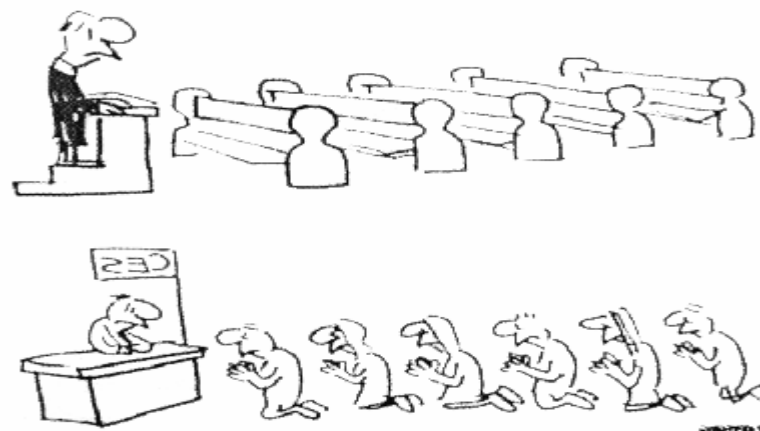




NATIONAL
COUNCIL OF
CHURCHES IN
AUSTRALIA

A Covenant for Employment



A position paper of the
National Council of Churches in Australia
September 1999

Member churches
of the
National Council of Churches in Australia

The Anglican Church of Australia
The Antiochian Orthodox Church
The Armenian Apostolic Church
The Assyrian Church of the East
The Churches of Christ
The Coptic Orthodox Church
The Greek Orthodox Archdiocese of Australia
The Lutheran Church of Australia
The Religious Society of Friends
The Roman Catholic Church
The Romanian Orthodox Church
The Salvation Army - Eastern and Southern Territories
The Syrian Orthodox Church
The Uniting Church in Australia

The evangelistic witness will also speak to the structures of this world; its economic, political and social institutions... We must re-learn the patristic lesson that the Church is the mouth and voice of the poor and the oppressed in the presence of the powers that be. "Ecumenical convictions on mission and evangelism" in BRIA I (ed.) Go forth in peace: Orthodox perspectives on mission Geneva: WCC 1986 page 78, quoting Confessing Christ today, pages 10 and 13.

*We cannot accept a situation which excludes large numbers from full participation in the life of their own country... There are commentators who would tell us that a long-term pool of unemployed is good for the economy. We cannot accept that.*¹ (Australian Catholic Bishops Conference)

...the laws of supply and demand, and all the rest of the excuses by which those who stand on firm ground salve their conscience when they let their brother sink... often enough are responsible for his disaster. Coffin ships are a direct result of the wretched policy of non-interference with the legitimate operations of commerce (William Booth)

■ TABLE OF CONTENTS

Summary	2
Introduction	3
What is the unemployment situation?	6
What have the churches said about unemployment?	
Theology and criteria.....	11
What is current government policy on unemployment?.....	14
Why do the churches think current policy directions are not adequate ?	16
What more do the churches think should and could be done to reduce unemployment? What have the church agencies been advocating?.....	19
References	24

NOTE: *this position paper summarises the key points from a number of recent Church documents on unemployment. The analysis, arguments and primary sources may be found in those documents (listed at the end of the paper) and detailed referencing is therefore not provided here.*

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■ SUMMARY

WE ENVISAGE A STRATEGY THAT ENABLES ALL LEVELS OF GOVERNMENT, AND ALSO BUSINESS, UNIONS, WORKERS, CHURCHES AND COMMUNITY GROUPS TO WORK COOPERATIVELY TO REDUCE UNEMPLOYMENT IN AN ETHICAL AND JUST WAY

In this statement, the Churches call for a new, more comprehensive approach to unemployment. What is needed is a national strategy which is also a "national covenant for the common good". We envisage a strategy that enables all levels of government, and also business, unions, workers, Churches and community groups to work cooperatively to reduce unemployment in an ethical and just way.

In approaching the question of unemployment the Churches draw on their rich tradition of Christian teaching about work and economic justice, and on substantial research and experience over a long period as employers, providers of community services, and advocates. This paper draws on that tradition in three ways. It summarises some of the most important theology and criteria from authoritative Church documents, it evaluates the government's current and proposed policy directions against those criteria and it summarises the additional policy directions that member Church agencies advocate as necessary to provide a comprehensive, just and effective national employment strategy.

The member Churches of the NCCA welcome Mr Reith's recognition of the need for a national strategy to deal with unemployment in his letter to the Prime Minister in December 1998. However, we believe that his proposals fall far short of what is required. Changes to workplace relations legislation are no panacea for unemployment, and will not, on their own, create "more jobs" at "better pay". The NCCA member Churches support the calls that have been made by their social justice and community service agencies over the last few years for a more comprehensive approach to unemployment.

ABBREVIATIONS:

The following have been referred to by their initials:

Australian Catholic Social Justice Council (ACSJC)
 Australian Catholic Social Welfare Commission (ACSWC)
 Brotherhood of St Laurence (BSL)
 Common Wealth for the Common Good (CWFCG)
 Salvation Army (SA)
 Uniting Church in Australia (UCA)
 Uniting Community Services Australia (UCSA)

.....
 ABS: Australian Bureau of Statistics
 GATT: General Agreement on Trade and Tariffs
 GST: Goods and Services Tax
 OECD: Organisation for Economic Cooperation and Development
 APEC: Asia-Pacific Economic Cooperation

AN EFFECTIVE NATIONAL STRATEGY WOULD INCLUDE A POLITICAL COMMITMENT TO FULL EMPLOYMENT, WITHIN A FRAMEWORK SET BY HUMAN RIGHTS OBLIGATIONS

An effective national strategy would include a political commitment to full employment, within a framework set by human rights obligations. It would protect the right of low paid workers not merely to a safety net, but to fair and just remuneration and conditions of work that take account of family and other responsibilities. The strategy needs to include not only general

"macroeconomic" settings, but a proactive industry policy, a focus on local and regional development, an adequate revenue base for the public sector, and improvement in both public and private investment. All of these can contribute to a strategy of job creation. There need to be improvements in training for unemployed people, or people about to be unemployed, and improved labour market programs. It also requires an incomes policy, encompassing both just wages and an adequate income for people who are unemployed or are in transition between unemployment and work. These and associated policy directions are essential if the whole nation is to work together to ensure that all those who want it have access to appropriate paid employment.

