breaching; inadequate postal services to some rural and remote areas; and lack of appreciation of difficulties for indigenous peoples seeking employment. These

¹⁸ Paul Henman, "The poverty of welfare reform discourse", in T. Eardley and B. Bradbury (eds), Competing Visions: Refereed Proceedings of the National Social Policy Conference 2001, SPRC, UNSW, 2002 at <http://www.sprc.unsw.edu.au/publication.htm>

¹⁹ Gregory, B. (2003) Keynote address to Australian Institute of Family Studies Conference, Melbourne.

²⁰ Brotherhood of St Lawrence (2003) "Let's see welfare policies that really work", Press Release.

rates were higher in some administrative centres, suggesting considerable inconsistency across the welfare system.²¹

Amongst the impacts of breaching penalties have been a growing demand for emergency relief services which increasingly step “into the breach” created by periods of reduced or cancelled benefits. In 2001, the Salvation Army undertook a census of its Emergency Relief centres across Australia. The census asked applicants whether they had been breached by Centrelink over the course of the past year. Approximately one in four individuals answered in the affirmative. More than 15 per cent had experienced a third subsequent activity breach. This meant that one in six people had had their income support cancelled by Centrelink for eight weeks. This, in turn, had a major impact on the ability of vulnerable individuals to afford food, medication, utilities and housing. Ten per cent of emergency relief applicants indicated that they had had to resort to crime to pay for food, bills, medication or shelter.²²

Breaching penalties compound the position of the unemployed and, for significant numbers, are a precipitating factor in poverty, homelessness and crime. In October 2002, the Acting Commonwealth Ombudsman also noted that breach penalties have the potential to significantly impact on the individuals involved and can lead to significant hardship and disruption.²³ In this context, breaching penalties are a form of “cost shifting”. Savings may be made when income support benefits are withdrawn, but the resulting plunge into poverty both increases demand for Emergency Relief and also increases other social consequences of acute poverty.

Table 3 is derived from research on the incidence of breaching that CASR is currently completing.²⁴ It shows the numbers of unemployment benefit recipients who were breached (or almost breached) between July 2000 and February 2003, by a Job Network provider, a Work for the Dole or a community work co-ordinator, but whose cases were then overturned by Centrelink. In other words, these are instances where a negative participation report has been imposed but then overturned due to administrative errors and processes.

In 2001-2002, a total of 194,306 cases of breaching reports were overturned. The reasons given by Centrelink included, for example, almost 11,000 cases where a breach was imposed but letters had been sent to the wrong address. There were over 19,000 cases where a job seeker was breached because they were working on the day of a Job network interview. These figures highlight how people can be unfairly caught up in the breaching regime, through no fault of their own, but with potentially damaging effects on their meagre income.

²¹ Aboriginal and Torres Strait Islander Social Justice Commissioner, “Mutual obligation, welfare reform and Indigenous participation: a human rights perspective” in Social Justice Report 2001, Canberra: Human Rights and Equal Opportunities Commission, 2001.

²² Salvation Army (Southern Territory), Stepping into the Breach: A report on Centrelink breaching and emergency relief, Salvation Army, Melbourne, 2001.

²³ Commonwealth Ombudsman, Media Release: Ombudsman Reports on Social Security Penalties, 4 October 2002

²⁴ The data has been obtained by Sue Lackner under FOI. Sue is working with CASR on the report.

Table 3: Reasons provided by Centrelink for rejecting or revoking participation reports, for July 2000-June 2001; July 2001- June 2002; July 2002- February 2003.

Rejection/voke reason by Centrelink	July 2000- June 2001	July 2001 - June 2002	July 2002 - February 2003
<i>Process Issues</i>			
Letter sent to incorrect address	11,421	10,948	6,870
Duplicate participation report submitted	5,672	6,084	4,689
Notice to job seeker not reasonable	5,495	5,037	2,530
Insufficient supporting documentation	4,035	6,518	5,093
Incorrect letter used	3,140	3,682	2,284
Referral inappropriate for job seeker	N/A	2,906	3,531
Centrelink breach responsibility	2,728	3,451	1,647
Job unsuitable and no training provided	367	427	256
Report rejected (incomplete)	162	N/A	N/A
Revoked by original decision make	89	51	13
Report submitted in error	7	N/A	N/A
Sub-total	33,116	39,104	26,913
<i>Personal issues</i>			
Jobseeker had 'other' reasonable excuse	40,185	52,984	37,325
Job seeker incapacitated at time of interview	11,961	15,947	13,616
Job seeker had 'personal' factors	N/A	9,302	16,116
Job seeker moved out of area	6,969	8,463	6,992
Job seeker had 'unexpected event'	4,704	5,546	2,938
Temporarily out of area at time of request	N/A	2,405	4,376
Court appearance or police restrictions	553	959	1,658
Sub-total	64,372	95,606	83,021
<i>Communication issues</i>			
Job seeker employed / payments ceased	18,624	17,182	18,673
Job seeker working on day of interview	12,888	19,106	17,766
Job seeker was attending job interview	2,208	2,407	2,353
Job seeker now a full time student	N/A	1,344	1,749
Job seeker didn't understand request	N/A	1,244	2,221
Sub-total	33,720	41,283	42,762
Participation report withdrawn	15,807	11,670	7,173
Decision set aside following review	9,105	6,643	943
Sub-total	24,912	18,313	8,116
Total	156,120	194,306	160,812

