



**Fair Go for Pensioners (FGFP) Coalition  
Victoria Incorporated**

# **‘UP IN THE AIR’: A CIVIL AND CARING SOCIETY**



## **Background Paper**

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The separate Recommendations Statement was compiled by Lew Wheeler from findings in this paper and both endorsed by the FGFP Victorian Steering Committee 5 September 2018.

## Introduction

In this Background Paper FGFP looks to change in the approach to ‘welfare’ with Governments governing for all, not the few and community groups, faith groups, and unions finding common ground to continue the fight to end income poverty and wealth inequality in wealthy Australia.

It is a contribution to advance the national conversation about the type of society we want by 2046 and how we can get there.

FGFP background paper interprets findings from research studies, journal articles, print media and online media articles, government and other reports, and Fair Go for Pensioner (FGFP) Coalition’s Victoria Incorporated own publications from which the separate Recommendations Statement of the same name derives.

Fair Go for Pensioners (FGFP) Coalition Victoria Incorporated was established in Victoria in 2007. It is an independent not-for-profit coalition of community-based organisations and individuals advocating for social justice for pensioners, single parents and their children, unemployed people, affordable housing for renters in all housing types, especially public housing tenants and other low-income groups marginalised by financial hardship, income poverty and wealth inequality. FGFP is non-party political.

Uluru photograph front cover by Nikolaus Rittinghausen with FGFP many thanks.  
Graphics used by Tamara Bouzo with FGFP many thanks.  
Handmade placard is one of a number made by a FGFP working-bee held in 2016.

## Abbreviations

<b>ABS</b>	<b>Australian Bureau of Statistics</b>
<b>ACOSS</b>	<b>Australian Council of Social Service</b>
<b>ACTU</b>	<b>Australian Council of Trade Unions</b>
<b>AI</b>	<b>Artificial Intelligence</b>
<b>ATSI</b>	<b>Aboriginal and Torres Strait Islander</b>
<b>AUWU</b>	<b>Australian Unemployed Workers' Union</b>
<b>CALD</b>	<b>Culturally &amp; linguistically diverse</b>
<b>CES</b>	<b>Commonwealth Employment Service</b>
<b>CPI</b>	<b>Consumer Price Index</b>
<b>DHS</b>	<b>Department of Human Services</b>
<b>ECCV</b>	<b>Ethnic Communities' Council of Victoria</b>
<b>FGFP</b>	<b>Fair Go for Pensioners (FGFP) Coalition Victoria Incorporated</b>
<b>FOPHV</b>	<b>Friends of Public Housing Victoria</b>
<b>HOPH</b>	<b>Hands Off Public Housing</b>
<b>MTAWE</b>	<b>Male Total Average Weekly Earnings</b>
<b>OECD</b>	<b>Organisation for Economic Co-operation and Development</b>
<b>PHRP</b>	<b>Public Housing Renewal Program – Stage 1</b>
<b>TAI</b>	<b>The Australia Institute</b>
<b>WGEA</b>	<b>Women's Gender Equality Agency</b>

# ‘UP IN THE AIR – ACIVIL AND CARING SOCIETY FGFP BACKGROUND PAPER

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## 1.0 Inequality

Inequality means how much income and wealth is held by a person or household. In Australia, inequality is at its highest level for 70 years as the following figures show.<sup>1</sup>

### 1.1 Income Poverty

3 million people (or 13.3%) lived below the international poverty line of 50% median household income in 2014 as reported by Australian Council of Social Service (ACOSS). This has since plateaued. Of whom:

- 731,000 were children, or 1 in 6 children (a 17.4% rate for children)
- 36.1% of people receiving social security payments were living below the poverty line, including
  - 55% of those receiving Newstart Allowance
  - 51.5% receiving Parenting Payment
  - 36.2% of those receiving Disability Support Pension
  - 24.3% receiving Carer Payment, and
  - 13.9% of those on the Age Pension.
- 32.1% relied upon wages as their main income.<sup>2</sup>

Some other reports demonstrate that in 2016:

- 1.5 million older Australians living on the Age Pension as their only or main source of income were at risk of poverty
- 33.3% of women over the age of 60 live in permanent income poverty
- over 19% of Aboriginal and Torres Strait Islander peoples lived in poverty
- 1 in 3 older people 65 years and over living in poverty were born in a non-English speaking country
- close to 19% of migrants whose first language is not English lived in poverty compared to 11.6% of those who were Anglo-Australian born<sup>3</sup>
- close to 2.9 million people are either jobless or seeking more hours of work, of whom:
  - 730,000 are unemployed
  - 1.3 million workers are underemployed, and
  - 1.02 million comprise the “hidden” unemployed.<sup>4</sup>

**Older Australians.** The 2015 *Intergenerational Report* released on 5 March 2015 had much to say about the unsustainability of current Government ‘welfare’ spending, including on the Age Pension and health.

This report projected the likely impact on economic growth, workforce and public finances of Australia’s population growth and rapidly ageing population, especially the baby boomer generation. In short, public finances would be unsustainable with

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<sup>1</sup> Australian Council of Social Service 2016, in Australia 2016, poverty report figures available at <http://www.acoss.org.au/wp-content/uploads/2016/10/-in-Australia-2016.pdf>.

<sup>2</sup> An Economy for the 99%: Part Two, Australian Fact Sheet January 2017, in Journal of Melbourne Unitarian Peace Memorial Church, The Beacon, Seek the Truth and Serve Humanity, available at <https://melbourneunitarian.org.au/files/beacons/Beacon-2017-09.pdf>, pp:5-7.

<sup>3</sup> Jo Hartley, SBS, 17 October 2016, Migrants and Indigenous Australians are among some of this nation’s poorest people, available at <https://www.sbs.com.au/topics/life/culture/article/2016/10/17/migrants-and-indigenous-australians-are-among-some-of-nations-poorest-peoples>.

<sup>4</sup> Australian Unemployed Workers Union, *Fight4Facts*, available at <http://unemployedworkersunion.com/474205-2/>.



the rising cost of government spending on 'welfare', especially on the Age Pension and health over coming decades.<sup>5</sup>

This report left behind pressing policy issues such as climate change, infrastructure needs, income poverty and wealth inequality in Australia and as Denniss remarks was deeply flawed.<sup>6</sup>

As Wheeler records, this Report talks about older people as economic burdens instilling fear about the cost of a rapidly ageing population rather than starting a conversation about the type of society we want to have and how we might get there.

The messaging was clear with the report continuing to peddle negative stereotypes of older people as economic burdens – a very divisive message and one which turned public attention away from the level of income poverty amongst older Australians.<sup>7</sup>

**Unemployed Australians.** Unemployment and housing are two key determinants of poverty. Unemployment is dealt with here and housing in Section 3, case study 3.

Newstart Allowance (Newstart) is the public income support payment for unemployed people of working age including lone parents and older people under retirement age to meet the Age rule for eligibility for the Age Pension. Newstart has not increased in real terms through legislation since 1994. Those on Newstart do it unconscionably tough, struggling to survive on \$39 a day or \$160 a week below the poverty line.<sup>8</sup>

As Falzon points out, "we have a minimum wage that sits at around 40% of the average weekly earnings and a Newstart payment that sits at around 40% of the minimum wage. The minimum wage is not a living wage and the unemployment benefit is not even a pale shadow of a living wage".<sup>9</sup>

Unemployed people are competing for too few jobs. **The fact remains that being willing and able to work is not enough.** There is simply not enough jobs.

Yet the government continues to promote the idea that unemployed people are undeserving and have not earned any right to assistance or our care and regard.

*FGFP says it is past time that governments address the question of why we think it is O.K. for close to 3 million unemployed or underemployed Australians to live close to or below the poverty line in this wealthy country?*

The current Coalition government (the Coalition) continues to ignore the structural issues underpinning unemployment. Housing is dealt with in Section 3.

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<sup>5</sup> Lew Wheeler 31 March 2015, *FGFP Summary Response to 2015 Intergenerational Report*, on file at FGFP.

<sup>6</sup> Richard Denniss, 5 March 2015, *IGR: Garbage in – Garbage out*, The Australia Institute, available at <http://www.tai.org.au/sites/default/files/MR%20IGR.pdf>; see also, Australian Government, Department of Treasury, 5 March 2015, *Intergenerational Report* available at <https://treasury.gov.au/publication/2015-intergenerational-report/>.

<sup>7</sup> Lew Wheeler, *Ibid*.

<sup>8</sup> Anti Poverty Network, SA (APN,SA), *Newstart Figures*, Media Release dated 27 June 2018, "Newstart Choice" To Launch Community Campaign For Increase To Newstart, via Email to FGFP.

<sup>9</sup> Dr John Falzon, 13 December 2017, 'Inequality is not a personal choice: it's a choice governments make', in *The Guardian*, available at <https://www.theguardian.com/australia-news/commentisfree/2017/dec/13/inequality-is-not-a-personal-choice-its-a-choice-governments-make>.

## 1.2 Get the message

Falzon draws attention to the messaging used to blame the individual.<sup>10</sup> Labels peddled by politicians and commercial media outlets include

- demonised - dole bludgers, layabouts, leaners
- criminalised - cheats, fraudsters, liars
- pathologised. - mental case, unhinged, crazed.

Such individuals are not self-reliant, hardworking, responsible, competing for success and rewarded for their own efforts: they have failed. In other words, they are not economically productive individuals and are therefore undeserving of rewards and respect.<sup>11</sup>

Self-reliance, hard work, competitive, productive and rewarded for own effort are market values of competitive individualism and are important in shaping public attitudes toward public welfare policies. Competitive individualism is central to 'neoliberalism' as will be shown in this paper.

Income support recipients know there is no respect due; only meager incomes allowing a frugal standard of living at best or deepening poverty at worst.

The demeaning messaging is also a powerful tool promoting disdain more generally for all people doing it tough and influences public attitudes about what kind of welfare policies the government should provide, and who should benefit.

Mental health issues can and do arise in part due to the constant struggle to survive on too little or living in income poverty, the negative messaging, and for many also the harsh treatment of compulsion and sanctions to move from welfare to work.<sup>12</sup>

## 1.3 Tougher times: cost of living

Too many Australians are 'sick with worry' as the cost of essential goods and services continue to skyrocket past the Consumer Price Index (CPI) including in: health - medical and hospital services, pharmaceutical products; housing - utilities and other household fuels and rents; and education - high fees.<sup>13</sup>

**Hunger.** Shockingly, 3.6 million Australians have experienced food insecurity in the last 12 months of whom 3 of 5 seek food at least once a month. There is 'a need to achieve zero hunger for all to have safe and nutritious food to thrive'.<sup>14</sup>

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<sup>10</sup> Dr John Falzon, 25 August 2017, 'Politics is concentrated economics', in *John Menadue – Pearls and Irritations*, available at <https://johnmenadue.com/john-falzon-politics-is-concentrated-economics/>; see also Dr John Falzon, 20 September 2016, 'Australia does not have a welfare problem. We have a poverty problem', in *The Guardian*, available at <https://www.theguardian.com/commentisfree/2016/Sept/20/australia-does-not-have-a-welfare-problem-we-have-a-poverty-problem>.

<sup>11</sup> Marilyn Tagliavia, 23 September 2013, *Competitive Individualism*, Prezi presentation, available at <https://prezi.com/-sbfosctpg4/competitive-individualism/>.

<sup>12</sup> FGFP Unemployment Working Group, 2016, "*Working Together – Creating a Stronger Victoria*": FGFP Jobs and Training Recommendations, 3 February 2016, Victorian Steering Committee, launched 24 February 2016 on steps of Parliament House Victoria, available by e-document from [fgfpcoalition@gmail.com](mailto:fgfpcoalition@gmail.com).

<sup>13</sup> Australian Bureau of Statistics (ABS), March 2018, 6467.0, Selected Living Cost Indexes Australia, Mar 2018, available at <http://www.abs.gov.au/ausstats/abs@.nsf/0/E592A3A56EBC2B31CA257C130017D2FA?OpenDocument>; see also <http://www.abc.net.au/news/2018-05-16/wage-price-index-march-quarter-2018/9766438>.