■ INTRODUCTION

For most people in countries like Australia, a good standard of living is dependent on employment. For some, the employment is their own. Some depend on the employment of others, parents and partners. Some depend on their own former employment redistributed over their lifetime through savings or superannuation. Some depend on the employment of others more indirectly through public provision financed by taxation. Not to have employment is to be threatened with poverty. To belong to a unit that is dependent on an unemployed person is to be in poverty. To have insufficient earnings from employment is to be in poverty. A high level of unemployment threatens the nation's capacity to provide for its people.

Society has a responsibility to ensure there is an adequate and fair distribution of work which provides a living wage to all who want it. This strengthens individuals, families and the broader social fabric. Meaningful and adequately paid work is essential to the character of individuals and their right to integrate fully into society, assuming the rights and corresponding responsibilities of participation in the life of the community. Any society that denies the material and social benefits of work to its population does so at its own peril.

SOCIETY HAS A RESPONSIBILITY TO ENSURE THERE IS AN ADEQUATE AND FAIR DISTRIBUTION OF WORK WHICH PROVIDES A LIVING WAGE TO ALL WHO WANT IT

Access to employment is not evenly distributed. Reasons for this differ in different situations. People's capacities vary widely, from those with disabilities that considerably hinder and even eliminate their prospects of employment to those who are able to choose for themselves where and at what they will work. Skills acquired with great labour become obsolete. Work itself moves as the demand for labour changes. Older and unskilled people are particularly disadvantaged in these changes if special reskilling is not provided for them. However, the compounded skills barriers and disadvantages experienced by the growing ranks of unemployed, under-employed and long-term unemployed Australians are so great that they are denied the fundamental benefits of employment and advancement when the demand for work increases.

None of this is to say that only paid work is valuable. Many activities that are both necessary and fulfilling are not directly remunerated. Among these are various forms of domestic tasks, including child rearing and the care of dependent family members. Other forms of unpaid service turn localities into neighbourhoods and communities. None of these is to be overlooked or devalued. Nevertheless, the capacity of people to perform

these services is often underwritten by their own paid employment or that of some other person.

For people who have the capacity for work, its undertaking is not only an act of self-interest, it is a contribution to the cohesion of the society. When persons who are willing and able to work find there is no work for them to do, the result is waste, frustration and despair.

Despite this, work is not valuable at any cost. The exploitation of workers through low wages, poor and dangerous working conditions and uncertain contracts is itself productive of waste, anger and social disruption. Concern for the provision of work must be matched by concern for the conditions of work. Nor is the expansion of employment by any possible means desirable. Some forms of work may be destructive of the environment, even when there is a demand for that labour and a market for its products.

CONCERN FOR THE PROVISION OF WORK MUST BE MATCHED BY CONCERN FOR THE CONDITIONS OF WORK

It ought not to be assumed that the only value of employment is economic. Employment is a way in which individuals and groups participate in society. Employment provides identity, a structure for the day and social contact. Unpaid activities also have these aspects, but their enjoyment is often reduced if participation is other than voluntary. That is to say, enforced unpaid work is a poor substitute for employment. Unemployment not only produces poverty, it also contributes to poor physical and mental health, to family breakdown and domestic violence and to suicide. Its costs are very high.

It is not sufficient to define the terms of an interacting set of personal, familial and social rights and responsibilities as 'mutual obligation'. Such a term implies that the society is divided on a contractual basis between those who are independent and those who are dependent.

Although many may remain for most of their lives in one position or another, the reality is that there is no sharp distinction between the two groups, particularly if a whole of life approach is taken. Instead of implying a division that leads to a contract of mutual obligation, we need a description of our relationships that stresses cohesion, unity and interaction.

For this reason, the National Council of Churches in Australia proposes that we talk about a 'national covenant for the common good'. The term 'covenant' stresses mutuality without the implication of division. It recognises the possibility of changing positions within the mutual

arrangements. Based on the inter-dependence of all members of society, it implies a level of social commitment that survives changes in government, economic circumstances and policy details.

Churches take seriously the issues set out in this statement. Christian teaching has always stressed human well-being as part of God's intention for creation. The good things of the earth are generally available for all the earth's inhabitants and are to be used with care and responsibility. Humans have both a right and a responsibility to contribute to the wellbeing of others as well as to support themselves. It is in this context that employment takes on its significance for the Church as well as for the society. Justice, a central demand of the Bible, requires that the opportunity to work not be denied to people when it could otherwise be available. The injustice of unnecessary unemployment itself leads to further injustices. Poverty, as one result of unemployment, is both materially and spiritually damaging. Thus it is of central concern to the Christian Churches.

This statement has been drafted by the Social Justice Network of the National Council of Churches in Australia and endorsed by the Council's Executive. The Network consists of representatives of national Churches who are themselves directly involved in the social justice activities of their Churches. The statement is based on the study and analysis of employment and unemployment undertaken by national Church agencies with wide experience in both the care of the unemployed and the provision of employment services. That study and analysis includes both policy and program questions, and is reflective of some of the best practice in the Australian community.