1.7 Social inclusion and participation

Social inclusion, a term originating in Europe in the early 1990s, now rates as one of the top social policy metaphors of our time. It is used to describe a variety of phenomena, from the spatial dimensions of poverty to the absence of trust in ‘communities’. At the forefront of debates about social inclusion are variants of radical and orthodox communitarianism, a blend of conservatism and individualism that emphasises individual rights and responsibilities and integration into a single ‘moral community’. To be ‘included,’ reciprocity must be enforced and welfare entitlements are consequently conditional.²⁵

In ‘workfare’ orientated countries (USA, more recently the UK and now Australia), paid work is the gauge of social inclusion, and is seen as promoting ‘self-reliance’. This equation between work and social inclusion is clearly made in the discussion paper. It is a position that avoids issues of how the labour market may contribute to ‘social exclusion’. There are, in addition, serious problems with defining social inclusion and participation simply as paid work. The focus on paid work ignores and devalues other social citizenship activities such as ‘care’ and parenting.²⁶ The McClure Report noted that it is not possible or desirable to draw a sharp line between economic and social participation, particularly when paid work has social value and unpaid work has clear economic value.

Research produced by the Department of Family and Community Services in 1999 shows that recipients of income support in fact have high levels of participation, which simply contradicts the idea of the passivity of welfare recipients. The McClure Review’s interim report gives survey data indicating that, contrary to popular images, most social security recipients (“customers”) are economically and socially active. As the report noted:

In the fortnight prior to this survey, substantial numbers of workforce-age income support recipients engaged in some form of economic and / or social participation. An estimated 57 per cent of the workforce-aged customers undertook economic activity (paid work, self-employment, job search and / or study) and around 60 per cent were involved in social / community activity (providing care for children or adults with disability and / or unpaid community work). Many customers did not confine their activities to one sphere or the other – one third engaged in both economic and social participation.

Over a third of single parents on Parenting Payment reported participation in paid work. Around 1 in 5 recipients engaged in volunteer work or community-based activity. Despite the image that the young are passively dependent on welfare support, the incidence of paid work, job search and study was found to decrease with age, while the likelihood of participating in community / volunteer work and providing care for adults increased with age. Women were more likely than to men to have had some paid work and / or to have been involved in social participation.

These figures suggest significant levels of participation in community volunteering, in caring work and in paid work. At the most, the FaCS survey in 1999 found a “sub-group” – some 18

²⁵ Little, A., *The Politics of Community*, Edinburgh University Press: Edinburgh, 2002.

²⁶ Williams, F. (1999) “Good enough principles for welfare”, *Journal of Social Policy*, vol 28 (4) pp. 667-687.

per cent of male recipients and 10 per cent of females - “who were not actively engaged in activities outside the home”. They were mostly aged over 50 and almost two-thirds of this sub-group identified barriers such as illness or disability to their wider social participation.²⁷

In the case of indigenous people, individuals are already strongly involved in many activities that benefit the community. Indigenous Australians do voluntary work at twice the rate of non-indigenous people. Most of those doing voluntary work are in receipt of income support. Indigenous people have led the way in social participation since 1976 through the CDEP scheme. In 2000, some 33,000 indigenous Australians were participating in the scheme by foregoing individual income support entitlements and volunteering to build social structures to support their communities. As a result, Butler contends that: “mutual obligation agreements must therefore recognise that the individual is already embedded in a network of social obligation”²⁸.

The conclusion to be drawn from this research is that many income support recipients in Australia are actively contributing to society. This contradicts the statement in the “Building a Simpler System” paper that “the majority of working-age people on income support (around 1.8 million of the 2.8 million getting payments) are not required or actively encouraged to do anything to become more independent.” (p. 4) The research indicates that the majority of welfare recipients do not need to be formally required or actively encouraged to become ‘more independent’. They are already active and independent social participants.

1.8 Fairness

The proposed welfare reforms and the wider discourses that surround them tend to define the notion of ‘fairness’ in relation to personal choices, stating that:

It is only fair that people who have taken steps to become more self-reliant are financially better off as a result of their efforts. People who know they are being treated fairly are also more likely to do what they can to become more self-reliant. (p 16)

This assumes that citizens are all on a more or less equal footing with little differences in their circumstances, and that most people exercise a high degree of choice.

