

12 November 2008

SOCIAL SECURITY LEGISLATION AMENDMENT (EMPLOYMENT SERVICES REFORM) BILL 2008

Second Reading

Mr BRADBURY (Lindsay) (11.21 a.m.) — It gives me great pleasure to rise to speak in support of the Social Security Legislation Amendment (Employment Services Reform) Bill 2008. I do not intend to speak at length on the detail of the bill, but I would like to address the contents of the bill from a philosophical perspective and to take into account some of the unfair criticisms that the opposition has levelled at it. My personal philosophy when it comes to these matters is quite simple. I have been surrounded in my lifetime by people who have worked hard, though not always for the levels of remuneration that they may have wanted or deserved. Having been brought up in a working family in Western Sydney, I have seen the value of hard work. I appreciate that with hard work comes return. My parents raised five children and never spent a day on any form of unemployment benefits—which is partly a product of good luck but, significantly, is also a product of their contribution to our community and their desire to engage in the labour market. It is also, no doubt, a reflection of the great values that were instilled in them by their parents, who also set a similar example in encouraging them to go out, work and earn an honest, decent living.

This is in the context of acknowledging that there are millions of families across our country that are in the same boat as my parents or my parents' parents, on both sides. It is very much a part of our country's commitment to a fair go that we believe that people will make the most of the resources available to them: they will go out, they will work hard, they will make a contribution to society and, as a result of that, they will be remunerated. Where there are elements of society or individuals who are not prepared to make those decisions, not prepared to go out to engage in the workforce, not prepared to make the most of the talents and abilities that are available to them for their own and their family's benefit, the principle of a fair go that we all adhere to in this country is somewhat compromised. It is threatened where we see others not taking it upon themselves to engage, work hard and earn an honest, decent living.

Often, it is in that context that many people, particularly working people in electorates like mine and coming from families like mine, will look at other individuals who do not have the desire to get out and make a contribution to their community but are prepared to take a free ride on the efforts of everyone else in the economy. My personal philosophy is that that should not be tolerated or accepted, because as a nation we all have a responsibility to make a contribution. If there are some individuals who are not making that contribution then, firstly, those individuals have an obligation to lift their game and, secondly, as a community, we have an obligation to work with those individuals to make sure that their potential is realised and they are able to make a contribution.

It is in this vein that I think it is absolutely essential, in order to preserve the integrity of our overall social security system and our income support systems, for us to have an effective compliance framework in place. It is not good enough for hardworking individuals and hardworking families, when they return

from work each day at whatever hour that happens to be, depending on whether or not they are doing shiftwork, to see that there might be other members of their community who have the capacity to work but have chosen, have made a deliberate decision, not to work. It is not fair for one person to see another person receiving benefits that have accrued as a result of the labours of those hardworking members of the community.

As a starting point, so far as I am concerned, we need a system in place that is very strong when it comes to enforcement of a person's obligation to make a contribution to the community. The principle of mutual obligation has never been one that I have had any difficulty with because, in the same way that an individual has that obligation to make a contribution, there is also an obligation on the community to work with that individual to ensure that they have the opportunities that are necessary in order to realise their potential and to make a contribution.

I begin by making that point because it very clearly needs to be understood. Having said that, the question then becomes not one of whether or not we have an enforcement framework in place; the question becomes: what is an appropriate enforcement framework to have in place? The issue here and the issue that this bill seeks to redress is the imbalance that currently exists in the current enforcement framework, the imbalance that tilts the scales in favour of punishment over participation. Those hardworking people who return home each evening and who see someone in their street, their community or their neighbourhood not working but receiving some of the benefits of the Commonwealth, some of the benefits of our common toil, need to have the comfort and the reassurance that those individuals in their communities who are not pulling their weight, firstly, have the opportunity to make that contribution and, secondly, are doing their bit to make that contribution.

Under the existing system, which this bill seeks to redress, and in the former set of arrangements we have seen that those scales have been tipped too far in favour of punishment over participation. At the end of the day we want to see people engaging in the workforce. We want to see people contributing to the community. Having an eight-week preclusion penalty, as currently exists, is effectively saying: 'After three strikes you are out; you can go home and do what you please, but the state is not going to provide you with any support.' There might be some people who say that that is a fair way of resolving the issue, but it seems to me to be an approach that emphasises punishment. It says: 'Three strikes and then you're out. Once you are out, we do not really care what you do; the only thing we care about is that, as a community, we will not give you one cent.' I am not really sure how that is going to facilitate greater engagement within the workforce for the individual affected. I see absolutely no connection between that and how it is providing any assistance or ensuring that that person ultimately does go out and do what we as a community expect, and that is to work hard, to seek out employment, to do their level best to get themselves a job and to make themselves self-sustainable within our economy. That should be the emphasis of any enforcement compliance framework, and that is what the proposals contained within this bill are seeking to do.

I think the no-show, no-pay provisions that are set out in this bill are very sensible. They are sensible because, where an individual fails to show up to meet their obligations whilst receiving benefits of the various types that are available, it is not unreasonable to expect their pay or income support will be docked. That is what the no-show, no-pay provisions will achieve—they will ensure that those people who do not turn up will not get their income support for that day; they will be docked one-tenth of their payment for their failure to turn up.

It seems to me that that type of approach provides a disincentive for someone to do the wrong thing, which is something we generally try to ensure is a part of most of the laws that we pass in this place. Apart from just providing that disincentive, it is important that it is provided in a timely fashion at the time the breach occurs. So we do not have the situation where you have three strikes and then you are out but nothing really happens on the first two strikes. This is a more graduated process. It is not a case of 'three strikes and you're out' but rather a case of saying: 'If you breach, you pay. If you breach, there will be consequences; and those consequences are consequences that we hope will provide a greater incentive for you to do what this system requires of you—that is, to do your best to go out and get a job.'

