



Catholic Social  
Services Australia

# Strong Economy, Stronger Australia

Building our Prosperity to  
Serve the Common Good

© Catholic Social Services Australia 2020  
ISBN: 978-0-6487748-0-8 9 (electronic)

GPO Box 1947  
Canberra ACT 2601  
Australia  
Email: [admin@cssa.org.au](mailto:admin@cssa.org.au)  
Website: [www.cssa.org.au](http://www.cssa.org.au)

This publication is copyright. Except as permitted under the Copyright Act, no part of this publication may be reproduced by any process, electronic or otherwise, without permission in writing of Catholic Social Services Australia. Neither may information be stored in any form whatsoever without such permission.

This paper should be cited as follows: Zabar, J. and Treloar, A. 2020. *Strong Economy, Stronger Australia: Building Our Prosperity to Serve the Common Good*, Catholic Social Services Australia (CSSA): Canberra.

# Table of Contents

Foreword .....	4
Recommendations .....	6
Summary.....	8
<b>Why Work Matters .....</b>	<b>10</b>
Work and Catholic social teachings and traditions	10
Economic and social importance of work to individuals, families and communities	12
Work and the modern economy	17
<b>The COVID-19 Pandemic.....</b>	<b>21</b>
Impacts on the Australian economy	21
Impacts on Australian society	22
Economic and social impact on women	23
Australian government measures	24
<b>Opportunities for Reform and Recovery .....</b>	<b>26</b>
A charter for the common good	27
Full employment	28
Creating employment	28
Delivering jobs through the care sector	29
Improving employment services outcomes	31
Job Guarantee	33
Reform of the welfare system	34
Wage subsidy	36
Industrial relations	37
Tax reform	38
<b>Conclusion.....</b>	<b>40</b>
<b>Bibliography.....</b>	<b>41</b>

# Foreword

Through his teachings, Pope Francis has offered us all a new and refreshing perspective on matters of social justice and the way we work, tackling issues with an approach that is based on strong social action and deep spirituality, steeped in the message of the Gospels.

In his recent Encyclical letter *Fratelli Tutti* Pope Francis speaks of the necessity of respect for human rights as the preliminary condition for a country's social and economic development. When the dignity of the human person is respected, and his or her rights are recognised and guaranteed, creativity and inter-dependence thrive, and the creativity of the human personality is released through actions that further the common good.<sup>1</sup>

In *Fratelli Tutti*, he tells us that by observing our contemporary societies, we can see that a profit-based economic model that does not hesitate to exploit human beings cannot be viewed as for the common good.<sup>2</sup> What Pope Francis recognises is that the need for growth does not necessarily meet the needs of the greater human family.<sup>3</sup>

Guided by Catholic social teachings this paper, *Strong Economy, Stronger Australia – Building our Prosperity to Serve the Common Good* considers the case for innovative economic and social policy by reflecting what it means to prosper as human beings and as a nation.

In Australia, while drought and bushfires have tested the strength of people, families and communities the COVID-19 pandemic is disrupting lives and livelihoods on a national scale. The cumulative impacts of these crises are testing the resilience of our social and economic structures as never before.

As the peak body for the Catholic Church's social services we believe that every individual and community should be able to thrive in order to meet our nation's potential. However, at this time, we are facing challenges of increased unemployment, income loss, domestic and family violence, alcohol and other drug use and rising homelessness – much of which is compounded by a social and economic system that divides us rather than brings us together to share in the common home that is our nation.

As a society and as a nation we need to examine the limitations of our current economic approach and its effects. We can look to innovate beyond what we already know and do, and achieve social and economic policies of mutual belonging which manifest in the common good.

---

1 Encyclical letter, *Fratelli Tutti* of the Holy Father Francis on Fraternity and Social Friendship, 22

2 IBID, 22

3 IBID, 31

Catholic Social Services Australia (CSSA) has a core responsibility to advocate for change in workplace policy and systems that unfairly disadvantage those who are most vulnerable to precarious employment. It is our role to investigate and advocate for opportunities to connect the untapped potential of our labour market with the unmet needs of the community. We want Australia to harness the innovation that is occurring in our communities and our economy to find solutions to underemployment, unemployment, and disengagement, and the social dislocation that these factors create.

In *Laudato Si*, Pope Francis called for action to protect our earth from future degradation. In *Fratelli Tutti*, Pope Francis outlines some of the trends in the world today and points to an elevation of the individual over concern for the whole of humanity. He calls for a valuing of the richness and beauty of those seeds of common life that need to be sought out and cultivated<sup>4</sup> and a better kind of politics that focuses on the long-term common good.

For each of us to reach our potential and to share in a common roadmap to prosperity, we need to be part of a national conversation about the society we want to be. This paper intends to contribute to such a conversation as we seek to encourage a discourse that examines our hearts and helps us to transform our societal values and bring us closer to Our Common Home.