This is an image of the autonomous individual who shapes their own life around their own choices. It is an attractive idea – one at the core of liberalism – but it needs to be tempered with some recognition of how interdependent we all are. In contending that individuals prefer to be as self-reliant as possible, the discourse of self-reliance:

implicitly assumes that social and economic change should be driven through changes in the circumstances, skills and opportunities of individuals. Equally, it assumes that the wider social problems that are associated with welfare dependency can be addressed

²⁷ Appendix 3: “Patterns of Income Support Receipt and Reliance”, McClure Interim Report, 2000, pg. 32. Based on V. Pawagi and J. Pech, Research Overview: Incidence of Economic and Social Participation, (Participation Bulletin no. 2, Department of Family and Community Services, Canberra, 1999.

²⁸ Brian Butler, Response to Participation Support for a More Equitable Society: Interim Report of the Reference Group on Welfare Reform, Canberra, ATSIIC, 2000.

through changing the circumstances of individual lives.²⁹

This focus on the self-reliance of individuals ignores the historical and structural factors that are central to explaining welfare patterns.

Butler, for example, notes that, despite an emphasis on participation, this self-reliance “will not happen unless people are being prepared for real jobs that exist. It is the Government’s obligation to ensure the latter”. Indeed, Article 6 of the International Covenant on Economic, Social and Cultural Rights emphasises the obligation of the state to support the individual’s rights to work in equitable, non-coercive terms, by requiring the state to “recognise the right to work, which includes the right of everyone to the opportunity to gain his living by work which he freely chooses or accepts” and to take appropriate steps to safeguard this right.³⁰

This part of our submission has focused on the issues of principle. Defining the problem as one about behavioural deficiencies demeans the poor and misunderstands the problem. In addition, it avoids confronting the mutual obligations we all have to assist those most in need. Australian income support has always been based on presumptions of desert – with assistance only available to those who could justify why they were not in the labour market. The commonwealth’s approach to welfare reform continues this outdated approach to social policy. It is outdated because it does not recognise how significantly the labour market has changed since the period of Full Employment for which the income support system was originally designed.

²⁹ Aboriginal and Torres Strait Islander Social Justice Commissioner, op cit.

³⁰ Aboriginal and Torres Strait Islander Social Justice Commissioner, op cit. and Butler, op cit.

Part 2. Understanding the contemporary labour market

In addition to acknowledging the incidence and the importance of different forms of participation and activity, we need to develop a more complex understanding of the labour market. The discussion paper focuses on ways of moving people from income support payments into paid employment. There is some detailed examination of the obstacles presented by the income support and taxation systems, which may discourage such transitions. The implicit assumption is that these are the only barriers to moving into employment, apart from the central idea of “dependency”, and that there are no real barriers to employment *per se* (apart for some difficulties of moving *directly* into full time work).

However this analysis is one-sided. While the labour market, particularly the part-time labour market, is seen to provide job opportunities for those who move off income support, there is an inadequate and crude understanding of the labour market itself. In particular, there is no analysis of labour market barriers to getting into employment.

There is nothing wrong with increasing employment rates. However social security reform will not deliver such an outcome. Any analysis of improving the incentives for paid employment needs to be based on an understanding of the level and composition of labour demand in Australia and how this interacts with the income support system. The one sided analysis in the discussion paper is perhaps not surprising. We do not have a coherent family policy in Australia that would integrate the traditionally separate portfolios of industrial relations and social security.³¹

The difficulties facing many of those on income support have been compounded by growth in non-standard forms of employment with degraded employment protections. The current state of the Australian labour market owes much to federal government policy over the last decade, which has seen a move to deregulation of employment. The influence of the Australian Industrial Relations Commission and its determinations has been increasingly limited, leaving lower paid and more vulnerable groups of workers with little industrial protection.³²

The discussion paper argues that structural changes, such as structural unemployment and the growth of part-time and casual work, provide opportunities and do not excuse income support recipients from trying to get paid work. However, it is structural change that is largely responsible for the increasing reliance on income support. The consultation paper ignores the impact of deregulation on the fragmentation of the labour market and the growth in poor quality jobs. Deregulation, downsizing and outsourcing have increased the incidence of precarious employment. Because the growth in this form of work has been accompanied by a loss in full-time work, this has involved an increase in people combining part-time wages with part-rate benefits. In short, growing part-time work has exacerbated recipient numbers rather than provided the means for people to move off benefits. These changes in the labour market have been accompanied by a rise in the ‘working poor’, who combine some wages with part-rate income support (see Table 1).

³¹ Belinda Probert, “‘Grateful Slaves’ or ‘Self-made Women’: a Matter of Choice or Policy” *Australian Feminist Studies* 17(37), 2002, 7-17.

³² Glenda Strachan and John Burgess, “The Incompatibility of Decentralised Bargaining and Equal Opportunity in Australia”, *British Journal of Industrial Relations*, 2000, 38(3) 362.