Income poverty continues for many BUT not for the few with income growth enjoyed by the richest 10% of Australians earning more than 28% of the poorest half of Australians.<sup>15</sup>

Behind these numbers are the people living every day in grinding hardship or income poverty. Pockets are empty as cost of living erodes disposable incomes with wages growth at historic low levels and all public income support payments too low to avoid poverty for too many.

The Coalition continues to fail to put in place a range of public policies to address these injustices.

## 1.4 Wealth Inequality

The 2017 Credit Suisse Research Institute's seventh annual Global Wealth Report places Australia in second place in the world for the highest average wealth per adult in mid-2016 at \$A508,000 only behind Switzerland.<sup>16</sup>

In 2016, the wealth gap between rich and poor in Australia shows that wealth in Australia was concentrated in the hands of a few:

- top 1% had over 22% of total Australian wealth
- top 1% owned more wealth than the bottom 70% of Australians combined
- the people in the poorest half of the Australian population have little or no combined net wealth, with around 6% of national wealth between them.<sup>17</sup>

It is a myth that Australia has a 'welfare' problem we have an inequality problem as Falzon reminds us.<sup>18</sup>

### **FGFP Concerns**

- 1.1 Need to eradicate inequality and tackle issues underpinning it.
- 1.2 Stop the harm done by negative messaging reshaping the public's views about who is and is not deserving of our care and respect and views about the role of government.
- 1.3 Urgent need to increase Newstart Allowance by at least \$100 per week.
- 1.4 Australia's feted **egalitarianism** is challenged as far too many are left behind and inequality is at its highest level in 70 years.

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<sup>14</sup> Food Bank, Australia, 2017, *Foodbank Hunger Report 2017*, available at, <https://www.foodbank.org.au/wp-content/uploads/2017/10/Foodbank-Hunger-Report-2017.pdf>.

<sup>15</sup> An Economy for the 99%: Part Two, Ibid; see also

<sup>16</sup> Quoted in Chris Pash, 22 November 2017, 'The top 10 countries with the highest average wealth' in Business Insider Australia, <https://www.businessinsider.com.au/the-10-countries-with-the-highest-average-wealth-2016-11>.

<sup>17</sup> Australian Fact Sheet January 2017, in Journal of Melbourne Unitarian Peace Memorial Church, The Beacon, Seek the Truth and Serve Humanity, available at <https://melbourneunitarian.org.au/files/beacons/Beacon-2017-09.pdf>, pp:5-7.

<sup>18</sup> John Falzon, 2016, 'Australia does not have a welfare problem. We have a poverty problem', in *The Guardian*, available at: <https://www.theguardian.com/commentisfree/2016/sep/20/australia-does-not-have-a-welfare-problem-we-have-a-problem>.

## SECTION 2      ‘New’ approach to welfare

### 2.1      Meaning of ‘Welfare’

FGFP accepts a broader meaning of the term welfare with the **government** playing a key role as public provider and promoter of a broad range of income support, services and programs - including those listed below in Footnote 19 - across Australia for the social and economic well-being of all.

This view is underpinned by the guiding values of care, compassion, co-operation, fairness, democracy, diversity, human rights, justice, respect and sustainability: a fair go for all for life.<sup>19</sup>

### 2.2      Welfare under Attack

Federal governments in Australia continue to focus on the economic impact of Australia’s rapidly growing population, especially its ageing population.<sup>20</sup>

As Thomas and Daniels report, in 2006 a shift in earlier incremental welfare to work policies occurred moving in the direction of seeking to closely integrate labour market programs and income support policies.<sup>21</sup>

Welfare to Work reforms continued strengthening the aim of ‘creating a more active system that supports self provision’ as Thomas and Daniels record.

Since the election of coalition governments (the Coalition) in 2013, scaremongering about the unsustainability of the rising costs of public welfare has magnified, especially the so-

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<sup>19</sup> This broad definition of welfare includes well-funded and resourced for publicly provided:

- income support and related services
- adoptions and child protection
- aged care
- disability services
- education :primary, secondary and tertiary and vocational education and training:
- family and early childhood services and programs
- health: Medicare providing free care in public hospitals and a wide range of free or lower cost primary medical and physical and mental health services and programs; dentistry; palliative care services; alcohol & other drug treatment services
- Indigenous health, housing and welfare services
- public housing and other types of ‘affordable housing’ and homelessness services
- labour market programs related to unemployment/employment and training
- legal aid and related services and programs, and
- youth justice .

<sup>20</sup> The Treasury of Australia, *Australia to 2050: future challenges*, Treasury, Canberra, 2010, <http://www.treasury.gov.au/igr/igr2010/>

<sup>21</sup> Dr Matthew Thomas and Dale Daniels, 2010, *Welfare to Work: A Reform Agenda in Progress*, Parliamentary Library, last reviewed 12 October 2010, available at [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BriefingBook43p/welfaretowork](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook43p/welfaretowork).

called economic burden of age pensioners directly linked to budget emergencies and now budget deficits.

In fact, Australia's public welfare is one of the most targeted in the Organisation for Economic Co-operation and Development (OECD) and public spending remains in the lowest third of all OECD countries, at 19.1% of Gross Domestic Product compared to the OECD average of 21% and France the highest at 31.5% in 2016.<sup>22</sup>

## 2.3 'New' Approach to Welfare

Undeterred by facts, the then newly elected coalition government appointed a Reference Group to review Australia's welfare system in December 2013.

It was said a review was needed as the welfare system had changed over time leading to unintended complexities and increasing unsustainability. Such unintended consequences had created disincentives for some people to work.

It was also said that the system was out of step with labour market realities and community expectations. Without reform, the fiscal, economic and social sustainability of the system will be compromised.

An interim report was released in June 2014 and the final report publicly released in February 2015.

A new investment approach to welfare was unveiled in the final report entitled *A New System for Better Employment and Social Outcomes: Final Report*. It is known as the McClure Report.<sup>23</sup>

Driving down budget deficits was a priority and would be strengthened by improving ways to move more people off welfare and into paid work and self reliance. By 2015, the message from government to its citizens was that "the age of entitlement" was over.<sup>24</sup>

The McClure Report recommended an integrated approach based on 4 pillars of reform:

1. simpler and sustainable income support system
2. strengthening individual and family capability
3. engaging with employers and
4. building community capacity.

Pillar One is examined here based on FGFP 2015 analysis. This new simpler and sustainable income support system should focus on employment, encouraging and supporting people to work to their capacity with clear rewards for work.<sup>25</sup>

Those who can work should work to their capacity, rates of payment reflect capacity, investment would be directed to these outcomes and delivery of welfare would be fairer, more effective and productive, coherent and sustainable.

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<sup>22</sup> Organisation of Economic Cooperation and Development (OECD), 2016, *OECD.Stats*, available at [https://stats.oecd.org/Index.aspx?DataSetCode=SOEX\\_AGG](https://stats.oecd.org/Index.aspx?DataSetCode=SOEX_AGG).

<sup>23</sup> FGFP, 2015, *Summary Overview and analysis Pillar One McClure Report: A New System for Better Employment and Social Outcomes*, March 2015, available from FGFP.

<sup>24</sup> Stated by Economics Advisor to then Treasurer Joe Hockey during a national FGFP Canberra delegation meeting held with advisor on 25 March 2015.

<sup>25</sup> Based on FGFP analysis of Pillar One, McClure Report, *Ibid*.

All those of working age including single parents, over 80% of whom were women, and people with a disability were to be encouraged into paid work. In other words, they would be valued as economically productive individuals not valued for example for their parenting work.

Shockingly, unemployment and under-employment were beyond the Reference Group's remit. Yet, some 1.8 million people (15% of the labour force) were then either unemployed (830,000) or under-employed (970,000).<sup>26</sup>

The Report recognised the critical role of housing to employment, education, job search and health. However, this report also stressed the importance of changing the poor work incentives for public housing tenants said to be caused by income-based rents. It therefore recommended income-based rents within public housing should be phased out and replaced with expanded Commonwealth Rent Assistance.

This had little to do with the reasons why individuals were unemployed but a lot to do with blaming poor work attitudes of individuals and their resultant behavior. Cultural values of welfare were being reshaped here. The message was again the negative stereotyping and stigmatising of welfare recipients - this time public housing tenants -as unworthy and 'welfare as undesirable'.

In effect, the McClure Report was recommending opening up the unregulated private rental housing market and the regulated private rental 'community housing' sector to public tenants to compete for too few 'affordable' rentals along with competing for too few jobs. It was also promoting private provision over public provision.

As shown in case study 3, Section 3 this recommendation was a clarion call and part of the unfinished business to privatise public housing.

People's needs were simply left behind in these mean reforms. Either you earned reward through paid work or there would be little assistance with the introduction of tighter eligibility requirements for certain income support payments, harsher compliance measures and forced job seeking activities.

The Age Pension was outside the scope of this review.

FGFP analysis of Pillar One of the McClure Report identified thirteen major concerns with the 25 recommendations made including

- i ignored consultation with community and welfare , instead leaked the report to selected media outlets.<sup>27</sup>
- ii proposed new minimum age for access to adult income support for unemployed people. In effect, redefining adulthood for paid work ie. 22 years of age and opening the way to a return to junior rates of pay.
- iii ignored the right to a decent income either through paid work or decent income support.

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<sup>27</sup> Max Chalmers, 'Community Groups Caught Off Guard by Release of McClure Report' in *New Matilda*, 1 Mar, 2015 cited at <https://newmatilda.com/print/26137>.

- iv passed over the mode of delivery for investment in job skills development and education/training qualifications for job seekers.
- v ignored mounting evidence of fraud in the private education and training sector.
- vi accepted that unemployment would be beyond its remit and
- vii lacked transparency and accountability.<sup>28</sup>

The McClure report was inconsiderate to the structural problems underpinning inequality. Reflecting the McClure recommendations, welfare reforms since remain unfinished business.<sup>29</sup> This pillar of reform was neither fair nor just.

'Neoliberal' policies underpinned this 4 pillar welfare system. These major reforms in welfare were supported by both major political parties at the time. 'Neoliberalism' in welfare is further examined in Section 3.

Since 2013, **\$12 billion dollars** has been cut from social security with decisions related to the financial impacts rather than quality of services delivered and the unfair and unjust attempts to repair budgets by slashing income support and services.

## 2.4 2018 Welfare Reforms

Changes under the *Social Security Legislation Amendment (Welfare Reform) Bill 2017* came into force from 11 April 2018 changing the way welfare payments are calculated and administered. Reforms which are designed to encourage more people to work more hours and which again promote "self-reliance before welfare".

The McClure Report recommended such a payment architecture and direction of investment including a new, single "Working Age Pension" now renamed "Job Seeker Payment" progressively replacing a number of other payments such as Newstart and Sickness Allowances.

As ACOSS reports, cuts under 2018 reforms will add significantly to earlier total cuts and more than 80,000 people stand to be cut off from payments.<sup>30</sup> In addition, those affected by reduced payments include women with children attempting to leave violent and abusive relationships, and Newstart Allowance recipients (backpay abolished).<sup>31</sup>

It is also the case that some of the 2017 budget changes on welfare appear to be about sending the message that receiving welfare is undesirable as Whiteford records. Whiteford goes on to drive home the point that over 99% of those moving onto the new simplified one payment will have no change to their payment rates suggesting that this change and other

<sup>28</sup> FGFP 2015, *Summary Overview and Analysis Pillar One McClure Report*, Ibid. See also Australian Broadcasting Commission 2015, (ABC), Four Corners, Television Program, Monday 2 March, 2015.

<sup>29</sup> Department of Social Services, 2015, *A New System for Better Employment and Social Outcomes*, Report of the Reference Group on Welfare Reform to the Minister for Social Services, Final Report, available on: [https://www.dss.gov.au/sites/default/files/documents/02\\_2015/dss001\\_14\\_final\\_report\\_access\\_2.pdf](https://www.dss.gov.au/sites/default/files/documents/02_2015/dss001_14_final_report_access_2.pdf).