Michael Horsburgh
Chair
Social Justice Network, National Council of Churches in Australia

FOR THIS REASON, THE NATIONAL COUNCIL OF CHURCHES IN AUSTRALIA PROPOSES THAT WE TALK ABOUT A 'NATIONAL COVENANT FOR THE COMMON GOOD'

■ WHAT IS THE UNEMPLOYMENT SITUATION?

BEHIND THE OFFICIAL UNEMPLOYMENT RATE ARE HIDDEN NUMBERS OF DISCOURAGED JOB SEEKERS AND PEOPLE WHO WANT TO WORK LONGER HOURS

Official unemployment rates are now lower than in 1992-4, but are still too high. Furthermore, behind the official unemployment rate are hidden numbers of discouraged job seekers, who no longer appear in the unemployment statistics, and people in part-time employment who want to work longer hours.

We agree with the current Government that present levels of unemployment are unacceptable.² However, Government seems to take an ambivalent view. It uses reductions in unemployment as a sign of good economic management. It also uses the problem of unemployment as part of the rationale for policy initiatives such as reducing minimum wages, youth wages and award conditions, or for discouraging union involvement in negotiation of workplace agreements, or for punitive action in social security programs. Ultimately, reducing minimum wages will increase the number of "working poor". It will also create pressure to reduce levels of social security payments, to maintain so-called "work incentives". We cannot agree with these approaches.

UNEMPLOYMENT FIGURES...



TANDBERG

Behind the slight falls in the national aggregate unemployment rate, which have been hailed by our political leaders as "very good numbers" resulting from "the sound management of the economy", is a growing scepticism and moral outrage of citizens and communities who

BEHIND THE SLIGHT FALLS IS A GROWING SCEPTICISM AND MORAL OUTRAGE OF CITIZENS AND COMMUNITIES

are witnessing the worsening plight of a growing number of their community affected by unemployment. Many experience rates of unemployment that are significantly higher than the national average according to age, gender, Indigenous and non-English speaking backgrounds, location etc.

Recent trends in employment

What is happening to jobs?

YEAR	TOTAL (MILLIONS)		EMPLOYED		MEN (MILLIONS)		WOMEN (MILLIONS)		UNEMPLOYMENT RATE (DECEMBER)
	All	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time		
1990	7.8	6.2	1.8	4.2	0.4	1.9	1.3	6%	
1992	7.2	5.8	1.8	3.9	0.5	1.9	1.3	11%	
1998	8.6	6.4	2.2	4.3	0.6	2.1	1.6	7.5%	

Based on Australian Bureau of Statistics

While unemployment was higher in December 1998 than in December 1990, employment was also higher. 800,000 jobs were created between December 1990 and December 1998, 200,000 of them being full-time and the rest part-time. In 1998, almost half the jobs created were full-time.³ In February 1999, 1.6 million part-time workers did not want to work longer hours, but 600,000 (nearly 40%) would have preferred longer hours of work.

New full-time jobs are often taken by people already in the labour market in part time work, rather than by unemployed people. That is, many are taken by underemployed people.

Of the 8.6 million people who were employed in February 1999, 4.2 million worked 40 hours or more, including 1.7 million (about 20%) who worked over 49 hours a week. The average weekly hours for full time workers was nearly 45 hours, and 17 hours for part time. These statistics suggest that there is no shortage of paid employment. About 15% of employees work paid overtime, averaging 6.5 hours per week each.

Job seekers - how many are there and who are they?

In the twelve months to July 1998, 1.7 million people started a new job. One million of these were out of work prior to starting the job; the other 700,000 changed employment. For 190,000, it was their first job. 115,000

had three or more jobs in the twelve months. 1.3 million contacted employers. Of these, over 500,000 did not know that there was a job available. Of the nearly 800,000 who knew a job was available, over 300,000 knew through friends, relatives or company contacts, and about 260,000 through newspaper advertisements. For about 130,000 job seekers, Centrelink/CES was involved.⁴



In February 1999, nearly 600,000 unemployed people were looking for full time work and 190,000 looking for part time work. Throughout 1998, between 31 % and 33% of the unemployed were long term unemployed (ABS seasonally adjusted figures). The average duration of unemployment for those looking for full time work was 62 weeks (median 21 weeks) and for those looking for part time work, 25 weeks (median 6 weeks). 215,000 had been looking for full time work for more than a year, and 29,000 had been looking for part time work for more than a year. There are about 1.3 million young people aged 15-19 years. 800,000 are in the labour force (including 160,000 unemployed) and 500,000 are not. About 9000 students are looking for fulltime work, and 74000 are looking for part time

215,000 HAD BEEN LOOKING FOR FULL TIME WORK FOR MORE THAN A YEAR

work. The unemployment rate is highest among 15 year old school leavers (42%), and is 20% for all those aged 15-19 who are not in education. It is also 20% for the aged group as a whole, whether in education or not.

Unemployment is concentrated in particular regions. For example, unemployment in the Hunter Valley in NSW is about 40% higher than in the rest of NSW. It is still in double figures. Steelworks, meatworks and coal mines are closing. The region would need 10000 new jobs to get the unemployment rate down to the state and national average. The

UNEMPLOYMENT IS CONCENTRATED IN PARTICULAR REGIONS

unemployed in rural areas lack the same opportunities or services as people in urban areas. In many rural areas, the unemployment rate is masked by the exodus of people, especially the young, to urban areas in search of work.

Nearly 140,000 people who are not counted as part of the labour force, are nevertheless seeking work.

About seven million people in the labour force were born in Australia. They have a participation rate of about 67% and an unemployment rate of about 8%. Two million people in the labour force were born outside Australia. They have a participation rate of 59% and an unemployment rate of nearly 10%.

The total number inadequately served by the current labour market (i.e. the unemployed and the underemployed) is about 1.6 million, made up as follows. There are about 800,000 unemployed, about 80,000 students who want work, about 600,000 people who want to work longer hours and about 140,000 people who would take work if it was available. This does not include people who are not considering paid employment because it does not seem to be available - for example, older people who have retired earlier than they would have liked (i.e. discouraged job seekers).