A focus on behaviour obscures these structural changes. As Henman observes:

The problem which welfare reform seeks to address is clearly identified as being located in individual welfare recipients ... [but] welfare reform ... is accordingly blind to the structural nature of the welfare realities it seeks to understand and respond to and the activities and behaviour of non-recipients.³³

The 'welfare realities' to which Henman refers include the simple realities of structural unemployment and underemployment.

In November 2002, there were 99,500 job vacancies in Australia. These vacancies must be considered in the context of the numbers of persons who are unemployed, underemployed or only 'marginally attached to the labour market', as shown in the latest statistics on the Australian labour market.³⁴ In November 2002, there were 612,600 persons unemployed which equates to 6.2 unemployed per vacancy available. By February 2003, unemployment was 614,400. In addition, in September 2002, there were another 574,300 people classified by the ABS as 'underemployed' (working part-time and wanting to work more hours).

In September 2002, there were also another 808,100 people classified by the ABS as 'marginally attached to the labour force'. These are people not in the labour force (and hence not eligible for Newstart and assistance finding work), but wanting work and either actively looking for work, or not actively looking but available to start within four weeks. They included 66,000 people who were actively looking for work but were not in the labour force, as well as 78,000 'discouraged jobseekers'. The latter are defined as having 'given up looking for work for reasons directly associated with the labour market', such as they believed there were no jobs available for them, or that they were considered too old or too young by prospective employers. (Eighty-eight per cent of 'discouraged jobseekers' had previously held a job and 48 per cent stated that they intended to enter the labour force in the next 12 months.) Even if we took only these 2 groups who were not in the labour force but were marginally attached to it, they total 144,000 people. They are not eligible for unemployment benefits or for assistance in finding a job.

Adding these 144,000 people wanting work but not in the labour market, with 574,300 underemployed who want more work and 614,400 unemployed people, gives a total of 1,330,900 Australians potentially available for 99,500 vacancies, or 13.3 persons per vacancy. The discussion paper ignores these facts of insufficient numbers of jobs. The government's macro-economic policy has consistently failed to produce stable full-time jobs. The discussion paper assumes that jobs (at least part-time jobs) are there for the asking. However the reality is somewhat different.

In cross-national comparison, Australia is widely recognised as having relatively 'flexible' labour markets, characterised by relatively low job stability and relatively high job and geographical mobility.³⁵ One measure of "flexibility" is the degree of labour market flows in and out of jobs. Most evidence suggests that labour markets in Australia are characterised by

³³ Henman, *op.cit.*, p. 181.

³⁴ ABS, Australian Labour Market Statistics, Cat .No. 6105.0, Canberra, April 2003.

³⁵ For example, OECD, Innovations in Labour Market Policies: The Australian Way, OECD, 2001 Paris, 64-66.

very large flows. We can gauge the size of these labour market flows in different ways. For example, out of almost 10 million persons who worked at some time in the year to February 2002, around 2.85 million (29 per cent) either started a job, ceased a job or both started and ceased a job during that period.³⁶

These labour market flows include significant flows *out of* jobs. Of those who worked during the year to February 2002, over 2.1 million had ceased a job during that period, as a result of either voluntary job departure or involuntary job loss. Similarly, there are significant flows *into* jobs. The proportion starting full-time jobs seems to be continuing to slowly decrease. In the latest period for which data are available – the 12 months prior to July 2000 – around 1.94 million persons started a job. Around 55 per cent of these people started a full-time job, and 45 per cent started a part-time job. Fifty-eight per cent had been out of work prior to starting their new job and the remaining 42 per cent changed employers.³⁷

The discussion paper ignores the impact that deregulation has had on labour flows as well as on the fragmentation of the labour market and the growth in poor quality jobs. The paper appears to implicitly assume what the current Minister for Employment and Workplace Relations has more explicitly stated; that not being in the paid workforce boils down to a matter of personal choice.³⁸

2.1 Is the part-time labour market a solution to poverty?

There are a few remarks made about part-time employment in the discussion paper that reveal a glimmer of an argument that goes like this:

- there is plenty of part-time employment available;
- part-time work is valuable in itself (even if not necessarily well-paid) and offers a stepping stone to full-time employment;
- any barriers can be resolved by more compulsion through mutual obligation, and more fiddling with incentives.

Let us take these assumptions one by one. Firstly, the discussion paper is right to focus on part-time work. There is plenty of it in Australia. In cross-national comparison, as Table 4 indicates, Australia currently ranks second only to the Netherlands in the incidence of part-time employment (first for men and fourth for women). We have already seen that part-time jobs now comprise 45 per cent of all job starts. Part-time employment is far more important in labour flows than in a simple cross-sectional count, reflecting the simple fact that there is a bigger turnover of part-time jobs than full-time jobs.