<sup>30</sup> ACOSS Media release, *We'll all pay for company and other tax cuts*, available at [https://www.acoss.org.au/media-releases/?media\\_release=well-all-pay-for-company-and-other-tax-cuts](https://www.acoss.org.au/media-releases/?media_release=well-all-pay-for-company-and-other-tax-cuts); Frank Chung, Alexis Carey and Ben Graham, May 9, 2018, 'What's the budget mean to you' in *News.com.au*, available at, <https://www.news.com.au/finance/economy/federal-budget/what-the-federal-budget-means-for-you/news-story/5993866479600e0370f3a9fe1e649afa>.

<sup>31</sup> Jenny Davidson, CEO Council of Single Mothers and their Children (CSMC), speaker at FGFP rally 23 June 2018.



measures already introduced are more about stigmatising welfare recipients and welfare as undesirable.<sup>32</sup>

Some of the various measures already underway and those to be introduced in March 2020 do signal a stigmatising approach to welfare. To reiterate, this messaging was evident in the 2015 recommendations of the McClure Report and can and does affect social attitudes to welfare policy decisions.

These reforms are being introduced when the unemployment rate remains high but steady at 5.4% in June 2018 and under-employment continues to increase as recorded in Section 1.<sup>33</sup> Again, inequality is ignored.

These reforms have little to do with caring for those experiencing tough times but a lot to do with policies governments decide to invest funds in and support.<sup>34</sup> They stress cost savings, efficiencies, 'productivity' and chasing down the colloquially called lazy, bad and mad. It is about economic growth and economically productive individuals contributing to that growth with rewards for work and lowering the costs of welfare.

It is said that this system also reflects community values and expectations.<sup>35</sup> There is even more stress on individual responsibility, self-reliance, income management, compulsion and harsh sanctions as further discussed in Section 3.

Under neoliberalism in welfare, competitive individualistic values attached to those considered undeserving are characteristics of the unfinished reforms outlined in the McClure Report and supposedly in the material interests of the individual.<sup>36</sup>

## **FGFP Concerns**

- 2.1 Rethink the investment approach to welfare and replace it with a human rights framework.
- 2.2 Role of neoliberal welfare reforms reshaping a diminished role of government in the provision of quality public services.



<sup>32</sup> Peter Whiteford, 11 May 2017, 'Budget 2017: welfare changes stigmatise recipients and are sitting on shaky ground', in *The Conversation*, available at <https://theconversation.com/budget-2017-welfare-changes-stigmatise-recipients-and-are-sitting-on-shaky-ground-77394>

<sup>33</sup> ABS, *Labour Force, Australia, June 2018*, 6202.0, available at <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>.

<sup>34</sup> Australian Parliament House, 2017, *Social Services Legislation Amendment (Welfare Reform) Bill 2017*, available at [https://www.aph.org.au/Parliamentary-Business/Bills\\_Legislation](https://www.aph.org.au/Parliamentary-Business/Bills_Legislation).

<sup>35</sup> McClure Report, Executive summary, *Ibid*.

<sup>36</sup> Eva Cox, May 6, 2014, 'The State of Australia: Welfare and Inequality', in *The Conversation*, available at, <https://theconversation.com/the-state-of-australia-welfare-and-inequality-26037>.



## SECTION 3      **Tricky business: 'Neoliberalism' in Australian Welfare**

### 3.1      **Meaning of 'neoliberalism'**

While the meaning of neoliberalism in Australia is contested there is agreement that the language, ideas and policies of neoliberalism define the past forty years in Australia. It is about small government and seemingly has both major parties' support.<sup>37</sup>

For the purposes of this paper, neoliberalism in Australia means "an economic system in which "free" markets, competition and deregulation prevail and extend into every part of our public and personal worlds with promotions and policies to match." As Birch also states, "the transformation of the state from a provider of public welfare to a promoter of markets and competition helps to enable this shift."<sup>38</sup>

In Australia as Denniss suggests 'The trick of neoliberalism in Australia was to convince the public that it is the economic dimension of big issues that we must always focus on'.<sup>39</sup>

### 3.2      **'Privatisation': a major tool of neoliberalism**

The Coalition ignored research evidence of the failure of privatising essential public services for the majority of people, and following the 2015 Harper Review, then commissioned The Productivity Commission (The Commission) to identify sectors within human services for reform in April 2016.

The Commission reported hastily in just 6 months identifying six sectors for reform including 'social housing' examined in case study 3 below.<sup>40</sup>

The Commission endorsed greater competition, contestability and informed user choice. Private providers (company/ies, charities and/or faith groups) can compete to improve efficiency, quality of service delivered, meet user needs and produce equitable outcomes for users and taxpayers.<sup>41</sup>

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<sup>37</sup> Richard Denniss, June 2018, 'Dead Right: how neoliberalism ate itself and what comes next', in *Quarterly Essay*, Issue 70, 2018, Black Inc. available at <https://www.quarterlyessay.com/author/richard-denniss>.

<sup>38</sup> Kean Birch, 2017, 'What exactly is neoliberalism' in *The Conversation*, available at <https://theconversation.com/what-exactly-is-neoliberalism-84755>.

<sup>39</sup> Richard Denniss, *Ibid*, p: 75.

<sup>40</sup> Australian Government, Productivity Commission, Final Report, 5 December, 2017, *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, Report No. 85, Canberra publicly released on 26 March 2018 available at <http://www.pc.gov.au/inquiries/completed/human-services/reforms/report> The six sectors in welfare are: "end-of-life care services, social housing, family and community services, services in remote Indigenous communities, patient choice over referred health services and public dental services".

<sup>41</sup> *Ibid*.

The Commission rejected views in submissions to the Inquiry that profit making providers were unsuitable providers of human services to vulnerable people and that competition was not a driver of efficiency in the delivery of human services.<sup>42</sup>

‘Privatisation’ as a policy idea in Australia is not new with implementation by governments beginning in the early 1980s and taking up this policy idea from the United Kingdom as Brussaard and Price record.<sup>43</sup>

Of the four basic kinds of privatisation identified by the Brussaard and Price, two kinds are examined in case studies below. These are: governments contract with a company or group of companies to offer a public service or sell off government-owned entities or assets either wholly or in part to a company or group of companies.

### 3.3 Case Studies: digging deeper

#### 1 Public to privatised employment services

In 1998, Government delivered employment services moved to a contracted service delivery model called Job Network (JN) and a new quasi market-based employment services industry was created.<sup>44</sup>

Contracted private companies and private community-based organisations were to provide employment placement assistance - covering job placement, job search training and intensive support and customised assistance - to unemployed job seekers in receipt of Australian Government provided income support payments.

Centrelink was established in the previous year as a specialised government agency ‘serving as a gateway for the unemployed seeking labour market assistance’ and to administer related income support payments. This model separated Centrelink from policy functions of private contracted providers. Since 2011, it has been integrated into the Department of Human Services (DHS).<sup>45</sup>

Major reforms have followed in response to evidence of failures through roting and scandals: from Job Network to Job Network Active Participation Models from 1998 to 2009.

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<sup>42</sup> Australian Government, Productivity Commission, Preliminary Findings Report, 22 September 2016, *Human Services: Identifying Sectors for Reform*, available at: <https://www.pc.gov.au/inquiries/completed/human-services/identifying-reform/report>.

<sup>43</sup> Henrike Brussaard, Bronwyn Price, 7 June 2016, *The Blind Men and the Elephant: getting the picture clear on privatisation*, Melbourne Unitarian Peace Memorial Church, available at <https://melbourneunitarian.org.au/files/pdfs/MUPMC-Privatisation-PRINT.pdf>.

<sup>44</sup> Australian Government, The Productivity Commission, February 2002, *Independent Review of Job Network*, available at <https://www.pc.gov.au/inquiries/completed/job-network>.

<sup>45</sup> Australian Government, Department of Human Services, *Our Department*, last updated 5 July 2018, available at <https://www.humanservices.gov.au/organisations/about-us/our-department>; Australian Government, The Productivity Commission, February 2002, *Ibid*.

Reports found poor quality of services for job seekers, billions of dollars spent and provider fraudulent behaviour high to June 2009'.<sup>46 & 47</sup>

Over this period, 306 private agencies were reduced to 103. Thomas reports that in the 2006 Employment Services Contract round, about 95% of the business rolled over to already contracted larger providers.<sup>48</sup>

Fee structure changes over this time led to the dropping of price competition to fixed service fees weighted towards difficult-to-place job seekers. Staggered bonuses at 1, 3 and 6 months can add up to \$13,750 for providers if a client stays in a job for six months.

Job Services Australia (JSA) was another major reform operating between 2009-2015 to overcome sorting, provider non-compliance, poor services for jobseekers and staff cost cutting.

JSA aimed to provide job seekers with individualised support to help overcome vocational and non-vocational barriers to obtaining sustainable employment. It also aimed to assist employment service providers spend more time assisting people find jobs and less time on paperwork.<sup>49</sup>

Sorts also plagued the reconfigured Job Services Australia 2009-2015.

JSA alone cost \$7.6 billion from 2009 up to 1 March 2015. Forty-nine per cent of the caseloads were managed by profit organisations and 51 per cent by charities/churches.<sup>50</sup>

JSA also failed job seekers and taxpayers for reasons similar to those outlined below in relation to *jobactive*, JSAs replacement.

*Jobactive* (JA) has operated since 1 July 2015 under contract due to expire in 2020. Yet again these major reforms were in response to mounting evidence of serious problems.

A publicly provided employment services option was ruled out as too costly!

JA aims to connect job seekers with employers and services are delivered in over 1700 locations across the nation. JA also aims to reduce private provider non-compliance, improve efficiency and better outcomes by getting more people into sustainable work.<sup>51</sup>

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<sup>46</sup> Matthew Thomas, 24 December 2007, *A review of developments in the Job Network, Research Paper no.15 2007 -08*, Social Policy Section, available at [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/RP0708/08rp15](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/RP0708/08rp15).

<sup>47</sup> Steve O'Neill, 2003, *Job Network, 3<sup>rd</sup> contract*, Analysis and Policy, Economic, Commerce and Industrial Relations Group, Parliamentary Library, E-brief only as updated 26 September 2003, available at [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/Publications\\_Archive/archive/JobNetwork](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/Publications_Archive/archive/JobNetwork).

<sup>48</sup> Ibid.

<sup>49</sup> Australian Government, Department of Jobs and Small Business, 17 November 2012, *Advisory Panel on Employment Services Administration and Accountability – Final Feedback*, available at <https://docs.jobs.gov.au/documents/advisory-panel-employment-services-administration-and-accountability-final-report-feedback>.

<sup>50</sup> Australian Government, Department of Employment, *Employment Services 2015: Regulation Impact Statement*, available at <https://ris.pmc.gov.au/2016/02/23/employment-services-2015>.

While JA providers are meant to comply with the JA Deed 2015-2020 and related guidelines, there is a strong emphasis on monitoring and enforcing job seeker compliance with mandatory mutual obligations.<sup>52</sup>

JA costs the public purse around \$1.7 billion a year and is estimated to cost \$7.3 billion dollars for the 5-year life of the contract.<sup>53</sup>

Mounting evidence of the mess that is JA includes the government's own discussion paper. Rick Morton's analysis of the "Coalition's flagship \$7.3 billion mess demonstrates:

- poor quality of service to job seekers
- fewer than 40 per cent of unemployed clients remain in sustainable employment after six-months – churning is common
- training programs provide little benefit
- competition did not drive efficiencies
- job agencies getting paid for false claims made
- fraudulent behaviour was high
- shedding staff to cut costs
- more than a third of job agencies performing so badly they should be disqualified
- high provider non-compliance with contract obligations
- warnings that fraud may go undetected.<sup>54 & 55</sup>

David Thompson, the chief executive of Jobs Australia - the peak organisation for non-government 'non-profit' providers- is quoted as saying that the system was a "hopeless mess", not "hugely effective" and had been run to the advantage of the largest companies.<sup>56</sup>

In response to these failures, on the 29 June 2018, the Coalition released a discussion paper on the next generation of employment services beyond the JA contract expiry date 2020.