THE TOTAL NUMBER INADEQUATELY SERVED BY THE CURRENT LABOUR MARKET IS ABOUT 1.6 million

The ABS labour force publication does not seem to give separate figures for Aboriginal and Torres Strait Islanders. The 1996 Census showed the unemployed rate for Indigenous Australians was 23% (compared to 9% at that time for the total population).⁵

TWO THIRDS OF THE JOBS WERE CASUAL AND 90% LASTED LESS THAN TWELVE MONTHS

What services exist for the unemployed?

An ABS survey of long-term unemployed between May 1995 and

September 1996 revealed "churning" in unemployment. It showed that two-thirds of job-seekers found work over an 18 month period. However, two thirds of the jobs were casual and 90% lasted less than twelve months.⁶ That is, people return to unemployment because of lack of stable, full-time employment.

In 1998, the Australian Government introduced the Job Network. It promised to publish regularly figures on the effectiveness of the Network. So far, it has failed to do so. The adequacy of the "Flex 3" scheme, which was designed to help long term unemployed and received 70% of all funding for the jobs network, is a matter of concern. Its success rate of 15% appears to be well below that of some of the schemes it replaced.⁷

ACOSS noted in its 1999-2000 budget submission that the Job Network is funded at a level that provides full services to only one in three of the long term unemployed.

ACOSS notes that in 1996, some 70% of unemployed people (and their households) experienced poverty. Income support is currently below the level of pensions.

What is the relationship between "Welfare" and unemployment?

Australia has one of the most tightly targeted and low-funded welfare systems of any industrialised nation.⁸ Unemployed people experience long waiting periods, harsh penalties, and low benefits compared to pensions or wages. They are also expected to use up any lump sums or savings before getting benefits, turning unemployment into a financial catastrophe.

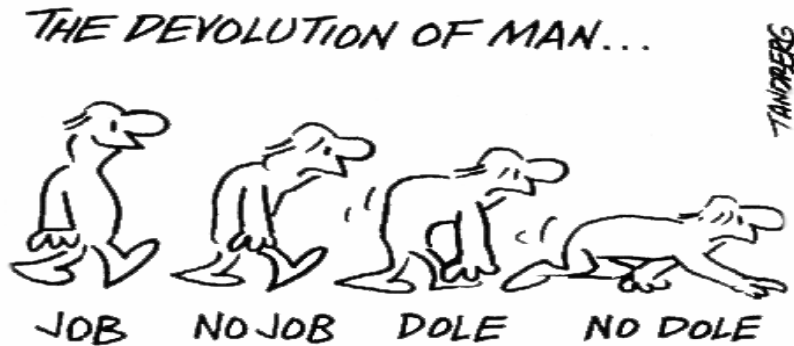
Claims that the system encourages "welfare dependency" seem unsubstantiated. Most social security recipients are not classified as unemployed, and most people who receive unemployment payments do so for only a short period. Apart from a small number of families with more than three children, there is a gap between social security payments and low wages. Also, a comparison of vacancy rates with unemployment rates shows the basic problem is lack of vacancies, not "welfare dependency".

When unemployed people are offered only short term, casual employment, they have no choice but to return to unemployment benefits when the job finishes, while they seek another job. This is a labour market problem, not a problem with the welfare system. Many people receive supplementary family payments because of low wages. Again, this is a problem with the labour market, not the welfare system.

Attacks on "welfare" seem to target only particular forms of welfare, and hence particular groups of citizens. There is also an invisible welfare system, namely the system of tax concessions, rebates and mechanisms such as trusts. Since some of these are mainly of benefit to those on higher incomes, they ought to be the first subject of any attack on "welfare".

■ WHAT HAVE THE CHURCHES SAID ABOUT UNEMPLOYMENT? THEOLOGY AND CRITERIA

The Churches have had a long and active engagement in issues of work, employment and unemployment, as employers, service providers, and policy advocates.



We are both large employers and providers of services to the unemployed and their families. The Churches have called upon the Australian

THE CHURCHES HAVE CALLED UPON THE AUSTRALIAN GOVERNMENT TO DEVELOP A COMPREHENSIVE EMPLOYMENT STRATEGY

Government to develop a comprehensive employment strategy to

overcome unemployment in a way that respects human rights, preserves workers' rights and ensures that paid employment provides an adequate source of income, freeing people to balance the demands of paid employment with other aspects of family and community life.

As the Social Responsibilities Commission of the Anglican Church said in 1982,

Any and all measures to deal with unemployment are doomed unless justice binds the society into a cohesive whole...we cannot tolerate a society where the rich grow richer and the poor, poorer...We speak in the belief that political and economic discourse is distorted if it lacks a moral dimension, if its focus on the dignity of the human person is blurred.⁹

The Churches issue this statement on the basis of our experience in meeting human need, both in the present and historically, and on the basis of our rich heritage in ethical and human concerns. Churches have an

involvement in economic matters that predates that of national government or secular academy.¹⁰

The member Churches of the National Council of Churches are all concerned about unemployment. As (Anglican) Archbishop Keith Rayner said in 1992, "People need to know that they are productive and creative members of the human community, and their ability to work is crucial to this".¹¹

Work is the key to building a just society. That is why teachings about work and the rights and duties of workers and employers have been central to the teaching of the Church about social justice...The Catholic Church has never accepted the view that reduces human labour to a commodity, to be bought or sold - or not - merely according to the laws of supply and demand¹²

As long ago as 1891, Pope Leo XIII warned that workplace agreements between individuals and employers cannot be assumed to be voluntary, as the power relationship is not equal.