³⁶ ABS, Labour Mobility, Australia cat. No. 6209.0., February 2002

³⁷ ABS, Successful and Unsuccessful Job Search Experience, Australia, cat 6245.0, various issues

³⁸ Tony Abbott (1999), Bridging the Incentive Gap Australia Unlimited Conference, May 4, 1999 at <http://www.tonyabbott.com.au/speech/Incentive%20Gap.htm>

Table 4: Part-time employment^a as a proportion of employment in selected OECD countries, 2000

	Men	Women	Total employment
<i>Australia^{b c}</i>	<i>14.8 (1)</i>	<i>40.7 (4)</i>	<i>26.2 (2)</i>
Austria	2.6	24.4	12.2
Belgium	7.1	34.5	19.0
Canada	10.3	27.3	18.1
Czech Republic	1.6	5.6	3.3
Denmark	8.9	23.5	15.7
Finland ^b	7.1	13.9	10.4
France	5.3	24.3	14.2
Germany	4.8	33.9	17.6
Greece	3.0	9.4	5.4
Hungary	1.7	4.8	3.2
Iceland ^d	8.8	33.7	20.4
Ireland	7.7	32.2	18.4
Italy	5.7	23.4	12.2
Japan ^{b d}	11.8	39.4	23.1
Korea ^b	5.2	9.9	7.1
Luxembourg	2.1	28.9	13.0
Mexico	7.1	25.6	13.5
Netherlands	13.4	57.2 (1)	32.1 (1)
New Zealand	11.2	36.5	22.6
Norway	8.7	33.6	20.3
Poland ^b	8.8	17.9	12.8
Portugal	4.8	14.7	9.2
Slovak Republic	1.0	3.0	1.9
Spain	2.7	16.5	7.8
Sweden	7.3	21.4	14.0
Switzerland ^{c d}	8.4	44.7 (2)	24.4
Turkey	5.3	19.4	9.0
United Kingdom	8.4	40.8 (3)	23.0
United States ^e	7.9	18.2	12.8
Total OECD ^f	7.6	25.7	15.3

^a Part-time employment refers to persons who usually work less than 30 hours per week in their main job. Data includes only persons declaring usual hours.

^b Data are based on actual hours worked.

^c Part-time employment based on hours worked at all jobs.

^d Less than 30 hours a week

^e Estimates are for wage and salary workers only.

^f For above countries only.

Source: Organisation for Economic Co-operation and Development (2001) 'Balancing Work and Family Life: Helping Parents into Paid Employment', in *OECD Employment Outlook 2001*, Paris, OECD, 224.

Secondly, if part-time work is such a large and growing part of the contemporary labour market does it, as the discussion paper assumes, offer a stepping-stone into a stable full-time job. While this is the case for some; for many others part-time work does not go any further. The argument misses the point that part-time work in Australia is characterised by high turnover and low wages. In many of the industries in which part-time work is located, including retail, hospitality and the finance sector, employer strategy is predicated on a

peripheral part-time labour market sheered off from any articulation with full time work.³⁹ Many people cycle through part-time employment whether into another part-time job, out of the labour force or into unemployment.⁴⁰

Is a part-time job better than no job? This depends on what one means by 'better'. Those that question the quality of employment may be considered 'job snobs'. However, if paid employment is to "enhance self-reliance and social inclusion" we need to acknowledge the constraints the current configuration of part-time employment in Australia presents to the attainment of such goals. Because many of part-time jobs are casual jobs (as highlighted in Table 5), they are not only short-term but have many other disadvantages.

This can pose severe risks for individuals who are engaged in such jobs. Such jobs can lead to new patterns of intermittent participation in employment. There are particular problems faced by young people, sole mothers, retrenched and those with lower levels of education. There are real dangers of these groups being locked into a lasting cycle of disadvantage, trapped in a distinctive zone of intermittent employment.

Thirdly, the paper assumes that there are few barriers to the take up of part-time work. There is already a lot of take-up of part-time work, but there is also a high turnover in part-time work. The poor and deteriorating quality of part-time work presents another barrier and this poor quality is evidenced in a number of ways:

- *Many part-time jobs have very short hours, and there is a substantial problem of under-employment.* Almost eight per cent of employed persons in Australia (and 12.5 per cent of female employed persons) are working in jobs of less than ten hours per week⁴¹ Similarly, a substantial part of part-time employment is under-employment. The proportion of part-time workers wanting more hours rose rapidly in the early 1990s, before receding back to more modest levels. There is some evidence that it is once again increasing (it rose to 26.2 per cent in 2001). Underemployment is in fact very high in Australia, in comparison with other OECD countries.⁴² Another sign of the inadequate hours of some part-time jobs is the trend towards multiple jobholding, in which workers put together two or even three part-time jobs in pursuit of satisfactory hours and income.⁴³
- *Part-time jobs are often segregated from full-time jobs, particularly in female-dominated sectors such as retail and hospitality.* There is little evidence in Australia of advanced forms of part-time employment such as genuine job-sharing or rights to reduce hours in a full-time job. Instead, part-time employment is largely confined to a separate part of the employment structure. Some jobs are regarded as unavoidably full-time, or indeed more-

³⁹ Janet Walsh and Stephen Deery "Understanding the peripheral workforce: evidence from the service sector", Human Resource Management Journal 9(2) 50-63;

⁴⁰ ABS, Labour Force Australia, cat. No. 6203.0., August 1999.