Just 2 days later on 1 July 2018, this government chose to act introducing a new 'demerit system' for its job seeker compliance system.

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<sup>51</sup> Australian Government, Department of Jobs and Small Business, *jobactive*, last modified 6 July 2018, available at <https://www.jobs.gov.au/jobactive>.

<sup>52</sup> Australian Government, Department of Jobs and Small Business, *jobactive Deed 2015-2020*, available at <https://docs.jobs.gov.au/documents/final-jobactive-deed-2015-2020>.

<sup>53</sup> Rick Morton, 31 October 2017, 'Failing Employment Services Program Sites Branded as a Mess', in *The Australian*, available at <https://www.theaustralian.com.au/national-affairs/industrial-relations/failing-employment-services-program-sites-branded-a-mess/news-story/18d847b7858477721eabd643879>.

<sup>54</sup> Ibid.

<sup>55</sup> Australian Government, Department of Human Services, *Our Department*, last updated 5 July 2018, available at <https://www.humanservices.gov.au/organisations/about-us/our-department>.

<sup>56</sup> Rick Morton, 31 October 2017, 'Failing Employment Services Program Sites Branded as a Mess', in *The Australian*, available at <https://www.theaustralian.com.au/national-affairs/industrial-relations/failing-employment-services-program-sites-branded-a-mess/news-story/18d847b7858477721eabd643879>.

Privately owned job agencies have been given the power to penalise unemployed people. As AUWU states, this system strips unemployed workers of their right to appeal job agency decisions (like suspending your payments), and introduces tougher fines.<sup>57</sup>

There is a lot of money to be made out of unemployment BUT not for unemployed Australians or taxpayers - there are not enough jobs and not enough hours of paid work for all those looking, needing and wanting work. But this pool of individuals all competing for few job opportunities is good for business.

Privatisation through contracting out of this former public service has been **very successful for larger corporations** but not so much for charity and /church-based agencies, seemingly only being kept afloat with bonus payments.

## 2 Centrelink to 'Serco' Call Centres

After years of staff freezes, 5000 staff cuts in the DHS, with 1200 of these announced in 2017-18 Budget and justified either as savings measures or efficiency dividends, further functions of Centrelink have been spun off to a Serco subsidiary.

Serco is a British corporation operating globally and one of the tax-avoiding large companies operating in Australia. Studies suggest that it profits from downgrading public services and underpaying the people who provide them.<sup>58</sup>

The then Human Services Minister Alan Tudge announced in October 2017 that the government had contracted out Centrelink call centre functions, to Serco subsidiary *Serco Citizen Services* (SCS) for a 3 year project costing \$51.7 million. A 6-month pilot project would be evaluated before further possible expansion.

SCS will aim to lower call wait times for Centelink clients but not solve complex problems which will be referred to another operator and then wait again.

SCS will begin taking over as call centre provider based in Melbourne within weeks with labour hire workers not departmental staff.

The Minister said there was no reason why private provider operators cannot undertake Centelink call centre work and assist recipients each week as there is to be another 30% of call centre capacity.

According to the National Secretary, Commonwealth Public Service Union, Nadine Flood, DHS, which oversees Centrelink, counts wait time as applying only to the call

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<sup>57</sup> Australian Government, Department of Jobs and Small Business, *New compliance system coming 1 July 2018*, available at <https://www.jobs.gov.au/newsroom/explainer-targeted-job-seeker-compliance-framework>; see also Matthew Thomas, Parliamentary Library Services, *Job seeker compliance and workforce participation*, Budget Review 2017-18 Index, available at [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/BudgetReview201718/JobSeeker](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201718/JobSeeker).

<sup>58</sup> Victorian Trades Hall Council (VTHC), 2017, To: Malcolm Turnbull  
Stop outsourcing at Centrelink, available at: [https://www.megaphone.org.au/petitions/stop-outsourcing-at-centrelink?source=mega&utm\\_source=Kepla+Master+List&utm\\_campaign=2400d0bd69-EMAIL\\_CAMPAIGN\\_2017\\_10\\_12&utm\\_medium=email&utm\\_term=0\\_6e157d1128-2400d0bd69-55126129](https://www.megaphone.org.au/petitions/stop-outsourcing-at-centrelink?source=mega&utm_source=Kepla+Master+List&utm_campaign=2400d0bd69-EMAIL_CAMPAIGN_2017_10_12&utm_medium=email&utm_term=0_6e157d1128-2400d0bd69-55126129).

answered: it is 'paying call centre contractors to "click through" calls to improve its statistics, without resolving clients' problems'.<sup>59</sup> This is not value for money.

FGFP understands that these Serco private contract workers are being trained on-the-job and paid less than half that of Centrelink public service staff.

Centrelink staff are well-trained, skilled and experienced both in dealing with the complex circumstances facing income support recipients and in resolving problems. Adherence to Privacy and Security Standards and other Codes of Practice are part of their training and practice.<sup>60</sup>

The Serco 3-year contract, worth \$51.7 million is separate to the 1000 operators announced by the then new Minister for Human Services on 23 April 2018 expanding the program with a total number of additional staff to 1250.

This first expansion was estimated to cost \$200 million yet Minister Keenan had just recently said he could not give a starting date for the expansion or the cost "it was out to tender".<sup>61</sup>

This expansion was announced at the same time the government reported an independent evaluation of the pilot found that call wait times had reduced by 20%. It also found that working with a service delivery partner is an efficient and effective way to flexibly meet the needs of our customers.

On 8 August 2018, a further expansion was announced not only for an additional 1000 labour hire call centre operators but also more service providers were added. Selected large companies joining Serco include Stellar Asia Pacific, Concentrix Services and DataCom Connect operating throughout the nation and contracted to find and manage the taxpayer-funded jobs.<sup>62</sup>

The ABC quoted Minister Keenan as insisting that the privacy issue is no cause for concern as the 1,000 call centre operators would be fully trained, based in Australia, and no client data would be sent overseas.<sup>63</sup>

This second expansion brings the total to 2250 private labour hire call centre operator jobs. At this time, Gribbin quotes the Minister saying that clients would not

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<sup>59</sup> Ibid.

<sup>60</sup> Proud to be Public Activists Workshop, 10 February 2018, attended by FGFP representatives A Davies, E Speight, J Speight and L Wheeler.

<sup>61</sup> Minister for Human Services Michael Keenan, 2018, *Increasing Centrelink's call centre capability*, 23 April 2018, Media Release, available at, <https://www.mhs.gov.au/media-releases/2018-04-23-increasing-centrelinks-call-capability>.

<sup>62</sup> Stephanie Borys, ABC, 23 April 2018, Centrelink customers promised reduced wait times as Government hires 1,000 extra call centre operators, available at <http://www.abc.net.au/news/2018-04-23/government-promises-shorter-waiting-times-for-centrelink-custom/9685856>; see also Blake Foden & Dough Dingwell, 23 April 2018, 'Another additional 1000 private contractors to answer Centrelink phones' available at <https://www.smh.com.au/politics/federal/another-1000-private-contractors-to-answer-centrelink-phones-20180423-p4zb3h.html>.

<sup>63</sup> Caitlin Gribbin, 2018, 'Centrelink call centre staffing to be boosted to improve waiting times, Government again turns to private contractors', online ABC News, *Politics*, Wednesday 8 August 2018, available at, <http://www.abc.net.au/news/2018-08-08/centrelink-call-centres-to-get-1500-new-staff/10088184>.

be worried about external providers answering the phone. “I think they just want the assistance”.<sup>64</sup>

FGFP knows that is not right – thousands and thousands do want to know Minister and have a right to know. This does not reflect community values of fairness and justice or expectations of exercising our democratic rights.

Contracting out Centrelink call centre work means workers are hearing about highly sensitive circumstances of income support recipients and their personal and very detailed data.

The Minister continues to fail to say that over the past two budgets 2500 Departmental staff jobs have gone and that the expanded service would only run for 3 years as income support recipients put down the phone and turn on their computers.<sup>65</sup> As if there is a choice!

Again, commercial-in-confidence has been used to deny the right of the public to know how public funds are/will be spent or the detail of the expanded service and what regulation and enforcement for providers is/will be in place.

In this case study, privatisation through contracting out a selected public service has

- reduced pay and conditions of workers to cut costs
- masked decline in quality of service provision
- showed “click through” calls do not meet user needs
- removed the public’s right to know what is going on
- denied user choice, informed or otherwise
- shrouded decisions in the secrecy of “commercial-in-confidence”
- showed “click through” is not value for money.

### **3 Privatising ‘public housing’: the sod has turned**

As defined by The Commission, both ‘public housing’ and ‘community housing’ are covered under the umbrella term social housing. It is the ‘public housing’ sector in Victoria which is examined in this Case Study.

Public Housing refers to rental properties owned and/or managed by the Australian state/territory governments’ housing authorities used to provide long-term subsidised rental accommodation to low-income and disadvantaged households.<sup>66</sup>

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<sup>64</sup> Ibid.

<sup>65</sup> ABC, Ibid; see also Doug Dingwell, 11 October 2017, ‘Human Services to use private contractor Serco as Centrelink call centre provider’ in *The Sydney Morning Herald*, available at, <https://www.smh.com.au/public-service/human-services-to-use-private-contractor-serco-as-centrelink-call-centre-provider-20171011-gyyfuq.html>.

<sup>66</sup> Marion Harper, Lew Wheeler for HOPH, 30 October 2017, *Submission to the Inquiry into the Public Housing Renewal Program*, available from HOPH at [handsoffpublichousing@gmail.com](mailto:handsoffpublichousing@gmail.com).

Public housing is not 'community housing' which is provided by non-government private agencies, regulated by government.<sup>67</sup>

There is an 'affordable' housing crisis in Victoria as elsewhere in Australia and rough sleepers living on the streets the most visible sign of homelessness.

**Homelessness** in Victoria is the visible and utterly distressing expression of inequality. In 2016, there were 24,817 people (58% men, 42% women) classified as homeless in Victoria. They also wait for 'affordable' housing.<sup>68</sup>

**A Model.** FGFP acknowledges that the "Housing First" model implemented in Finland to end homelessness is a model leading to clients having their own permanent rental dwelling lease and requires further study and discussion. Refer Appendix 1 for model.

### **Public Housing in Victoria**

The waitlist for public housing as at 31 March 2018, had 82,499 people (57,877 adults and 24,622 children) seeking public housing and growing by 500 a month.<sup>69</sup>

Public tenant households in Victoria currently pay no more than a maximum 25% of total household income to rent. Of around 165,000 public tenants, 93% pay no more than 25% of total household income in rent to the Director of Housing as landlord.<sup>70</sup>

The rent to income model in Victoria protects tenants from adverse changed circumstances such as unable to work due to illness or losing paid work, and also provides security of tenure. These standards protect tenants from housing stress and homelessness.

Public housing tenants include ATSI peoples, age pensioners, single older women, single-parent families of whom over 80% are women, migrants, refugees and asylum seekers, those with a disability, unemployed workers and workers on low-incomes.

The privatisation of public housing in Victoria is progressing under the Victorian government's response to the current 'affordable' housing crisis, and federal/state partnership housing agreements policy initiatives over many years for investment to fund the acquisition of 'community housing' not public housing.<sup>71</sup>

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<sup>67</sup> Ibid. HOPHs use of these terms follows. 'Community Housing': refers to rental properties owned and/or managed by community-based private agencies for people on low incomes, or those with special needs. Agencies are regulated by government. 'Affordable Rental Housing': refers to rent does not exceed 30% of household income plus utilities so these households meet essential basic living costs without living in rental stress.

<sup>68</sup> Final Report, *Inquiry into Public Housing Renewal Program*, Parliament of Victoria, Legislative Council, Legal and Social Issues Committee, Victorian Government Printer, June 2018, available at [https://www.parliament.vic.gov.au/images/stories/committees/SCLSI/Public\\_Housing\\_Renewal\\_Program/LSIC\\_58-11\\_PHRP\\_Text\\_WEB.pdf](https://www.parliament.vic.gov.au/images/stories/committees/SCLSI/Public_Housing_Renewal_Program/LSIC_58-11_PHRP_Text_WEB.pdf).