JUST WAGES AND AN ADEQUATE SOCIAL WAGE ARE THEREFORE ESSENTIAL SO THAT "EVERYONE HAS ACCESS TO THE GOODS OF THE EARTH

In celebrating the Feast of St Joseph the Worker, the Catholic Church recognises that work is essential to the well being of both individual workers and society. Work is a vocation, it is done to serve people, and it is a way of contributing to society. Work is the means by which people earn an income. Just wages

and an adequate social wage are therefore essential so that "everyone has access to the goods of the earth that were intended by God for the use of all".¹³

Individuals have a duty to work, and workers have a right to a just wage, safe conditions of work and adequate time for rest, recreation, family life and religious observance. Workers have a right to form and to join, or not join, trade unions.

Since 1891 the Catholic Church has clearly stated that collective action is needed to give most workers some hope of bargaining with employers on an equal footing. Workers have a duty to provide a fair day's work for a fair day's pay.

Employers have a duty to provide their workers with a just wage and a safe and healthy workplace. They must treat workers with respect and dignity and not squeeze wages of the poor for the sake of profit.¹⁴

Governments have a responsibility as "indirect employers" to ensure that there are adequate social and economic structures and institutions to ensure the availability of work, with just pay and conditions.

Governments must protect, foster and promote the human rights of all people and groups...They must intervene in social and political life to establish conditions that help each person and group to achieve their potential as freely and fully as possible. This includes providing an appropriate legal framework for the settlement of industrial disputes which harmonises the rights of workers, employers, and the whole community.¹⁵

**NO INDIVIDUAL SHOULD BE
REGARDED AS UNEMPLOYABLE**

The Salvation Army requires that all proposals for reducing unemployment be based on sound ethics and values. The goal is full employment. All

Australians have the right to work within their individual capacity. No individual should be regarded as unemployable. We must simultaneously prevent unemployment, intervene at the earliest opportunity to assist the unemployed, and alleviate the stresses of long-term unemployment.

We would still regard full employment as a key social policy objective for Australia, notwithstanding current economic policies.¹⁶

The Uniting Church in Australia in 1994 adopted *A call to justice concerning employment*.

Australia should adopt the goal of full employment at adequate wages in an ecologically sustainable economy, and adopt appropriate measures to ensure that this goal is met, through the cooperation of government, business and unions.¹⁷

They recognised that this requires an active government employment policy which recognises that the public sector, business sector and community sector are all major avenues of employment. The UCA stressed the importance of an employment strategy being consistent with human rights, including maintaining an adequately funded public sector as a provider of infrastructure, services and income support.

In recent times, the Churches have put such beliefs into practice in a number of direct ways. Internally, we are seeking to ensure justice for our own workers. Externally, we have taken action to support workers in other ways. One example is our support for the Fairwear Campaign, in cooperation with the Textile, Clothing and Footwear Union of Australia and community groups. The purpose of this campaign is to end exploitation of outworkers in the garment industry, by ensuring they are paid award wages.

Each of these Churches has stressed that not all valuable work is paid employment. The focus on people deriving income from paid employment in the business sector undermines the valuable work that people may contribute in other ways. These include parenting, caring for an aged family member or someone with a disability, or contributing to community services as a volunteer.

■ WHAT IS CURRENT GOVERNMENT POLICY ON UNEMPLOYMENT?



In his letter to the Prime Minister in December 1998, Peter Reith, Minister for Employment, Workplace Relations and Small Business, named five "pillars" for a comprehensive employment strategy. He refers to the recommendations of the OECD (Organisation for Economic Cooperation and Development).

- Appropriate overall macroeconomic policy, including fiscal and monetary policy (OECD point 1)
- Reform of workplace relations and wages policy (OECD points 4, 5 and 6)
- Reform of social welfare policies (OECD point 9)
- Reform of labour market programs (OECD point 7 and 8)
- Industry policy, especially in respect of small business (OECD points 2, 3 and 10).

The letter affirms the importance of maintaining current macro-policy settings, of increasing labour market flexibility and productivity, and restricting real labour costs. He expresses concern with "pattern bargaining" and with the continuing role of unions in the bargaining process in many workplaces.

Mr. Reith proposes, as employment policy strategies, to exempt small business from unfair dismissal laws, to introduce a six month employment period before those laws apply, and to preserve and extend into other

awards age based junior wage rates. He emphasises the importance of further deregulation of the labour market, especially further constraints on the role of unions and on "pattern bargaining", as well as restricting the

minimum wage rates set by the Australian Industrial Relations Commission.

Under Industry Policy, he notes the need for increasing Australia's competitiveness through "policies to support innovation, quality, productivity and high-value added industries", including research and development strategies, and policies to develop Australia's human capital. No detail is provided for these. The only regional initiatives in his letter relate to the extension of work for the dole requirements, which would allow government and community services access to a pool of inexpensive labour. He sees small business as the key to employment creation.

In May 1999, Mr. Reith released *The continuing reform of workplace relations: Implementation of More Jobs, Better Pay*. This "Discussion Paper" sets out proposed changes to the *Workplace Relations Act*. He invited Church representatives to meet with him on May 19, in Melbourne to discuss this. The discussion paper focuses on reducing the award safety net to five "allowable matters", reducing the role of the Industrial Relations Commission, increasing the role of the Employment Advocate, restricting the role of unions, and encouraging a greater reliance on individual contracts. The Government has also claimed the GST will create jobs.¹⁸

Other policy decisions suggest that alleviating unemployment is not a priority. The 1999-2000 Federal Budget states that the unemployment will remain at the current rate of 7.5% for the foreseeable future. This amounts to an admission that the Commonwealth will not intervene in the operation of the market to assist the unemployed with any of the \$5.4 billion surplus, which was in part gained in the first place through slashing benefits and programs to the unemployed. Clearly, the Government is holding off on

CLEARLY, THE GOVERNMENT IS HOLDING OFF ON ANY STRATEGY TO ASSIST THE UNEMPLOYED OTHER THAN TO INTRODUCE A SECOND WAVE OF LABOUR MARKET "REFORMS"

any strategy to assist the unemployed other than to introduce a second wave of labour market "reforms".