⁴¹ International Labour Office, Key Indicators of the Labour Market 1999, Geneva, ILO, 157, 1999; see also Organisation for Economic Co-operation and Development, "Recent Labour Market Developments and Prospects", in OECD Employment Outlook 1999, Paris, OECD, 1999, 39.

⁴² ABS, Australian Social Trends 2001, Cat. No. 4102.0, 2001; ABS, Labour Force, Australia, August 2001, Cat. No. 6203.0; see also M. Cully and P. Ngo, "Year of the Flip Flop: The Australian Labour Market in 2001", Australian Bulletin of Labour, 2002, 28 (1) 1-19, and International Labour Office, Key Indicators of the Labour Market 1999, Geneva, ILO, 1999, 285-300.

⁴³ ABS, Multiple Jobholding, Australia, Cat. No. 6216.0, August 1997

than-full-time, and others are treated as just part-time. As a result, part-time employment is sheered off from a career structure and offers few attractions to employees concerned to advance their careers. Much part-time employment constitutes a ghetto of low status occupations and jobs.

- *Many part-time workers are employed on a casual basis, and often have irregular and unpredictable hours, lack basic rights and entitlements, have poor access to training, and lack any prospects of career progression.* This goes beyond the issue of very short hours. The distinctive mark of poor conditions is casual status. Around two thirds of all part-time employee jobs are casual. In other words, they lack most rights and entitlements, starting from the basic entitlements to paid sick leave and paid annual leave. Around 45 per cent of female employees are part-time, and this part-time employment is predominantly casual.

The poor conditions of part-time casual employees include a wide range of factors. Part-time casual employees lack employment security. They often lack control over their basic conditions. Many are subject to irregular, unpredictable hours, with only short notice of variations.⁴⁴ They may lack any guarantee of minimum hours. Some part-time employees are vulnerable to high work demands, and extra hours of unpaid overtime. They are more likely to be engaged for night work or weekend work. Casual employees enjoy little access to training or career progression.⁴⁵ Finally, the wages of casual part-time employees are well below those of full-time employees, and the gap has widened markedly in the 1990s.⁴⁶

- The conditions of permanent part-time employment have been degraded over the past decade, despite some limited award protection for regular part-time work. Part-time employment that is not formally casual can also be poor quality in Australia. Marginal self-employment, often part-time, has been increasing in recent years. Permanent part-time employment has traditionally served as a good quality option for women in certain sectors of the economy such as the finance sector, retail, and the public sector. But there is substantial case-study evidence of degradation in the recent period.⁴⁷

⁴⁴ Meg Smith and Peter Ewer, Choice and Coercion: Women's experiences of casual work, Sydney, Evatt Foundation, 1999.

⁴⁵ Audrey VandenHeuvel and Mark Wooden, Casualisation and Outsourcing: Trends and Implications for Work-Related Training, Leabrook SA, NCVER, 1999; Richard Hall, T. Bretherton and John Buchanan, "It's Not My Problem": The growth of non-standard work and its impact on vocational education and training in Australia, Leabrook SA, National Centre for Vocational Education Research, 2000; Iain Campbell, 'Casual Employees and the Training Deficit: Exploring Employer Calculations and Choices', International Journal of Employment Studies, 2001, 9 (1), 61-101.

⁴⁶ Gillian Whitehouse, 'Recent Trends in Pay Equity: Beyond the Aggregate Statistics', Journal of Industrial Relations 43 (1), 2001, 68-70; Alison Preston, 'The Changing Australian Labour Market: Developments During the Last Decade', Australian Bulletin of Labour 2001, 27 (3), 153-176, 170-171; see D. Mitchell, 'Labour Market Regulation and Low Wages: Taking a Lifetime Perspective', in S. Richardson ed., Reshaping the Labour Market: Regulation, Efficiency and Equality in Australia, Melbourne, Cambridge University Press, 1999, 159-175.