COVID-19 has enabled governments and our many services to reflect on how we can do things differently. We have an opportunity now to build back better – developing a roadmap that will ensure economic and social policies that provide the opportunity and possibility for all of us.

For Catholic Social Services Australia and its member organisations across the country, we want to contribute to that national thinking, and help develop a roadmap that allows for opportunity while at the same time understanding and ensuring the interconnectedness of social, economic and environmental justice.

### **Dr Ursula Stephens**

CEO Catholic Social Services Australia

---

<sup>4</sup> Encyclical letter, *Fratelli Tutti* of the Holy Father Francis on Fraternity and Social Friendship, 35

# Recommendations



## 1. A Full Employment Economy

A bi-partisan commitment to Australia becoming a full employment economy where everyone can participate, have access to a job with sufficient hours of work and pay to enable them to live with dignity.



## 2. Extend the JobMaker hiring credit initiative

A commitment by government to an extension of the JobMaker hiring credit initiative to include older workers currently unemployed or underemployed.



## 3. Deliver jobs through the care sector

Strengthen the care sector by ensuring:

- a sustained and rewarding work environment, one that values workers and provides a career pathway in the disability and wider care sector;
- innovative and responsive service models using technology and other tools that maximise workforce productivity and effectiveness;
- workers are equipped with the relevant skills, values and attributes and who receive thorough training and mentoring;
- a diverse and sustainable workforce that have the right attributes and values to support National Disability Insurance Scheme (NDIS) participants;
- the satisfactory pay and conditions of employees in the care sector with more appropriate pricing structures for the NDIS, aged care and government-funded social service programs.



## 4. Reform Australia's national job programs

The reform of Australia's national job programs including:

- improving Employment Services outcomes; and
- the introduction of a Job Guarantee program.



## 5. Reform Australia's welfare system

Reform of Australia's welfare system through the establishment of an expert review panel to examine and make recommendations on the adequacy of all welfare payment rates, including pensions. Further, the expert panel should make recommendations as to how such payments should be indexed to mitigate the risk of current disparities occurring in the future.



#### **6. Maintain the Coronavirus Supplement and retain Jobseeker at a rate that allows those supported by the social security system can live with dignity.**

Maintain the Supplement at the current rate until at least 30 June 2021 until the completion of the review of Australia's welfare system.



#### **7. Review Australia's Industrial Relations framework**

Undertake a review of the nation's industrial relations framework with regard to the interrelationship between the gig economy and insecure work.



#### **8. Reform Australia's Industrial Relations Regulations**

Reform Australia's industrial relations regulations including:

- incentivising security of employment;
- reviewing the role of labour hire firms in the economy;
- strengthening employment tests to ensure that workers who should be rightly deemed employees are not forced to be contractors with lesser rights and workplace conditions;
- ensuring company directors are made accountable for any systemic or reckless practice that denies entitlement to pay and conditions.



#### **9. Reform Australia's taxation system**

Reform of Australia's taxation system drawing together a range of expertise to examine and make recommendations on:

- stimulating economic activity and driving job creation in the short-term; and
- reform across corporate, property tax, savings and consumption tax systems to ensure that the government has a system which is structurally sound and able to fund the services needed by all Australians now and into the future.

# Summary

The ongoing impact of the COVID-19 pandemic has changed Australian society and its economy and will continue to shape our country into the future. As Australia looks to rebuild its economy following the global shock of the COVID-19 crisis, CSSA argues that government attention should be on developing a people-focused economy that is built around the principle of full employment and participation.

Pope Francis, in his latest encyclical *Fratelli Tutti*<sup>5</sup> urges the world to consider what is required to build a better, more just and peaceful world as we emerge from what he describes as “the dark clouds over a Closed World.” He urges the restoration of social community and history, a shift from our slavish commitment to market logic, selfishness and indifference as the path to recovery, toward the common good.

Pope Leo XIII’s encyclical on Capital and Labour, *Rerum Novarum* published in 1891, is regarded by many to be the foundation of the Church’s teachings on employment and the importance of work. The issues and principles outlined in this encyclical are still relevant today, and have been built upon by the Church through the writings of later Popes. These social teachings of the Catholic Church offer us a way forward in addressing the impacts of the COVID-19 pandemic, by placing the needs of individuals and society ahead of all else and focusing on shaping our economic system, to offer full employment and reward individuals and businesses for effort.

The Church was early to recognise the important relationship between work and human dignity. Contemporary social theory modernises this concept, demonstrating the importance of work beyond the individual, showing its benefits to families and communities. Participation in work contributes to the physical and mental wellbeing of those employed and their families. Communities with strong economic activity and employment tend to derive strong socio-economic benefits. Conversely, communities impacted by high rates of economic disadvantage caused by unemployment are often impacted by socio-economic and health issues. This further entrenches disadvantage across the individuals and families living in those communities.