One of the key reasons why these provisions are being addressed by the government is that there has been a failure by the current system to achieve the stated objectives of any compliance framework. I noted a bit earlier that the member for Stirling made a number of comments and said, 'If the system ain't broke, why fix it?' I have to say that in many respects I think the system is 'broke', and there is evidence before the government and evidence out in the public domain that seems to suggest this.

If we have a look at the figures for 2006-07 and 2007-08 just on this key indicator of the eight-week non-payment penalty having been applied, we see an increase from 16,000 cases to 32,000 cases. So in one year there we see a doubling of the number of cases where the eight-week non-payment penalty has been imposed. If that is not the appropriate measure to look at in terms of whether or not the system is working, I challenge those on the other side to tell us what the correct measure is—because I would have thought that any system that is promoting participation would be seeking to measure its success by whether or not people are complying with a rule such as that. If they are not out there participating, and in increasing numbers they are failing to participate, then it seems to me that we have a system that is not working. Indeed it is because of that that we have sought to bring forward these proposals which we think will make a significant difference in not only restoring some incentive but also ensuring that the penalties for failing to do what you are required to do under the scheme will be immediate and proportionate to the nature of the breach.

I think it is also worth noting that the comprehensive compliance assessment process is one that really does address one of the sticking points that I have seen in terms of the operation of the current system. The comprehensive compliance assessment really will allow judgements to be made that take into account individual circumstances. I think anyone who has dealt with anyone who has suffered homelessness, mental illness, physical illness or even domestic violence would appreciate that there can often be some fairly chaotic arrangements in people's lives that can complicate their compliance with any set of requirements—and certainly the requirements that are set out within a scheme such as this—and can preclude them from participating in the way that they should. There should be a process that allows an assessment to be undertaken in relation to a person to determine whether they are a fair dinkum case or whether they have just been in breach of their requirements. I certainly believe that the comprehensive compliance assessment process will be one that will allow that to occur.

On that point, earlier this year—it might even have been at the end of last year—the Prime Minister requested that members of the government go out and visit homeless shelters, and that was something that I did. I was very pleased to do that. I visited a number of shelters within my local community and, as I did that, there was a story that was very common—or I should say there were stories that were common, because there were a multiplicity of stories at each of these places. But there was one very consistent

thing coming back, principally from the service providers because you do not always get the full story from or have the opportunity to sit down with a homeless person themselves. They are not always as forthcoming as you might like, but the service providers in particular are the ones dealing with the homeless people on a day-to-day basis and the feedback that I picked up from a lot of them was that the nature of the compliance framework that is currently in place, the framework that is in question that we seek to redress through these amendments, can lead to disengagement from the workforce for an individual. The eight-week non-payment penalty, of its nature, can lead to fairly severe consequences for the individual and their family.

Indeed, once someone is pushed outside of the system, if they do not have shelter, if they do not have food and if they do not have income support, then there is a very real possibility that they will end up placing an even greater burden on society in so many other ways. So if we are genuinely concerned—and I think in the first instance we should be concerned about the health, prosperity and futures of every Australian, but if we are not concerned about that and we are only concerned about what it means to the hardworking taxpayers that are currently in employment—then I would be suggesting that we should also take a more long-sighted view about what the impact is of failing to provide support to people who might otherwise be pushed out onto some sort of social scrap heap.

If we want to create a social residue, then let it be an express intention of this parliament. I do not believe that anyone in this House really wants to see that happen, but I think the system in place at the moment is leading to outcomes in many cases where people are being disenfranchised. They are disengaging not only from the labour market but from basic and essential services and, as a result of that, they will never have the opportunity to realise their potential and make the contribution to our society that we all demand that they make.

So I think it is important to recognise the failings of the current system that these proposals seek to redress, but I just want to make an observation more generally in relation to the employment services reforms that the minister is undertaking at the moment. I want to take this opportunity to congratulate him, because these initiatives are working in parallel, and certainly the intention is that this new system will be in place to operate in parallel with the new employment services regime. The minister is currently, through the department, going about the business of working out the details of who might actually deliver programs under that package.

One of the great programs that I have observed over the years is a program called the New Enterprise Incentive Scheme, or the NEIS. This is a scheme from which I have seen some great results in my local community over the number of years that I have been involved in my local community. In fact, I remember some seven years ago, as the Mayor of Penrith, attending a NEIS graduation ceremony and hearing the stories of people that had prepared business plans through a period of unemployment and through mutual obligation. They were engaged in the process of establishing a business plan to go out and set up their own small business.

Many success stories have emerged as result of the great work that the NEIS program has been delivering. I know that through the discussion paper process it had originally been proposed that the NEIS program would cease to exist, although it would have been provided by existing employment service providers under the Employment Pathway Fund. After extensive representations were made by people—and I was one of the MPs who wrote to the minister on this issue—the minister has seen the



merits of the case that has been put to him and has now decided to ensure that NEIS will continue to operate as a scheme in its own right. I take the opportunity to congratulate him. I think it is the right decision.

As one of the many people who took up this issue, I feel that some results have been achieved. There is no doubt in my mind that the fine decision that has been taken by the minister will assist in achieving the objective that we all have said that this legislation before us is seeking to achieve, and that is to give people an opportunity—and to require of them, to demand of them—to do everything that they can to make a contribution and to realise their potential. I support the bill.