⁴⁷ Anne Junor, Kerry Barlow and Michelle Patterson, M., Service Productivity: Part-Time Women Workers and the Finance Sector Workplace, Equal Pay Research Series No. 5, DIR, Canberra, AGPS, 1993; Stephen Deery and Andrea Mahony, 'Temporal Flexibility: Management Strategies and Employee Preferences in the Retail Industry', Journal of Industrial Relations, 1994, 36(3), 332-352; Belinda Probert, Part-time Work and Managerial Strategy: 'Flexibility' in the New Industrial Relations Framework, DEET, Economics and

Table 5: Distribution of female and male employees according to employment arrangement, Australia, 1984, 1991, 1997, 2001

	Female employees				Male employees			
	1984	1990	1997	2001	1984	1990	1997	2001
	%	%	%	%	%	%	%	%
Permanent^a								
Full-time	60.7	57.2	50.0	49.1	88.9	85.8	76.9	73.2
Part-time	13.5	14.6	18.3	19.4	1.8	1.5	2.2	3.2
Casual^a								
Full-time	4.4	4.2	4.9	4.9	5.7	6.9	10.0	10.8
Part-time	21.3	24.0	26.8	26.5	3.7	5.9	10.9	12.8
Total part-time (%)	34.9	38.6	45.1	45.9	5.4	7.3	13.1	16.0
Total employees ('000)	2117.8	2823.7	3134.4	3587.8	3240.4	3741.9	3837.8	4184.3

^a From August 2000, the terms 'permanent' and 'casual' were replaced with new terms: 'with leave entitlements' and 'without leave entitlements' respectively (see ABS, *Employee Earnings, Benefits and Trade Union Membership*, August 2000, Cat. No. 6310.0, 48). ABS, *Employee Earnings, Benefits and Trade Union Membership, Australia*, Cat. No. 6310.0.

These are barriers to getting into adequate and sustainable part-time work in Australia. They place major constraints on part-time work as a solution to the "dependency" problem. For many who work part-time on a casual basis, the financial insecurity associated with such employment means that income support continues to be a necessity. However the transition off and on benefits brings with it not only stress and insecurity, but can also mean recipients fall into welfare traps. The reality of short and unpredictable hours and low wages in much part-time work needs to be considered in any changes to the income support system, not only in terms of the availability and take up of part-time work, but also in how recipients who are engaged in intermittent part-time work can practically comply with income test and participation requirements.

Policy Analysis Division, Canberra, AGPS, 1995. Sara Charlesworth, Stretching flexibility: enterprise bargaining, women workers and changes to working hours, Sydney, Human Rights and Equal Opportunity Commission, 1996; Gillian Whitehouse, G. Lafferty and P. Boreham, 'From Casual to Permanent Part-Time? Non-Standard Employment in Retail and Hospitality', Labour and Industry, 1997, 8 (2), 33-48; Anne Junor, 'Permanent Part-Time Work: Win-Win or Double Whammy?', in R. Harbridge, C. Gadd and A. Crawford eds., Current Research in Industrial Relations. Proceedings of the 12th AIRAANZ Conference, Wellington, AIRAANZ, 1998, 202-211; Anne Junor, 'Permanent Part-Time Work: Rewriting the Family Wage Settlement?', Journal of Interdisciplinary Gender Studies 2000, 5 (2), 94-113.

2.2 The gender context

The disadvantages of the part-time and casual labour markets present particular barriers for sole parents attempting to work. The great majority of sole parents are women, and the lack of control over hours and scheduling attendant on poor quality part-time work means that they face particular problems in integrating work and caring responsibilities. The McClure Report cites evidence of the most frequently mentioned obstacles to working for those on Parenting Payment. These reasons included care for their children as a prominent obstacle to work. Other obstacles included lack of skills, the effect of income on public housing rents, loss of pensioner concessions, start-up costs of working and the direct costs of child care.⁴⁸

Women as a group are not referred to directly in the discussion paper (much of their presence is hidden in data on lone parents). However the changes proposed affect a large group of women and may have very gendered outcomes. As Angela Barns and Alison Preston note, it is the patriarchal context in which globalisation, labour market deregulation and welfare reforms occur that has exacerbated the economic, social and political vulnerability of many women.⁴⁹ The shift to a narrowly conceived “mutual obligation” in the proposed reforms not only undervalues the unpaid work undertaken by women, but does little to improve women’s access to better jobs through skill-based training, education and experiences.

Part-time work is seen as the appropriate “choice” for women, because it allows them to balance their work and family responsibilities - see the Prime Minister’s recent articulation of the model of the “policeman and the part-time sales assistant” as the typical (and “proper”) Australian family. Many women do seek to work on a part-time basis to meet the dual demands of work and family. However our analysis above points to a complicated assessment of part-time employment.

This appears as an extra cost of trying to balance work and family responsibilities. However there are real costs to this decision, particularly for women in low-paid occupations, not only in wage penalties but also in the deeply gendered nature of part-time work.⁵⁰ There is now a significant literature which points to onerous conditions associated with part-time work and the trade-offs made by many women in taking up part-time employment. In effect, part-time employment represents a trade-off for many women, whereby in return for the opportunity to work reduced hours, they tolerate irregular schedules, job insecurity and poor career prospects.⁵¹

The price of motherhood for many women is losing their attachment to the labour market. As a result of the relative scarcity of family-friendly rights and benefits, interruptions due to

⁴⁸ McClure Interim Report, op cit.

