

SOCIAL COALITION

The Prime Minister recently released for publication in *The Australian* on 12 January 2000 a statement entitled "Quest for a decent society". In this statement he outlined the philosophy of his social reform programme for the year 2000. He restates the notion of a social coalition, which will form the basis of his policy, as "a partnership of individuals, families, business, government, welfare and charitable organisations, each contributing their unique resources and expertise to tackle disadvantage at source."

It is difficult to reconcile this philosophy with the philosophy which has prevailed as government pursued economic reform. For several years the emphasis has been on fundamental economic theory and policy. For several years there has been an emphasis which encouraged competition between individuals, businesses and organisations - which encouraged selfishness and self-interest - which encouraged divisions in the interest of economic efficiency - which downgraded the status of work to that of a commodity, and which accepted without question levels of unemployment which one generation ago would have been unacceptable.

As a motherhood statement there can be some support for the concept, especially if it can be taken as an indication of greater government appreciation of the need for social reform. However, in the current economic environment it is difficult to see how this can be other than limited qualified support

Robert Fitzgerald, past president of ACOSS and now Community Services Commissioner in NSW, was given the opportunity to respond in *The Australian* on 13 January. He stated: "Indeed I believe that a social coalition is both possible and desirable." He later went on to say "Nor can such a coalition survive if there is an underlying belief that social concerns are secondary to economic concerns."

The editorial in the *Weekend Australian* 15-16 January also gave qualified support for the concept, opening with - "John Howard's expansion.....on his ideas for the social coalition should be welcomed for a number of reasons." Later it stated "The rhetoric of the social coalition must not be a smokescreen for the withdrawal of government from key areas of public policy."

In his statement to the media, the Prime Minister attempted to demonstrate that the concept of a social coalition is not a new concept, but rather one which ".....has underpinned much of the Government's social policy direction over the past few years." Yet social coalition remains just a concept, somehow intertwined with "mutual obligation" and "prevention of welfare dependency", and can only be judged as such. Perhaps the practical application of the concept will become clearer when the Reference Group presents its interim report to the Minister for Family and Community Services in the near future.

In the meantime there are two issues relevant to the Prime Minister's statement which we believe warrant early consideration. The first, income inequality, relates to the philosophy of the concept and thus has immediate relevance. The second, in relation to employment agencies, is introduced in this paper as a possible application of the concept, and is relevant to current practice.

Income inequality

Income inequality is a natural and inevitable outcome of economic growth and prosperity, apparent in every industrialised country experiencing economic growth, and it is certainly apparent in Australia today. In recent years we have experienced one of the highest sustained rates of growth in the world, but as the Prime Minister acknowledges - "..... clearly not everybody is sharing equally in the benefits flowing from our current economic strength."

In today's climate of new capitalism based on globalisation, new technology and free market fundamentals, greater equality in the sharing of our economic prosperity is fundamental to the development of a fair and equitable social policy. In this economic environment there must be winners and losers, and it is up to government, representing the community as a whole, to decide how far both winners and losers should share in the benefits of this prosperity. This is a decision which government cannot delegate or abrogate.

Today there is an impression that only the winners benefit, and the losers are required to accept responsibility for their failure. For example, in our labour force of over 9 million there are close to one million who have been sacrificed in the interest of greater labour productivity and lower labour costs. These are the losers. These are the

victims who are now being asked to justify their existence. Surely their sacrifice, their contribution to our overall success can be recognised. Surely we can get away from the safety net concept to one of sharing - mutual recognition rather than mutual obligation.

It seems not! It seems that the safety net is fundamental to the concept of a social coalition. The Prime Minister states quite clearly that "The Coalition remains steadfast in its commitment to and support for a strong social security safety net." And in the Discussion Paper released by the Minister, one of the stated objectives of the welfare system is "to provide an adequate safety net".

Today, in this age of new capitalism, it is good economic policy to maintain a level of unemployment which will assist in achieving low labour costs and high labour productivity. It is also good economic policy to create an industrial relations environment which facilitates increasing flexibility in the labour market through part time and casual employment. The challenge for government is to develop a social policy which will adequately recognise and assist those who are disadvantaged by these economic policies, and in so doing to refute the claim that "good economic policy is good welfare policy." (Discussion Paper p.10)

Employment agencies

In May 1998 government introduced a privatised job search scheme to replace the government-run Commonwealth Employment Service (CES). With this scheme, government pays private firms to find jobs for the unemployed. Employment agencies, including the re-vamped, corporatised CES now known as Employment National, were invited to tender for contracts. Over 300 were successful, including Employment National which gained roughly 40 per cent of the work with a value of over \$500 million.