<sup>69</sup> Housing for the Aged Action Group, 7 June 2018, *Housing service for the elderly outraged by reduction in affordable homes and public land*, Media Release, available at <https://www.olderrenters.org.au/publications/housing-service-for-the-elderly-outraged-reduction-affordable-homes-and-public-land>.

<sup>70</sup> Figures stated by the Minister for Housing, Martin Foley at a delegation meeting with FGFP held on 24 May 2018.

<sup>71</sup> Victorian Auditor-General's Office, 2017, *Managing Victoria's Public Housing*, available at <https://www.audit.vic.gov.au/report/managing-victorias-public-housing>, p:17.



A new *National Housing and Homelessness Agreement* which progresses a privatisation housing agenda commenced 1 July 2018.<sup>72</sup>

### **Stage 1 Public Housing Renewal Program (PHRP) Victoria**

The \$185 million Stage 1 PHRP is one of the initiatives of *the Social Housing Reform Initiatives* under the Victorian Government's *Homes for Victorians*. PHRP involves:

- selling part of the land of nine **inner Melbourne public housing sites to developers for private housing**, with the government bearing the cost of demolition.
- replacing existing public housing stock with a mix of public housing and private dwellings both for sale, for community housing, and for 'affordable housing' vaguely defined.
- mere 10 per cent increase of social housing on each of the 9 sites. In total thought to be 1100 to 1800 dwellings with a much greater ratio of single bedroom dwellings
- current three-bedroom stock ratio greatly reduced
- public tenants are given little choice about their relocation destinations or the timeline and likelihood of returning to their former homes and communities
- market-based values prevail over cultural values and no clearer illustration is needed than the government continually hiding behind "commercial-in-confidence"
- people denied vital information to know where and how public funds are spent
- developers stand to make significant profits by building and selling private housing on the sites alongside the unknown ratios of public housing, community housing and 'affordable housing'
- selling public land for private profit
- losing public land unavailable for public housing or any public purpose at all.

The PHRP is not intended to significantly address the growing waitlist for public housing yet more public housing is needed not less.<sup>73</sup>

The Victorian Upper House *Inquiry into the Public Housing Renewal Program* reveals that the previous redevelopment in Kensington, inner Melbourne and model for the current program

- decreased the total number of Public and Community houses by 36%
- decreased number of bedrooms by 54%
- reduced public housing capacity with a loss of 265 dwellings and
- sold off public land for just 5% of its market value.<sup>74</sup>

In this case study, privatisation through a partial sell-off of public land shows

- loss of transparency and public accountability
- market value of public land sell-off not known
- denied informed tenant choice
- reduction in public housing stock likely and bedroom size definite

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<sup>72</sup> Australian Government, Budget 2017-2018A *New Housing and Homelessness Agreement*, Factsheet 1.7, available at [https://www.budget.gov.au/2017-18/content/glossies/factsheets/html/HA\\_17.htm](https://www.budget.gov.au/2017-18/content/glossies/factsheets/html/HA_17.htm).

<sup>73</sup> Parliament of Victoria, Legislative Council, Legal and Social Issues Committee Final Report, 2018, *Inquiry into Public Housing Renewal Program*, Victorian Government Printer, June 2018, available at [https://www.parliament.vic.gov.au/images/stories/committees/SCLSI/Public\\_Housing\\_Renewal\\_Program/LSIC\\_58-11\\_PHRP\\_Text\\_WEB.pdf](https://www.parliament.vic.gov.au/images/stories/committees/SCLSI/Public_Housing_Renewal_Program/LSIC_58-11_PHRP_Text_WEB.pdf).

<sup>74</sup> Ibid.

- profit motive before public tenants
- not meeting user needs
- will not produce equitable outcomes for tenants
- overall how much profit developers' will pocket is yet to be determined and likely beyond government control.

The government simply hides behind commercial-in-confidence to deny access to detailed information for the public aside from a few selected “experts”. So much is given away for so little public gain BUT it is profitable for selected companies. Just how profitable the program becomes is yet to be determined.

In Victoria, public housing is under threat with its slow demise driven largely by Federal and State government privatisation housing policy agendas.<sup>75</sup>

**Summary of findings.** The evidence given in the three case studies shows that privatisation of selected public welfare services is failing to serve individuals, families and the community well.

Privatisation as a major policy tool of neoliberalism within sectors of welfare has been **very successful for the few selected companies and their wealthy investors.**

### ***FGFP Concerns***

- 3.1** Privatisation in welfare is poor public policy and a new approach is needed.
- 3.2** Need to remove public funds from privatised employment services.
- 3.3** Need for a national public housing plan for low income and disadvantaged households retaining the rent to income model for calculating rents.
- 3.4** FGFP asks do we want to put profits before people and continue to sell-off irreplaceable public assets for short-term gain by the few and allow governments to slide out of their responsibility for caring for low-income and vulnerable Victorians in need of a home?



<sup>75</sup> University of Melbourne, 2015, *Transforming housing: affordable housing for all*, available at: <https://socialequity.unimelb.edu.au/projects/transforming-housing-affordable-housing-for-all>.

## SECTION 4.0

## Digital welfare: who counts?

### 4.1 Essential digital tool

Fagan records, “the **Smartphone** changed the game as all of our economic and social dealings and interactions can be done through one very portable device that would become not just a powerful computer but an essential tool for almost every aspect of life.”<sup>76</sup>

**Social Media** is becoming increasingly important as it is at the centre of the transformational changes now underway with smart phones and social media evolving together to meet and interact.

Globalised social media includes online communications platforms and applications including Twitter, Instagram, Snapchat, Youtube, Facebook, Google, LinkedIn and also blogs.

**FGFP recognises** both the increasing importance of smart phones interfacing with social media in communicating messages to stakeholders, community groups, and the wider society we live in.

As Burgess records, in the 1970s, the Internet, mobile phones and social media did not exist as we know them today yet technology is changing the way we interact with each other and how we live our lives.<sup>77</sup>

If you do not have a smart phone, cannot use a computer or the internet or prefer face-to-face interactions rather than online service or cannot afford to pay for digital literacy training and the skills required, then harder days are ahead.

### 4.2 Digital welfare

In 2017, the Department of Human Services reported making important progress in relation to the Welfare Payment Infrastructure Transformation (WPIT) Programme, the Farm Household Allowance, myGov, the Cashless Debit Card, and the Child Support System.<sup>78</sup>

The transformational changes are fast moving with WPIT implementation rolling out new payment services and supposedly improved business processes.

The Coalition expects Australians accessing public services or receiving publicly provided income support payments will transition smoothly to these digitalised business systems now applied to welfare. Skill levels in the use of such systems and users' ability to pay are left behind.<sup>79</sup>

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<sup>76</sup> David Fagan, 2017, *Wake Up: The nine h#shtags of digital disruption*, University of Queensland Press, pp: 9-10.

<sup>77</sup> Rob Burgess, 2015 *Inside the Treasurer's bearded lady economics- Intergenerational Report*, posted on The New Daily, Mar 5, 2015, hard copy available from FGFP.

<sup>78</sup> Australian Department of Human Services *2016-17 Annual Report*, available at <https://www.humanservices.gov.au/sites/default/files/2017/10/8802-1710-annual-report-2016-17.pdf>.

<sup>79</sup> Ibid.

What is also left behind are issues about citizens rights to privacy, control over your own data and its accuracy, identify theft, 'fake news', compliance, transparency and data safeguards which are issues central to "big data" collections – very large volumes of private information and data controlled by one entity – held by governments or corporations.<sup>80</sup>

**My Health Record.** The recent controversy surrounding the Minister of Health announcing the opt out date for *My Health Record* demonstrated these concerns with thousands opting out not trusting the safety, accuracy, security or protection of their rights over the data of this system and demanding more information – they wanted transparent rules.<sup>81</sup>

Within days, a tweak to *My Health Record Act* was announced around privacy and deletion of records. The tweak was later described as 'a jackpot for hackers.'<sup>82</sup>

Little reassurance about big data collections is provided with Fagan also reporting that the cost of data theft is now estimated to exceed the cost of drug crime.

The government's idea of giving Australians a say "on the most important reforms in decades to the way the Federal government uses and manages data" is a media release dated 5 July 2018 with the consultation period closing 1 month later.<sup>83</sup>

### 4.3 Artificial intelligence (AI)

As Eggers et al advise AI-based technologies formerly only used by companies "to enhance consumer and business interactions can now be put to work in human services, helping agencies cut costs and deliver better experiences through:

- extending "chatbots"
- predicting high-risk cases
- freeing-up employee time for more complex queries and
- improving fraud detection."<sup>84</sup>

Advances in automation and digital technologies strengthen the neoliberal policy push to convince the public that cutting welfare costs by the introduction of business practices is not at the expense of quality service delivery or transparency and accountability.

## FGFP Concerns

### 4.1 Need to slow down and rethink the impact of the development of new digital technologies and the 'age of automation' and the very fast adoption taking

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<sup>80</sup> United Kingdom House of Commons, 2018, *Digital, Culture, Media and Sport Committee*, 29 July 2018, Disinformation and 'fake news': Interim Report, Fifth Report of Session 2017-19, available at <https://publications.parliament.uk/pa/cm201719/cmselect/cmcmds/363/363.pdf>.

<sup>81</sup> Australian Digital Health Agency, 14 May 2018, *My Health Record opt out date announcement*, available at <https://www.myhealthrecord.gov.au/news/media-release-my-health-record-opt-out-date-announced>.

<sup>82</sup> ABC News, 1 August 2018, *My Health Record, Greg Hunt bows to pressure and announces changes to address privacy concerns*, available at <http://www.abc.net.au/news/2018-07-31/court-order-needed-for-my-health-record-greg-hunt-says/10058544>.

<sup>83</sup> Minister Michael Keenan, Minister for Human Services and Minister Assisting the Prime Minister for Digital Transformation, *Help shape the future of data use in Australia*, Media Release, 5 July 2018.

<sup>84</sup> William D. Eggers, Tiffany, Dovey, Fishman, and Pankaj Kishnani, 2017, Deloitte Center for Government Insights, 'How Artificial Intelligence Can Help Improve Human Services' in *The Wall Street Journal*, available on <http://deloitte.wsj.com/cmo/2017/11/09/how-artificial-intelligence-can-help-improve-human-services/>.

place by old and new Information Technology businesses, corporations and the links to governments and government services.

- 4.2** Need to ensure such decisions are not left to digital technocrats, businesses and/or corporations bypassing the Australian community.
- 4.3** Need to reconsider the appropriate public policy settings required for personal and community protections.
- 4.4** Immediate need to reform data protection laws and publicly debate the challenges of the global flow of information.<sup>85</sup>
- 4.5** Need for publicly funded and free digital literacy training and skills development programs.
- 4.6** Need for an ethical approach to these developments and the need for effective regulation and standards that apply for the community not just companies.

## **SECTION 5.0 Democracy: broken down**

### **5.1 A broken system of government**

Australia's political system is broken so said a majority of voters as revealed in the 2016 Australian Election Study looking at long trends in federal elections over the past two decades.<sup>86</sup>

Characteristics of the Australian system of government identified so far in this paper, demonstrate a mix of neoliberalism, materialism, conservatism and fast disappearing egalitarianism - known colloquially as 'the fair go' – and increasingly used in the promotion of market values not cultural values.

Fagan in exploring the digital revolution urges us to wake up to the “concentration of decision-making and trendsetting in new corporations that have grown quickly from nowhere without any commitment to the social cohesion that goes with mass employment and paying taxes.”<sup>87</sup>

In other words, be very attentive to companies built on advanced technologies driving major shifts in Australia's system of government, wealth and culture.

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<sup>85</sup> A example is can be the United Kingdom Data Protection Act 2018, available at <http://www.legislation.gov.uk/ukpga/2018/12/contents/enacted>.