⁴⁹ Angela Barns and Alison Preston, “Women, Work and Welfare: Globalisation, Labour Market Reform and the Rhetoric of Choice”, The Australian Feminist Law Journal, 2002, 17, 17-32

⁵⁰ See Junor, op cit.

⁵¹ For example, Belinda Probert and Fiona Macdonald, The Work Generation: Work and Identity in the Nineties, Melbourne, Brotherhood of St. Laurence, 1996; Belinda Probert and John Murphy, “Majority Opinion or Divided Selves? Researching Work and Family experiences”, People and Place 9(4), 2001, 25-33; Barbara Pocock, Having a life: work, family, fairness and community in 2000, Adelaide, Centre for Labour Research, Adelaide University, 2001.

caring responsibilities in Australia are often associated with severe pressures and costs.⁵² Because women are the group most liable to participate in interrupted patterns of participation, they are the group that have to shoulder the major burden of these pressures and costs. The problem is most severe in connection with interruptions for mothers in the varied phases of childbirth and childrearing. Yet ironically, it is women with small children who have least access to family-friendly benefits because of their casual, part-time and low status work.⁵³

A strategic policy framework within which women's employment can be addressed appears to be lacking in Australia. At federal level, for example, work/family policy is remarkably contradictory and inconsistent. Probert and Murphy point out that the government follows a conventional conservative approach in some of its policies, for example by reducing operating subsidies to childcare centres, introducing the family tax initiative, and a Baby Bonus for mothers who stay at home. At the same time, in pursuit of reductions in welfare dependency, it is vigorously encouraging sole parents, the overwhelming majority of whom are women, to leave their children and enter the paid workforce.⁵⁴

What is needed to help parents ensure employment security are policies that support their on-going labour market attachment as well as their family responsibilities. OECD evidence suggest that in countries with well developed work/family reconciliation policies (for child-care services and for paid maternity, paternity and child-care leave) women in particular tend to have higher employment rates in their 30s (when their employment is most likely to be effected by child-rearing and child care).⁵⁵

Such provision needs to be supported by an adequate framework of minimum employment standards that would enhance the quality of full-time and part-time employment. This would include both issues of adequacy of pay, and entitlements to employee-oriented flexibility such as negotiated and predictable hours and schedules.

⁵² Sara Charlesworth, Iain Campbell, Belinda Probert, June Allan and Leonie Morgan, Balancing work and family responsibilities: Policy Implementation Options, Report for the Victorian Department of Premier and Cabinet & Department of Innovation, Industry and Regional Development, Centre for Applied Social Research, Melbourne, RMIT University, 2002.

⁵³ Edith Gray, "Colliding spheres: work and family initiatives and parental realities", Just Policy no. 24, 2001, 33-40.

⁵⁴ Probert and Murphy, op cit.

⁵⁵ Organisation for Economic Co-operation and Development, "Balancing Work and Family Life: Helping Parents into Paid Employment", in OECD Employment Outlook 2001, Paris, OECD, 2001, 129-166.

Conclusion

The discussion paper contains a simplistic and narrow understanding of social participation and the labour market. The thrust of the discussion paper emphasises individual responsibility and obligation, while paying no attention to the possible social obligations of the government and the business sector to secure citizens against the economic risks that are associated with economic globalisation and industrial relations reform.

Sanctions for failure to meet mutual obligation commitments are mentioned only in relation to individual income support recipients, yet there are four partners to the proposed social partnership. There is need, therefore, for discussion of what a genuinely mutual form of mutual obligation would look like. It would include the obligations of government, business and the community, as well as those in need of income support. It would include ensuring the dignity of income support recipients was respected, commitments to job creation and labour market programs, a recognition of the interdependency of citizens, a commitment to adequate levels of income support to above the poverty line, and a commitment to reverse the trend that sees Australia as one of the lowest taxed countries in the OECD.

If the concept of mutual obligation were to be developed into one of genuine mutuality, as Brian Butler has argued:

Governments will have a responsibility to continue to invest significant resources to support participation. Employers and communities will have a responsibility to provide opportunities and support. Income support recipients will have a responsibility to take-up the opportunities provided by government, business and community, consistent with community values and their own capacity.⁵⁶

The current focus on paid work as the pathway out of “social exclusion” does not recognise the features of the low-end labour market that arguably contribute to social exclusion. Pushing people into precarious employment risks simply replacing one form of poverty with another – the only difference being that one is called “self reliance” and the other is pejoratively cast as “welfare dependency”. Finally, the single-minded focus on work as the only recognised form of participation fails to recognise the importance of non-economic activities in the formation of social citizenship and the building of sustainable communities.

⁵⁶ Butler, op cit.