In December 1999 the successful tenderers for the second round of contracts were announced, with some surprising (?) results. Employment National's share of the work was reduced from 40 per cent to 1 per cent, and other agencies suffered reductions or missed out altogether. Pioneer Clubhouse, rated as equal-best provider of intensive assistance services in Northern Sydney and NSW Central Coast, missed out, as did the Queensland job agency Employment and Training Network, rated the best job-search provider for the long-term unemployed in the Moreton region.

The winners in this round of tenders were largely regional or charitable organisations, including agencies run by the Anglican Church Mission Employment, Salvation Army Plus. The Uniting Church Wesley Employment and The Catholic Church Centacare.

The Minister for Employment Services claims the decisions were based on competitive tenders, although in at least two cases failure to gain contracts was blamed on a failure to take into account the effect of the GST in the tender process. If competition was the real basis for awarding contracts, then surely charitable organisation with welfare funds available to help job applicants in need would have a competitive edge.

Was this result for the second round of tenders decided on the basis of competitive quotes alone, or was it influenced by the concept of a social coalition?

The unemployed have been the bane of successive governments for many years, perhaps just because there are too many of them. The term "dole bludger" still sits easy in welfare planning, and the younger unemployed in particular are the target for so-called mutual obligation principles. In December 1999, for example, there were announcements that:

a. New applicants for unemployment benefits face losing their payments if they do not comply with directives to immediately join the work-for-the-dole scheme. "The Government is to abolish long-term idleness at taxpayers expense" according to the Employment Services Minister. Unemployment thus becomes idleness!

b. Young people who refuse to learn to read or write will lose part of their dole. The Prime Minister, when making this announcement, declared himself "passionate" about mutual obligation. This change would apply particularly to people aged 18-24.

c. End of the dole as we know it. The Prime Minister, when asked on ABC Radio

if Australia was moving towards the end of the dole as we know it, replied "we are moving towards that situation."

Earlier in the year, in March 1999, the Prime Minister announced tax concessions of more than \$50 million to encourage business to support charitable organisations. Later on, in December, he indicated that business sponsorships of charities and their commercial activities would not attract GST.

When discussing these changes and the new employment strategy, the Employment Services Minister made one very telling comment on the low level of employment income available to new employees. In his view Australia is apparently a low welfare benefit, low wage income nation. As he put it, "The problem is not the level of welfare payments (which are not especially generous by Western standards), but the comparatively narrow gap between income on unemployment benefits and earnings from work." [An excellent reason to consider a universal system of income support free of means test.]

What will be the next move?

It seems that the pieces are slowly but surely being put in place to hand the job search and dole entitlement process over to charitable and regional agencies. The present fine line between commercial and welfare activities will disappear, making it impossible for other non-charitable organisations to compete. At the same time industry will be encouraged to contribute to these organisations. In this way the concept of a social coalition becomes a reality. And the bottom line - a huge reduction in government expenditure on the unemployed in terms of outlays and administration.

There is already considerable public discussion in relation to the role of charitable organisations, and in particular church organisations, in the employment process.

On one hand there is support for church agencies to play a more active role in helping the unemployed, combining their welfare and job search skills to provide a service which cannot be matched by private agencies. Gordon Moyes, Superintendent of the Wesley Mission, states that the Mission "has always sought to adapt its ministry as a church to meet the changed needs of the community: tendering for unemployment programs reflects this holistic approach." (The Australian, 7 January, p.9)

On the other hand there is concern that extension of the role of charitable organisations to matching people to jobs will lead to conflict both within and outside the churches. Catholic Bishop William Brennan has made the point that looking for jobs for the unemployed may conflict with the Church's principal mission. James Murray warns that "the churches should be wary of putting themselves in a position of being so beholden to government that they lose their freedom of social action." (The Australian, 7 January, p.9)

If the government's policy concept of social coalition extends to church and welfare agencies participating in the assessment process for eligibility for unemployment benefits there will be scope for even wider discussion.

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