<sup>86</sup> Lachlan Harris & Andrew Charlton, 2 April 2018, 'The fundamental operating model of Australian politics is breaking down', in *The Sydney Morning Herald*, available at <https://www.smh.com.au/politics/federal/the-fundamental-operating-model-of-australian-politics-is-breaking-down-20180322-p4z5o9.html>; The Australian Election Study, 2016, available at: <https://www.australianelectionstudy.org/>.

<sup>87</sup> David Fagan , 2017, *Wake Up: The nine h#shtages of digital disruption*, University of Queensland Press, pp:190-193.

*The People's Inquiry into Privatisation* found that “despite the very direct and personal impact that privatisation has on people’s lives, decisions about privatisation have been taken out of the democratic realm and this diminishing of democracy means that it is increasingly difficult for

- communities to hold someone accountable for the delivery of services.
- people to know who to call when things go wrong and to get answers from someone in authority
- people to know what level of service they can expect
- people to know who to blame if services fail.”<sup>88</sup>

The findings in this paper strongly support the general points made about the consequences of privatisation for people’s lives and for the democratic realm.

According to Watts, neoliberalism in Australia has been “allied to a more explicit anti-egalitarianism, treating egalitarianism as a code for the “politics of envy” dating back to policy changes since the 1980s and subsequently extending the neoliberal policy architecture since”.<sup>89</sup>

Blaming the individual with a twist of envy is the language used by the Coalition since they announced in 2015 the age of entitlement was over. No they were not talking about their own and their mates’ entitlements, just those for everyone else.

Another measure which can be used to take a look at egalitarianism is political representation in the Australian Parliament.

## 5.2 First Nations Peoples

The ABS 2016 Census count shows that Aboriginal and Torres Strait Islander (ATSI) peoples represented 2.8 per cent of the population (or 647,200) – up from 2.5 per cent in 2011, and 2.3 per cent in 2006.<sup>90</sup>

It is Australia’s great scandal that ATSI peoples as First Nations peoples in Australia continue to suffer injustices and the deepest of entrenched income poverty and disadvantage on any measures which can be used such as in health, housing, education, employment, income and wealth.<sup>91</sup>

Federally, the Coalition and Labor have never been led by a First Nations person.

ATSI peoples are still without their Voice and a national treaty.

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<sup>88</sup> The People’s Inquiry into Privatisation, 2017, *Taking Back Control, A Community Response to Privatisation*, available at, [https://d3n8a8pro7vhmx.cloudfront.net/cpsu/pages/1573/attachments/original/1508714678/Taking\\_Back\\_Control\\_Summary\\_FINAL.PDF?1508714678](https://d3n8a8pro7vhmx.cloudfront.net/cpsu/pages/1573/attachments/original/1508714678/Taking_Back_Control_Summary_FINAL.PDF?1508714678).

<sup>89</sup> Rob Watts, 2016, “Running on Empty”: Australia’s Neoliberal Social Security System 1988-2015, Chapter 4, in Jennifer Mays, Greg Marston, John Tomlinson (editors), *Neoliberal Frontiers and Economic Insecurity: Is Basic Income a Solution?* Palgrave MacMillan, New York, <https://doi.org/10.1057/9781137535320>.

<sup>90</sup> ABS, 27 June 2017, *2016 Census shows growing Aboriginal and Torres Strait Islander Population*, available at <http://www.abs.gov.au/ausstats/abs@.nsf/MediaReleasesByCatalogue/02D50FAA9987D6B7CA25814800087E03?OpenDocument>.

<sup>91</sup> Nicolas Barry, 27 January 2017, *In Australia, land of the ‘fair go’, not everyone gets an equal slice of the pie*, in *The Conversation* available at <https://theconversation.com/in-australia-land-of-the-fair-go-not-everyone-gets-an-equal-slice-of-the-pie-70480>.

FGFP recognises Aboriginal and Torres Strait Islander tribes as the first inhabitants of our country and their unique place over the course of history, the present age, and into the future in Australia.<sup>92</sup>

FGFP recognises the pain, harm, and displacement experienced by ATSI peoples since the settlement of Australia by non-ATSI people.

FGFP endorses the “**Uluru Statement from the Heart**” as it highlights that Aboriginal and Torres Strait Islander tribes were the first sovereign Nations of the Australian continent and its adjacent islands, and possessed it under their own laws and customs.<sup>93</sup>

### 5.3 Diversity

In relation to ethnic diversity, and according to the 2016 Census

- nearly half (49 per cent) of Australians had either been born overseas (first generation Australian) or one or both parents had been born overseas (second generation Australian).
- over one fifth (21%) spoke a language other than English at home.

For the first time in our history the majority of people born overseas are now from Asia, not Europe.<sup>94</sup>

Olivia Tasevski records that fewer than 20 of the 226 parliamentarians currently serving in the Federal Parliament have a non-English speaking background.

Tasevski also records that federally, the Coalition and Labor have never been led by a culturally and linguistically diverse (CALD) Australian. Tasevski suggests that the issue of ethnic diversity can be remedied by political parties considering introducing ethnic diversity measures.<sup>95</sup>

In relation to women, and following the 2016 federal election the total number of women in the 45<sup>th</sup> Parliament has risen slightly from 69 (31 per cent) to 73 (32 per cent) of whom 43 (29%) are represented in the House of Representative and 30 in the Senate (39%). Women residing in Australia make up over half the population but are woefully under represented in Parliament.

FGFP upholds people’s rights associated with their diversity and expressed in:

- indigenous, ethnic, cultural, linguistic

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<sup>92</sup> FGFP notes that reconciliation efforts are to be part of wider community discussions including on

- consideration of legal conventions across Australia relating to Indigenous Rights
- the accessibility of services provided in the local and wider community, particularly for Aboriginal and Torres Strait Islanders peoples embracing reconciliation in the community
- the cultural safety and inclusiveness in businesses and services in Victoria and Australia and
- fostering intercultural exchange and inter-personal ties between Indigenous and non-indigenous persons that are at home in Victoria and Australia.

<sup>93</sup> Constitutional Reform for First Nations peoples, 2017, ‘Voice. Treaty. Truth.’, *1 Voice Uluru*, available at <https://www.1voiceuluru.org/the-statement>.

<sup>94</sup> ABS, 2017, *Census reveals fast changing, culturally diverse nation*, Media Release, 27 June 2017 available at <http://www.abs.gov.au/ausstats/abs@.nsf/lookup/Media%20Release3>.

<sup>95</sup> Olivia Tasevski, ABC News, 2018, *Australia’s Parliament looks nothing like its community: a quota would help fix it*, updated 16 Mar 2018, available at <http://www.abc.net.au/news/2018-03-16/ethnic-diversity-quotas-multicultural-australian-parliament/9538954>; NB: a new Ministry of the 45<sup>th</sup> Parliament was sworn on 24 August 2018.

- social and economic diversity
- religious, faith, and spiritual diversity
- traditional knowledge and art
- disability-related diversity
- gender diversity
- sexual orientation
- political affiliation; and
- age-related diversity.

FGFP believes that this diversity for parliamentarians is crucial as those parliamentarians possess differing lived experiences.

For example, ATSI and multicultural communities, experience racial discrimination, bigotry and hatred and other issues unique to their communities and can thus serve as voices for those Australians.

On the measure of political representation, Australia's **egalitarian society** has been selective at best. The Australian fair go remains anything but for too many.

Another area of rapid change is the Coalition's push towards digital government.

## 5.4 Digital government: Who decides?

In June 2018, the Minister for Human Services and Minister Assisting the Prime Minister for Digital Transformation announced the Government wanted Australia to be a world leader in digital government by 2025.<sup>96</sup>

Most government services are to be available online, improving convenience and efficiency for the public and business. An open national conversation is needed to deal with the fast moving transformation of public welfare service delivery.

### **FGFP Concerns**

- 5.1 ATSI peoples need a stronger voice in Parliament to represent lived experiences of racism, income poverty and wealth inequality unique to their communities.
- 5.2 Need to introduce diversity measures.
- 5.3 Need to introduce 50 per cent quotas for women in Parliament.
- 5.4 Challenges and impact of digital government on the democratic realm, on the delivery of quality public welfare services, and both the national interest and public interest.

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<sup>96</sup> Hon Michael Keenan MP, 12 June 2018, *Delivering Australia's Digital Future*, portfolio, media release, available at <https://www.keenan.net.au/category/portfolio-media-releases/>.



- 5.5 Need to strengthen the fair go as a cultural value and outcome extending it to all for life.
- 5.6 Need to address the question do we want policy decisions taken further away from the democratic realm and left in the hands of digital technocrats, old and/or new Information Technology businesses and corporations?

## SECTION 6.0 Gender inequality & welfare

### 6.1 Some figures<sup>97</sup>

The ABS reports that 2016 census data shows that there were:

- 187,100 more females than males residing in Australia
- 12.20 million were women and 12.01 million were men
- 98.5 males per hundred of females (sex ratio).<sup>98</sup>

FGFP recognises the inherent power imbalance between men and women which underpins our society's structures and institutions.

This gender inequality is demonstrated in the impact it has across all parts of our lives. For example, it gives a sense of men's entitlement which entrenches women being under represented in government and boardrooms.

It is also manifested in high levels of family violence against women, as evidenced in the *Victorian State Government Royal Commission into Family Violence*, and assaults against women in the wider community.<sup>99</sup>

### 6.2 Lower pay, empty pockets

A key area demonstrating gender imbalance is in the pay gap between men and women. This imbalance makes it more difficult for women to escape family violence and live independently by themselves or with their children.

Women also do the majority of unpaid work and as primary carers bear the brunt of cuts to welfare.

Statistics from the Workplace Gender Equality Agency (WGEA) show Australian women:

- earn, on average 14.6% less than men. As at 31 August 2018, this national gender pay gap is at a 20-year low.
- average pay gap is not defined by the type of worker or industry.<sup>100</sup>

<sup>97</sup> Ann Davies, FGFP co Vice-President, author Section 6.

<sup>98</sup> ABS 3101.0, 21 June 2018, Feature Article: *Final rebasing of Australia's population estimates using 2016 census data*, available at, <http://www.abs.gov.au/ausstats/abs@.nsf/0/1CD2B1952AFC5E7ACA257298000F2E76?OpenDocument>.

<sup>99</sup> State of Victoria, 2016, *Royal Commission into Family Violence: Summary and Recommendations*, March 2016, available at <http://www.rcfv.com.au/MediaLibraries/RCFamilyViolence/Reports/Final/RCFV-Summary.pdf>.

<sup>100</sup> For example, Female managers are paid, on average, 26.5% less than men in the same role. A large part of this difference comes from discretionary forms of payment, such as bonuses. Women are far less likely to be rewarded by bonuses, and if they are, much more likely to be paid a lesser amount. Refer, The Workplace Gender Equality Agency,

- total remuneration gender pay gap is 22.4%
- female-dominated industries and jobs attract lower wages. For example, preschool and childcare jobs have a high pay gap - women in the preschool sector are paid on average 31.9% less than men and double the national gender pay gap of 14.6%.<sup>101</sup>

There are three key reasons why women consistently earn less than men:

- work part time - around 75% of part time workers are women
- work as unpaid carers of children and/or other family members/relatives and
- employed in lower paid occupations.<sup>102</sup>

WGEA figures show that industries where women make up a significant majority have lower rates of pay. This is particularly the case where work force roles are seen to be "gendered", such as in the welfare and community services sectors.

### 6.3 Superannuation: no riches here

Women earning less than men:

- accrue much less superannuation. Median superannuation accrued by women is just over half that of men.
- nearly 25% of men have balances of over \$500,000, while only 4% of women have this amount
- 25% of women have balances less than \$50,000.<sup>103</sup>

Superannuation reform is needed to address these unfair and unjust policies. What those reforms may be, challenges us to return to the discussion about women's work – paid and unpaid - continuing to be devalued.