■ WHY DO THE CHURCHES THINK CURRENT POLICY

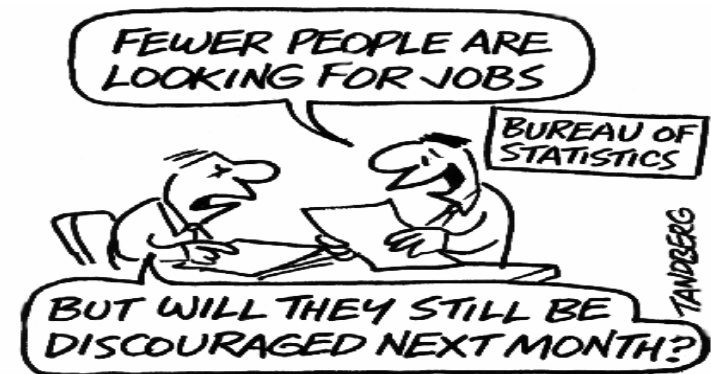
DIRECTIONS ARE NOT ADEQUATE?

In releasing his letter to the Prime Minister about unemployment, Mr. Reith acknowledged that

the Government has the responsibility to do all within its power to establish the framework for job creation, and this letter demonstrates that we are actively considering every possible option to achieve an objective that clearly has the support of the Australian people.

We do not believe that Mr Reith's proposals are adequate or appropriate solutions

The Churches welcome the Government's stated concern about unemployment, expressed in Mr. Reith's letter to the Prime Minister. However, we do not believe that the proposals are adequate or appropriate solutions.



The letter does not include "every possible option", but rather pursues one particular direction as "the main game". The Churches cannot agree to approaches to reducing unemployment that simply substitute one problem for another. The role of awards has already been changed from that of

defining fair wages and conditions to that of minimum wages, a mere safety net.

Mr. Reith himself has clearly stated that one of his aims is the establishment of "a single simplified benchmark award for the no disadvantage test in agreement making."¹⁹ His own comments make it clear that the changes proposed for 1999 are steps along the way to more radical "deregulation" of the labour market.²⁰

**AUSTRALIA IS HEADING
TOWARDS A LARGE CLASS OF
"WORKING POOR"**

Over time, the lowest paid and least powerful workers will inevitably suffer erosion of wages.²¹ Indeed, part of the rationale for a "more flexible labour market" is to reduce wages in an

attempt to bring demand for labour into line with supply. "More jobs, better pay" is therefore a misleading title for the policy proposals. As Professor Bob Gregory has warned, Australia is heading towards a large class of "working poor". Substitution of one form of poverty for another is not an acceptable "solution".

As the churches and their agencies have said many times:

There is no one single action that will reduce unemployment. There is, however, one key proposal to avoid - the low wage solution. To have an impact, the size of wage cuts would have to be large. The harm caused would be unlikely to be fixed by proposals such as a negative income tax.²²

With low inflation and a budget surplus, Australia has the opportunity to focus employment policy on employment growth. The policy of relying on economic growth and increased labour market flexibility as the principal means of reducing unemployment is flawed.²³

Reducing unemployment requires both a clear ethical starting point and good economic and social policies.²⁴

The extension of age-based junior wage rates is also a matter of concern, as there is no accompanying requirement that the employer provide training or recognise competency.

The recent Budget extended the work-for-the-dole scheme to additional categories of unemployed people, in the name of "mutual obligation". Church agencies have already argued at length the problems with this approach.²⁵ Mr. Reith's letter focuses on tightening "compliance" and on unemployed people justifying their entitlement to the dole. Our concern is twofold.

First, Mr. Reith's agenda appears to be, in his words, using this scheme to "directly reduce recorded levels of unemployment", rather than creating full time, secure employment.

Second, his agenda focuses on "compliance", rather than on ensuring unemployed people have access to work that is appropriate to them.

**LEGISLATION IN
BREACH OF HUMAN
RIGHTS IS
UNACCEPTABLE TO THE
CHURCHES**

If there is any merit in his arguments about using work for the dole for community and local government projects, those arguments would be better used to provide public funding of secure full time employment in these sectors, as the Churches have long advocated.

The International Labour Organisation (ILO) has ruled that the current *Workplace Relations Act* is in breach of two ILO conventions, those related to collective bargaining and the right to organise and to strike. Legislation in breach of human rights is unacceptable to the Churches. It should be unacceptable to all Australians. The proposed changes will not solve these human rights problems, and may well worsen them.

A significant part of the rationale for the current and proposed directions in government policy is said to be the development of employment through small business, "the engine of recent employment growth" (page 9. See also page 19).

We note that Industry Commission staff have shown that many assumptions about the role of small business in generating employment are overly simplistic.²⁶ Increased small business employment is often a product of changes in the way goods and services are provided (e.g. the trend to outsourcing or downsizing of larger firms) rather than internal factors within small businesses or special exemptions from public policy. Most small businesses would not employ more workers simply because of reduced regulation.