### 6.3 Child care: devalued work

Child care is a key reason behind part time work. 2017 ABS Gender Indicator data showed that 62% of women with a child under five work part time, whereas only 8.7% of men do.<sup>104</sup>

New companion child care reforms costing \$2.5 billion were rolled out on 2 July 2018 under the legislative umbrella of *Jobs for Families*. The McClure report recommended such reforms. It is estimated that:

- 280,000 families will either have their subsidy abolished or significantly reduced and
- 100,000 children from low-income families will be left without the support they need as a mere 12 hours a week subsidy is provided.<sup>105</sup>

This package of reforms indicates it has less to do with the care of children or their early childhood development needs and more about cutting welfare costs by getting more women off welfare and into paid work. As if parenting is not work!

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March 2018, IWD: Key facts about women and work, available at <https://www.wgea.gov.au/wgea-newsroom/iwd-2018-key-facts-about-women-and-work>.

<sup>101</sup> Anna Livsey, 18 October, 2017, Australia's Gender Pay Gap: why do women still earn less than men? in *The Guardian*, Australian edition, datablog.

<sup>102</sup> The Workplace Gender Equality Agency, March 2018, *IWD: Key facts about women and work*, available at <https://www.wgea.gov.au/wgea-newsroom/iwd-2018-key-facts-about-women-and-work>.

<sup>103</sup> Ibid.

<sup>104</sup> Ibid.

<sup>105</sup> CSMC, *The Child care subsidy is changing: have you updated your details?*, available at, <http://www.csmc.org.au/information-referrals/child-care-subsidy-changes/>.

It is the children and their families on low incomes that will be hurt the most by these unfair and unjust reforms. Welfare reforms yet again entrenching the devaluing of women's work in the home: in this instance child care.

**Family payments** need to be restructured so that payments do not decline as children grow older with costs actually increasing not decreasing.<sup>106</sup>

**Parental leave** is far more likely to be taken by women; 95% of primary parental leave in the non public sector is taken by women. This type of leave has a huge impact on a career path.

In summary, these findings mean:

- lower earnings mean less independence, less security and less power
- loss of potential capital for the economy
- lower earnings are reflected in women's inability to accrue superannuation to supplement income for a decent standard of living in retirement
- lower earnings means fewer choices and less independence in retirement
- meagre or no income from superannuation or other sources of income in retirement means a frugal standard of living on the Age Pension.
- more women living in poverty in retirement.

### **FGFP Concerns**

- 6.1** Fix gender inequality so that women and children can live safe and secure with a decent living income either from paid work or a publicly provided income and a broad range of accessible, free or low-cost welfare services
- 6.2** Superannuation reform is needed and raises the question: *Why has so little action been taken to fix this unfair policy?*
- 6.3** Continuing impact of the long history of devaluing women's work. FGFP states that gender as a tool for analysis matters in the national conversation.



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<sup>106</sup> Jenny Davidson, Council of Single Mothers and their Children, speaker FGFP rally 23 May 2018.

## SECTION 7.0

## Unions, welfare and the fight for a fair go

### 7.1 Long Struggle continues

According to the Australian Council of Trade Unions, unions have fought for workers rights in Australia over the past 200 years. In the first decade of the 20<sup>th</sup> century Australia became known as a workers' paradise and linked to notions of mateship and a fair go seeking economic and social justice for the working man, his family and community.<sup>107</sup>

Another distinguishing feature of the trade union movement has been its historically close ties with the Australian Labor Party.

In 1927 the Australian Council of Trade Unions (ACTU) was established and is now the largest peak body representing workers in Australia aiming to lift the living standards and quality of life of working people.<sup>108</sup>

From convict rebellions over work and living conditions, through workers rights for a fair and reasonable wage and welfare, trade unions have demanded governments provide for workers, their families and communities.

No matter who was in government, workers from the factory floor up through their unions fought for policy reforms which sought fairness and justice.

Over the decades, the trade union movement won employment security, income security such as the minimum wage, holiday pay, sick and carers leave, the 8 hour day, and redundancy payments.

They also won income security through comprehensive social security payments and services such as the Age Pension, unemployment benefits, maternity leave, superannuation, and Medicare providing access for Australians to free or low-cost health care for hospital, medical, and pharmaceuticals.<sup>109</sup>

These gains can and have been taken away or eroded.

Scalmer records that unity in the struggle for justice has been against an economic system which was organised around employers, employees, and profits. This relationship remains linked to market values of competition, efficiency, driving workers to be more productive or else attempting to pay workers less in efforts to maintain and increase profits.<sup>110</sup>

The gains made by workers through their unions in wages and conditions and benefits to improve the well being of workers, their families and communities can be easily forgotten.

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<sup>107</sup> Australian Council of Trade Unions (ACTU), *History of Unions*, available at <https://www.actu.org.au/about-the-actu/history>.

<sup>108</sup> ACTU, *Ibid*.

<sup>109</sup> Sean Scalmer, 2006, *The Little History of Australian Unionism* The Vulgar Press Carlton North, Victoria.

<sup>110</sup> *Ibid*.

The market for labour still elevates some but hurts many reducing them to a desperate, hungry life and increasingly also a homeless one.<sup>111</sup>

## 7.2 'Social Wage'

In the 1980s, the ACTU negotiated a formal 'Accord' exchanging the strike for the bargain to forego possible wage rises for social benefits called the 'social wage'.

The 'social wage' covered welfare, health, employment, education and training programs and benefits.<sup>112</sup> As footnoted, many gains were made over the years to the benefit of all Australians.

In recent years the term social wage has disappeared as have some of the hard won benefits. Gains won, both in terms of wages growth and social benefits can and have been taken away or eroded over time.

Then as now, as unions fight against such losses, some continue to be repressed, fined, jailed and also at times deregistered, and individual unionists sacked and at times jailed for their commitment to economic and social justice.

As seen in Section 6, women in their own right have not gained economic justice through paid work. This is also the case for ATSI peoples and for many workers from ethnic minority communities and other diverse communities.

The fair go has not yet extended to all but unions have fought for a fair go throughout the past 200 years and this should not be forgotten.

## 7.3 Working Together

In 2007, unions and community services groups established a coalition then called Fair Go for Pensioners (FGFP) Coalition Inc. seeking an end to poverty and inequality, then focussed on age pensioners and now for all those most in need.

FGFP joined the fight with other peaks and the ACTU and won a rise in the Age Pension in 2009 representing for the single rate pension and supplement \$33 dollars a week. Recipients of the Disability Support Pension and Carers Payment also gained increases.

ACOSS estimates the historic increase lifted close to 10% of age pensioners out of poverty.<sup>113</sup>

## 7.4 'Changing the Rules'

Income from paid work and benefits continue to be cut or eroded and unemployment and underemployment have returned. Equally importantly, further labour market changes are taking place through the emergence of the "Gig" economy.<sup>114</sup>

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<sup>111</sup> Ibid.

<sup>112</sup> Measures included job creation programs, occupational health and safety measures to make workplaces safer, training schemes to develop workers skills and improved benefits for health and education such as the universal public health insurance system called Medicare, increased welfare payments, compulsory superannuation and some provision for child care.

**“Gig” economy.** New data from the Australian Bureau Statistics (ABS) shows that the hip sounding “Gig” economy in Australia continues to grow driven by non-employing businesses.<sup>115</sup> *It has a lot to do with income poverty and wealth inequality.*

As Fagan describes, this economy is exploitative. New business models based on advanced technologies are leading to a fast growing numbers of ‘workers’ in precarious work and are reshaping labour markets and economies.<sup>116</sup>

This changing labour market of workers is called the precariat, a transformative class in the making and according to Standing, has four main classes:

- plutocracy of oligarchs and elites
- salariat - salary earners in secure jobs
- precariat - those within it living lives dominated by insecurity, uncertainty, debt and humiliation and
- utterly impoverished and homeless.<sup>117</sup>

Standing argues ‘the class structure that underpinned industrial society gave way to something more complex but certainly not less class based.

Those in or falling into the precariat could be just about everybody says Standing. He warns that it is as well to remember that ‘some enter the precariat because they do not want the available alternatives, some because it suits their particular circumstances at the time. In short, there are varieties of precariat.<sup>118</sup>

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<sup>114</sup> These changes include:

- income from wages growth is stagnating at historically low levels
- 700,000 thousand workers’ penalty rate cuts for public holidays and Sundays to steadily reduce over 4 years from 2017 Fast Foods, Pharmacy, Retail, and Hospitality. The ACTU estimated these low-paid workers would lose up to \$6,000 a year.
- annual national minimum wage case gave a miserly increase of 64 cents per hour wage rate increase starting from 1 July 2018. Low-paid workers hourly rate increased to \$18.93 from \$18.29 in 2017.
- qualifying age for the Age Pension increases six months every two years from 1 July 2017 to reach 67 years of age by 1 July 2023 with a push for the qualifying age to rise to 70 years by 2035.
- universal Medicare benefits eroded.
- higher fees for publicly provided post-secondary technical and further education and university continue to be increased.
- unemployment benefit base rates have not been raised in real terms through legislative change since 1994.

Refer, Gillian Goozee, 2001, History of TAFE in Australia, Research Report 5 June 2001, available at <https://www.ncver.edu.au/publications/publications/all-publications/the-development-of-tafe-in-australia>; Election FactCheck Q & A: Is it true that the unemployment payment level has’nt increased in over 20 years? available at <http://www.anu.edu.au/news/all-news/election-factcheck-qa-is-it-true-australias-unemployment-payment-level-hasnt-increased>.

<sup>115</sup> Quoted in Caleb Triscari, February 22, 2018, *ABS data reveals sole traders on the rise: are gig economy workers the new small business owners?* In Smart Company, available at <https://www.smartcompany.com.au/industries/transport-logistics/new-data-significant-growth-in-taxi-industry-gig-economy/>.

<sup>116</sup> Fagan, Ibid, pp: 11-13.

<sup>117</sup> Guy Standing, 2016, *The Precariat: the new dangerous class*, Bloomsbury Academic, first published in 2011, pp:1-28 & 69-103.

<sup>118</sup> Ibid, p: 69.

Fagan warns that we need to keep looking over our shoulder as robots or cousins “chatbots” eat up jobs.<sup>119</sup> There is not one for one replacement. This job displacement will increase inequality.

For our purposes, what is missing from Government policy and action is the failure to acknowledge that being willing and able to work is not enough and the lack of attention to the pressing need to address the transformational changes underway in the global market economy.

The resultant impact on workers left behind can be devastating for all: from alienation through resentment - against for example migrants - and rage such as neo-fascism to resignation and political re-engagement or some toxic mix.<sup>120</sup>

At the same time, the Coalition is trying to move more people into work, to work more hours and for longer, with the age at which people are eligible to claim the Age Pension pushed out to 67 years by 2023. Yet, as has been shown, it is not enough for workers to be willing and able to work – there is simply not enough jobs and/or hours of work to go around and this perilous situation is likely to significantly worsen.

In response to these and other changes, the ACTU is currently spearheading a *Change the Rules* campaign identifying key priorities which include tackling inequality, lifting the minimum wage to a decent living wage, stopping wage theft, and seeking reform of the broken tax system.<sup>121</sup>

The ACTU is fighting for a fair go for its members with benefits not only flowing to all workers, their families and communities but to all Australians through tackling inequality and the broken tax system.

## **FGFP Concerns**

- 7.1** Need for community groups, faith groups, and unions to forge stronger links for collective action on the identified common interests of tackling inequality and wide-ranging tax reform and to identify what type of society we want to construct and how we might get there.
- 7.2** Need to contribute to the national conversation about the impact of the new business models and values on labour markets, the workers displaced and their families and communities. What is beyond the globalised market economy which has left behind the Industrial Age?
- 7.3** The impact of the values of these new business models on the fair go and its application to a fairer and more just society for all.
- 7.4** How to provide a decent living income for all.

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<sup>119</sup> Fagan, Ibid: pp:186-202.

<sup>120</sup> Guy Standing, Ibid, pp: 172-180.

<sup>121</sup> Australian Council of Trade Unions (ACTU), October 2017, *Change the Rules*, Campaign Kit Version 11, available at: <https://changetherules.org.au/>.



- 7.5 FGFP asserts that race, gender and class remain powerful tools of analysis of neoliberalism in Australia's government, welfare and labour market, and now the economic challenge from the "Gig" economy.

## SECTION 8 Money and a just tax system

### 8.1 Thinking about welfare

Welfare can be viewed as a problem or central to a fairer and just society. It can be a way to think about what sort of a society we want to help build by having our voices heard and needs acted upon by Members of Parliament.

*FGFP says that this means using the government for economic and social justice purposes rather than for the benefit of the few.*

### 8.2 Where will the money come from to care for all?

A just tax system means that every taxpayer and company operating in Australia pays their fair share of tax by government taking a higher percentage of tax from a higher income and a lower percentage of tax from a lower income.<sup>122</sup>

In Australia, 732 of the largest public companies and multinational entities operating in Australia paid not one cent of tax in 2015-16 financial year up from 678 the year before as reported by Hutchens. The ACTU states this cost Australia \$13.4 billion.<sup>123</sup>

This current tax system is ineffective as so much money seems to disappear. Research into Australia's largest listed companies show that the Statutory corporate tax rate of 30% is a myth. The "effective" tax rate (ETR) average for ASX 200 companies was only 23% and close to a third of those top companies ETR was a mere 10 per cent or less in 2012.<sup>124</sup>

The ACTU report research findings showing that 48 wealthy millionaires in Australia paid no tax in 2014-15 and "19 spent over \$1 million each on lawyers and accountants to manage their tax affairs."<sup>125</sup>

**'Black Economy'** The ABS reports that another \$25 billion in today's dollars (or 1.5 per cent of GDP) was lost in 2012 through the "Black Economy" in Australia. Other commentators indicate it is closer to \$40 billion a year and continuing to grow.<sup>126</sup>

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<sup>122</sup> Peter Varela, 2016, *What are progressive and regressive taxes?* TTPI Policy Brief 3/2016, Transfer and Tax Policy Institute, Crawford school of Public Policy, Australian National University, March 2016.

<sup>123</sup> Gareth Hutchens, 7 December 2017, 'Australian Tax Office says 36 of big firms and multinationals paid no tax', in *The Guardian*, available at, <https://www.theguardian.com/australia-news/2017/dec/07/australian-tax-office-says-36-of-big-firms-and-multinationals-paid-no-tax>; see also ACTU media release, 7 December 2017, *732 companies pay no tax, cost Australia \$13.4 billion*, available at <https://www.actu.org.au/actu-media/media-releases/2017/732-companies-pay-no-tax-cost-australia-134-billion>.

<sup>124</sup> United Voice, Tax Justice Network - Australia, 2012, *Who pays for our common wealth?: Tax Practices of the ASX 200*, available at, [http://i.nextmedia.com.au/Assets/ASX\\_200\\_tax\\_practices.pdf](http://i.nextmedia.com.au/Assets/ASX_200_tax_practices.pdf).

<sup>125</sup> ACTU, *Change the Rules*, Ibid, p: 6.



## 8.3 Tax Cuts 2016 - 2018

### Corporate Tax Cuts

\$29 billion of the proposed \$65 billion corporate tax rate cuts by 2026-27 became law on 19 May 2017 reducing the Statutory corporate tax rate for small business entities from 28.5% to 27.5% and the remaining \$36 billion for large corporations progressively from 30% to 25% is yet to be passed by the Australian Senate.<sup>127</sup>

### Personal Income Tax Cuts

Historic personal income tax changes based on a 3-step **\$144 billion** plan to cut personal income tax for 10 million Australians passed in June 2018, flattening tax scales to three in the name of 'simplicity and fairness'. In effect, by 2024-25 the higher the income the lesser paid in personal income tax.

The so-called '*Lower, Fairer, Simpler Taxes: Personal Income Tax Plan*' is estimated to cost \$17.8 billion dollars per year by 2024.<sup>128</sup> Yet another example of using words to deceive. This reform is anything but fair and just and will lead to more inequality not less and "a nation of haves and have-nots, forgotten communities, social division and anger" as Swan warns.<sup>129</sup>

The claimed links between tax cuts generating economic growth, lifting revenue and in turn raising real wages and living standards over time is a myth. Inequality is at the highest level in 70 years in Australia.

It is past time for reform which addresses the issue of so much money being handed over to those with the most and so little to those most in need.

## 8.4 Raising revenue: some measures

There are very large sums of money around; it just depends on the policies and programs chosen for spending it on. There is no question that the money can strengthen public revenues to provide for all as the figures below show.

- \$150.6 billion to 2020-2021. Reduce military spending by at least 10 percent (spend in 2017-18 \$34.6 billion).<sup>130</sup>
- \$36 billion to 2027. Stop the remaining corporate tax cuts now estimated to cost much more than this **at \$24 billion a year** when fully implemented.
- \$144 billion by 2024-25. Abolish personal income tax reform introduced in 2018.
- \$13.4 billion. End tax rorts estimated to generate \$13.4 billion a year just cracking down on tax avoidance.
- \$33 billion. Phase out superannuation tax concessions which are growing at 12 per cent a year.

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<sup>126</sup> ABS 2012, Information Paper: The Non-Observed Economy and Australia's GDP, 2012 <http://www.abs.gov.au/ausstats/abs@.nsf/Products/5204.0.55.008~2012~Main+Features~Summary?OpenDocument, 5204.055.008>; see also Emily Piesse, May ABC News online, *The black economy. A\$40 billion black hole the Government is scrambling to plug*, posted 31 May 2018.

<sup>127</sup> Australian Taxation Office, *Reducing the corporate tax rate*, Australian Government, available at <https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Reducing-the-corporate-tax-rate/?> All figures rounded.

<sup>128</sup> Australian Government Budget 2018-19 Factsheets, *Lower, Fairer and Simpler Taxes: Personal Income Tax Plan*, available at <https://www.budget.gov.au/2018-19/content/factsheets/7-pitp.html>.

<sup>129</sup> Katharine Murphy, *Ibid*.

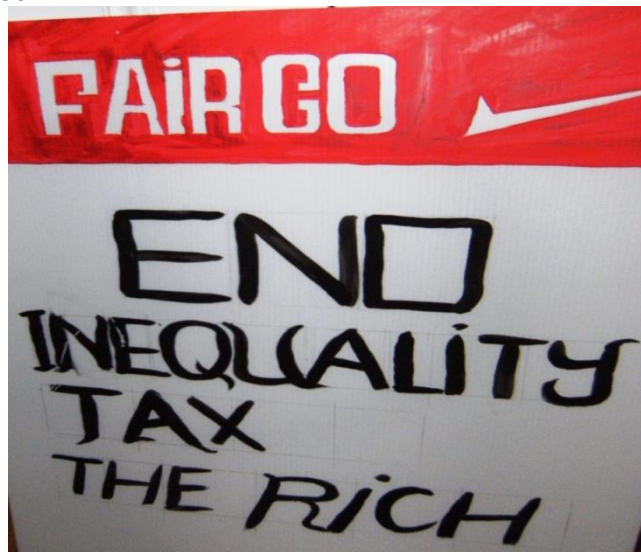
<sup>130</sup> Minister Christopher Pyne, Media Release, Defence Budget Overview 2017-18, Minister for Defence Procurement, available at <https://www.minister.defence.gov.au/minister/christopher-pyne/media-releases/budget-2017-18-defence-budget-overview>.

- \$61.5 billion in 2016-17 cost to the federal budget on capital gains tax exemptions for the family home. Cut this discount from 50 to 25 per cent.<sup>131</sup>
- \$5 billion. Abolish negative gearing.
- \$6.5 billion. Phase out the government rebate on private health insurance.
- \$9 billion. Abolish fossil fuel subsidies totalling close to \$9 billion a year to mining companies and farmers.
- \$25 to \$40 billion. Gather more data on the extent of lost revenue and implement plans to slash the Black Economy which continues to grow each year.
- \$1.5 billion in 2019-2020. Crack down on private trusts when used to avoid personal income tax.<sup>132</sup>
- pay higher wages for workers, resulting in higher tax income.<sup>133</sup>

Policy choices made not lack of revenue are the problem.

### **FGFP Concerns**

- 8.1 Fix the increasingly unfair and unjust tax system.
- 8.2 Stop businesses operating as cash only ones so they pay their fair share of tax.
- 8.3 Fund the Australian Taxation Office to enable it to actually crack-down on tax avoidance and evasion.
- 8.4 Government to conduct public awareness raising campaigns across the nation to engage citizens in the debate about a just tax system and what it can look like and why it is needed.



<sup>131</sup> Peter Martin, 30 January 2017, Treasury says tax exemptions cost the budget \$150 billion, in *The Sydney Morning Herald*, <https://www.smh.com.au/national/treasury-says-tax-expenditures-cost-150-billion-20170130-gu1qoe.html>.

<sup>132</sup> Dr Cassandra Goldie, 13 February 2018, SBS News Australia, *Call to ditch corporate tax cuts, lift the dole*, available at <https://www.sbs.com.au/news/call-to-ditch-company-tax-cuts-lift-dole>.

<sup>133</sup> Material posted on FGFP Facebook over the three years to late 2016. Email for copies or can be found at Facebook (direct link): [https://www.facebook.com/pages/Fair-Go-For-Pensioners Coalition/240292362816033](https://www.facebook.com/pages/Fair-Go-For-Pensioners%20Coalition/240292362816033).



## SECTION 9.0

### Towards a civil and caring society

Neoliberalism may be in its death throes elsewhere, but in Australia its reach is extending further into selected sectors within welfare, the labour market, the tax system and into democracy and culture.

It has contracted the role of the government in the provision of decent income support and essential public welfare services while giving money to the few.

Privatisation as a major tool of neoliberalism has only failed the many blindly ignoring the harm caused by income poverty and wealth inequality – it has been very successful for the few.

What is good for business is not good for welfare, community well-being, our national interest or public interest. The selective commercialisation of welfare has left many impoverished and ironically left for dead – berated as no good and undeserving with others now believing these toxic deceptions.

These are decisions made by parliamentarians about what to spend money on with significant consequences being the redistribution of wealth to the wealthy and cultural values turned into market ones and against those most in need.

Neoliberal policies have failed the vast majority of Australians with inequality reaching its highest level in 70 years.

Australia can provide for all by restoring the fundamental role of government in providing a broad range of public income support and essential public welfare services paid for by a just tax system. This role would be underpinned by recreating the ethical foundation based on the guiding values of care, compassion, co-operation, fairness, diversity, democracy, integrity, justice, respect, sustainability, and human rights.

The outcomes can be a fair go for life for all, dignity and respect for individuals, families and communities and a return of public trust in parliamentarians and Australia's system of government. Giving everyone a fair go for life is in our national interest.

Governments if they choose can reject neoliberalism and the brutal damage done. It does require compassionate political leadership capable of tackling vested interests and building cooperative relationships not just competitive ones.

These are democratic decisions not economic ones.

FGFP says it also requires individuals, community groups, faith groups and unions to forge stronger links banding together to further this national conversation and take action to press for a civil and caring society.

Our role is to stand up, speak out and advocate in the public interest.

Join with FGFP and call on Governments to demonstrate political will and capability and get on with working for all. A starting point can be FGFP recommendations statement.



## SECTION 10.0

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## SECTION 11.0

## Appendices

### HOUSING FIRST MODEL - FINLAND

### APPENDIX 1

Since 2008 the national homelessness strategy in Finland has been the “Housing First” principle of a human right and a basic right for clients to have their own permanent rental dwelling lease – that is a home. Needs based support as required is available around the clock. This model means ending homelessness instead of managing it.

Finland is the only country in Europe where the number of homeless people has declined in recent years.

In Victoria, FGFP endorses Housing for the Aged Action Group in its State Election Strategy 2018 calling on all political parties to explore models of low cost housing based on Finland’s Housing First model.

The following is the Description of the Stair Case Model developed by Housing First Finland provided by Taina Hytönen – Programme Coordinator, Housing First Europe Hub, Y-Foundation, Finland.  
[http://www.housingfirst.fi/en/housing\\_first/housing\\_first\\_in\\_finland/housing\\_first\\_in\\_finland](http://www.housingfirst.fi/en/housing_first/housing_first_in_finland/housing_first_in_finland)



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