The Churches will express their concerns about the proposals in Mr Reith's Discussion Paper in more detail elsewhere. One last comment is, however, appropriate in the present document. In 1891, Pope Leo XIII in *Rerum Novarum* warned

Let it be granted then that worker and employer may enter freely into agreements and, in particular, concerning the amount of the wage; yet there is always underlying such agreements an element of natural justice, and one greater and more ancient than the free consent of contracting

parties, namely, that the wage shall not be less than enough to support a worker who is thrifty and upright. If, compelled by necessity or moved by fear of a worse evil, a worker accepts a harder condition, which although against his will he must accept because the employer or contractor imposes it, he certainly submits to force, against which justice cries out in protest.²⁷

ENCOURAGEMENT OF INDIVIDUAL WORKPLACE AGREEMENTS IS HIGHLY QUESTIONABLE IN THE CASE OF LOW PAID WORKERS

Over a hundred years later, the criticism is still valid. The Government's encouragement of individual workplace agreements, with only a minimal safety net as the alternative, is highly questionable in the case of low paid workers.

The Government has not made a credible case for restricting the role of unions or the Industrial Relations Commission. (The discussion paper of May 1999 is a series of assertions, without data or analysis to support them). These changes reduce the safeguards for the lowest paid workers in Australia, and for them will not lead to more jobs at better pay

To reduce unemployment while maintaining justice, other policy initiatives are necessary.

■ WHAT MORE DO THE CHURCHES THINK SHOULD AND COULD BE DONE TO REDUCE UNEMPLOYMENT? WHAT HAVE THE CHURCH AGENCIES BEEN ADVOCATING?

In recent years, unemployment and related economic policy issues have been a major theme of the Churches' social justice statements. Detailed research and advocacy has been undertaken by the various Church agencies. Some of the documents are listed at the end of this booklet. The following sections summarise some of their main themes.

THE FUNDAMENTAL PRINCIPLE OF THE RIGHT TO WORK REQUIRES POLITICAL COMMITMENT TO THE GOAL OF FULL EMPLOYMENT



POLITICAL COMMITMENT

All the Churches support the international human rights instruments. The fundamental principle of the right to work requires political commitment to the goal of full employment. Other human rights require that workers are paid adequate wages, share in the prosperity of the nation, and work in safe and healthy working conditions. In addition, there are the requirements of the conventions of the International Labour Organisation.

The Brotherhood of St Laurence, the Australian Catholic Social Justice Council, the Australian Catholic Social Welfare Commission, the Uniting Church in Australia and the Salvation Army have all affirmed the importance of political commitment to the goal of full employment within the framework of other human rights. We may express it in slightly different ways, but all the Churches agree with the teaching of Pope John Paul II in *Laborem Exercens*, which stresses the rights of workers and the responsibility of the State, as the 'indirect employer' in relation to these rights. The State has the duty to protect the right to suitable employment of all who are capable of it, and to act against unemployment 'which in all cases is an evil and which, when it reaches a certain level, can become a real social disaster'.²⁸

CREATING FULL EMPLOYMENT IS THE RESPONSIBILITY OF ALL

The Churches also recognise that creating full employment is the responsibility of all. Business investors are entitled to a return on their investment, but business does not exist simply to make a profit. As Pope John Paul II said in *Centesimus Annus*:

The purpose of a business firm is not simply to make a profit, but to be found in its very existence as a community of persons who in various ways are endeavouring to satisfy their basic needs, and who form a particular group at the service of the whole society.²⁹

ECONOMIC POLICY

Another task of the State is that of overseeing and directing the exercise of human rights in the economic sector. However, primary responsibility in this area belongs not to the State but to individuals and to the various groups and associations which make up society...the State has a duty to sustain business activities by creating conditions that will ensure job opportunities, by stimulating those activities where they are lacking or by supporting them in moments of crisis.³⁰

THE STATE HAS A DUTY TO SUSTAIN BUSINESS ACTIVITIES BY CREATING CONDITIONS THAT WILL ENSURE JOB OPPORTUNITIES

Necessary elements of economic policy to tackle unemployment include:

- A proactive industry policy, focusing on (a) the development of export and import-replacing industries and (b) the development of employment-generating industries in the domestic sector.
- A greater focus on local and regional economic and employment development, particularly in those regions which have been worst affected by unemployment and structural change.
- Action to address the inadequacy of Australia's revenue base which reduces government options for addressing economic problems, inhibits the investment in social and economic development which is required for the future and reduces our capacity to ensure that all Australians have an adequate income and an equitable share of resources. Taxation reform must, however, also satisfy other criteria such as not imposing a greater tax burden on low income people.
- Improvement in both the quality and the quantity of public and private investment to ensure we have sufficient development of industries capable of generating employment opportunities and export earnings.

ECONOMIC DEVELOPMENT IS IMPORTANT BUT IS NOT AN END IN ITSELF. IT SHOULD BE SUBORDINATE TO SOCIAL GOALS.

- An active approach to minimising the constraints arising from globalisation which should include seeking to have an appropriate social charter incorporated into international

agreements such as GATT and APEC; support for the imposition of some sort of levy on foreign exchange transactions; and efforts to assist social development in industrialising countries.

- Economic development is important but is not an end in itself. It should be subordinate to social goals
- Economic development must not be at the expense of people's human rights, especially those of Indigenous people or less developed nations.

INCOMES POLICY

- An incomes policy so the benefits of economic growth can be translated into more jobs and not just higher incomes for the better off. A living wage composed of both decent wages and adequate social wage (i.e. provision of publicly funded services). Stronger safety net provisions to protect low paid workers.
- A reshaping of our income support system toward a less highly categorical system framed around individual entitlements". Improved income support for the unemployed, to reduce levels of poverty.
- A continued strong role for the Industrial Relations Commission in overseeing agreements and ensuring that minimum standards are complied with. Establishment and maintenance of appropriate minimum standards for enterprise bargains, workplace and individual agreements. Action to address previous inequalities such as unequal pay for work of equal value.

JOB GENERATION

JOB GENERATION THROUGH ...THE PUBLIC SECTOR... ...REGIONAL DEVELOPMENT... ...ACTIVE INDUSTRY POLICY... ...PROVISION OF SERVICES ...

- Jobs in the public sector. We need improved employment in areas such as education, health and community services as well as greater attention to public sector job creation programs, which could be connected to regional development and the improvement of infrastructure.
- Jobs through regional development - jobs in public and business sectors.

- Jobs through an active industry policy.

CHANGES IN THE DISTRIBUTION OF WORK TO REDUCE THE EXCESSIVE TIME SOME ARE WORKING AND INCREASE THE INADEQUATE TIME OF OTHERS

- Jobs through the provision of services such as household-help, child-care and respite care which can help to reduce the burden for those families suffering from over-work whilst

providing increased employment opportunities for those who have no paid work.

- Ensure that moves towards deinstitutionalisation and community care are accompanied by provision of an adequate level of services and resources in the community.
- Changes in the distribution of work to reduce the excessive time some are working and increase the inadequate time of others. There are some areas where this is helpful, but it is no panacea.

EDUCATION, TRAINING AND LABOUR MARKET PROGRAMS

MORE AND BETTER EDUCATION ...IMPROVED TRAINING...GOOD LABOUR MARKET PROGRAMS

- More and better education especially for disadvantaged young people - to ensure that we can compete effectively internationally (without going down the low-wage route) and to

ensure that those from lower-skilled or low-income families have better prospects of getting reasonable jobs. Improved training, matching skills to requirements of jobs likely to be available. When industry is closed down or restructured, workers need opportunities for retraining so they can be employed elsewhere.

- Good labour market programs to help unemployed people take advantage of jobs growth. Successive Australian governments have adopted a stop/start approach to the running of work experience and training programs and as a result have often not achieved high quality assistance and generally not provided enough.
- Improvements in the Jobs Network, including restoration of funding to the level given to the CES before the Jobs Network and introduction of quality control to ensure service providers fulfil their contracts, i.e. to ensure unemployed people receive

RESTORATION OF BALANCE TO "MUTUAL OBLIGATION"

the full level of service for which providers are funded. (ACOSS has described the problems of the Job Network in detail in its budget submission).

- As ACOSS puts it, restoration of balance to "mutual obligation" in the "work for the dole scheme", by reducing hours, providing formally recognised training, and giving workers compensation coverage at same level as other workers.

BALANCE

- Ensuring that the impact of new work arrangements on people's lives outside the workplace is considered in industrial negotiations.
- A continuing role for industrial tribunals in ensuring that enterprise, workplace and individual agreements are consistent with family-friendly work practices.)
- Ensuring that workers have access to parental and family leave and inclusion of this requirement in minimum standards for enterprise, collective and individual agreements.
- Recognition for the social and economic value of work currently beyond the definition of paid employment where these contribute to the well-being of our community.

■ REFERENCES

The following publications were used as the basis for this combined statement

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John Revesz and Ralph Lattimore *Small Business Employment* Industry Commission Staff Research Paper, Industry Commission, Canberra, 1997

¹ Taken from Australian Catholic Bishops statement on unemployment, 1991

² Correspondence between the Prime Minister and the Minister for Employment, Workplace Relations and Small Business, late 1998.

³ Helen Trinca, "Job Swap" in SMH 16 January 1999.

⁴ (ABS 6245.0 February 1999)

⁵ Peter Reith's letter to Prime Minister, December 1998

⁶ Adele Horin "Farewelfare" in SMH News Review May 8, 1999

⁷ See for example Tom Allard, Sydney Morning Herald 30 March 1999, who noted that some schemes that were discontinued had success rates of 50%.

⁸ If our welfare spending was at the same rate as a typical OECD country, according to Michael Carmen (Public Sector Research Centre) we would spend \$18 billion a year more than we do.

⁹ Australian Catholic Bishops statement on unemployment, 1991.

¹⁰ Suter Keith *Global agenda: economics, the environment and the nation-state* Sutherland (Sydney): Albatross Books, 1995

¹¹ Presidential Address to the General Synod 1992

¹² Bishops' statement on unemployment, 1991

¹³ Bishop Manning, statement on the Feast of St Joseph the Worker, 1998. Bishop Manning in turn sources his remarks to *Laborem Exercens*, *Rerum Novarum*, and the Catechism.

¹⁴ Extracts from Bishop Manning, statement on the Feast of St Joseph the Worker, 1998

¹⁵ Bishop Manning, statement on the Feast of St Joseph the Worker, 1998

¹⁶ Salvation Army *A working Society* (written by Louise Coventry) 1997

¹⁷ Uniting Church in Australia, Assembly 1994

¹⁸ (Executive Summary, *Better Pay for Better Work*, 1998 election policy).

¹⁹ Letter to Prime Minister on unemployment, December 1998, page 9

²⁰ Letter to Prime Minister pages 11ff and Discussion Paper page 1.

²¹ See, for example, Joe Catanzariti and Mark Baragwanath *The Workplace Relations Act: a user friendly guide* Manly: Newsletter Information Services 1997 and Braham Dabscheck "Australian labour reform: consequences and prospects" in Dennis Nolan (ed.) *The Australasian Labour Law Reforms* Leichhardt: The Federation Press 1998

²² Alison McClelland, *Ten steps towards full employment* Brotherhood of St Laurence 1998

²³ The Anglican Bishops *Unemployment, a key issue of the '98 election*. Statement on September 20 1998. In support they quote Professor Bob Gregory.

²⁴ Alison McClelland, *Ten steps towards full employment* Brotherhood of St Laurence 1998

²⁵ For example, the Brotherhood of St Laurence has argued against its compulsory nature, and the absence of accredited training.

²⁶ John Revesz and Ralph Lattimore *Small Business Employment* Industry Commission Staff Research Paper, Industry Commission, Canberra, 1997

²⁷ # 63

²⁸ Pope John Paul II *Laborem Exercens* #18

²⁹ *Centesimus Annus* #35

³⁰ Pope John Paul II *Centesimus Annus* #48