---

<sup>5</sup> Francis, 2020, *Fratelli Tutti—Encyclical of Pope Francis on Fraternity and Social Friendship*, Vatican City: The Holy See, 3 October 2020,



The COVID-19 pandemic has introduced a number of challenges for the Australian economy and society, as well as exacerbating and exposing those that currently exist. As of December 2020, there were more than 912,000 Australians unemployed.<sup>6</sup> With only 206,000 job vacancies at this time there is little immediate prospect of employment for those without work.

While the impact on those who are now jobless is stark, there are also more than 1.5 million Australians who are in part-time or casual work but are seeking additional hours of work. The level of underemployment is leaving many Australians in an unstable and precarious financial position.

As the health impacts of COVID-19 have swept across the economy, unemployment and underemployment have risen sharply for young people and women. Women have been disproportionately affected as they are highly represented in the industries most impacted by closures. Many women have borne the brunt of job loss and increased responsibilities of home schooling due to lockdown restrictions.

Federal and State governments' various economic stimulus measures have helped to soften some of the financial impacts of the COVID-19 pandemic. While these measures are essential, they will not be enough. The COVID-19 pandemic has exposed weaknesses in the Australian economy which will necessitate structural reform. This will require governments, business, unions and civil society to work together to create a new and inclusive economy which has a broader economic base, improved economic growth and is able to deliver full employment.

To achieve this we need:

- the National Cabinet to work with business and civil society to drive economic development and growth in order to create an inclusive full-employment economy, where everyone who wants work can be employed;
- to invest in the care sector, where the demand for jobs will continue to grow;
- to implement a job guarantee program, targeted to communities or groups where private sector employment opportunities are limited;
- to reform our social security system to ensure that payments are adequate to enable those without work to live with dignity;
- to modernise our industrial relations system in support of a full-employment economy, and incentivise and reward employers who provide secure employment, while ensuring that the potential of the gig and digital economies enhance the living standards of all Australians; and
- to leverage our tax system to encourage strategic investments that will broaden our economic base, provide sufficient revenue to fund the services Australians require and improve equity within the system.

These critical reforms will take time to develop and implement but serve as a blueprint for the recovery and future sustainability of the Australian economy. This blueprint places people at the centre of the economy and holds true to the social doctrines of the Catholic Church.

---

<sup>6</sup> ABS, 2020, *Labour Force, Australia*, "Table 22, Underutilised persons by Age and Sex—Trend, Seasonally adjusted and Original," Time Series Spreadsheet, Cat. No. 6202.023, Accessed 20 October 2020.

# Why Work Matters

## Work and Catholic social teachings and traditions

Pope Francis, in his 2018 speech to the National Convention of the Italian Masters of Labour, told those gathered:

Work is indeed at the heart of the very vocation given by God to man, of prolonging his creative action and achieving, through his free initiative and judgement, dominion over the other creatures, which translates not into despotic enslavement, but into harmony and respect.<sup>7</sup>

The Church's seminal document on work is the encyclical of Pope Leo XIII on Capital and Labour, *Rerum Novarum*. Issued in 1891, *Rerum Novarum* sought to establish clear rights and duties of capital and labour during the great industrial revolution. The Church's intervention in the struggle between capital and labour was critical and controversial.

Its influence on labour law has been enduring and is said to have been central to one of Australia's most important industrial relations judgements: the 1907 *Harvester Case*.<sup>8</sup>

Critically, *Rerum Novarum* provides a framework of principal duties and responsibilities for both employees and employers which, if pursued, would deliver benefits to individuals and the society as a whole. These duties and responsibilities can be best summarised as follows:

- for the employee it is to fully and faithfully perform the work which has been freely and equitably agreed upon; and
- for the employer it is to respect every worker in their dignity as a person and to give their employee what is "just".

*Rerum Novarum* also outlines a role for the state in its relationship between labour and capital.<sup>9</sup> The function of the state in the context of employment is to act in the interest of the common good, stemming from the dignity, unity and equality of all people.<sup>10</sup>

At its core, the encyclical places a fundamental obligation upon the state to protect the vulnerable and act in the common interest of the whole of society:

The richer class have many ways of shielding themselves, and stand less in need of help from the State; whereas the mass of the poor have no resources of their own to fall back upon, and must chiefly depend upon the assistance of the State. And it is for this reason that wage earners, since they mostly belong in the mass of the needy, should be specially

7 Francis, 2018, "Address of His Holiness Pope Francis to Participants at the National Convention of the Italian Masters of Labour Federation", *Bulletin of the Holy See Press Office*, 15 June 2018.

8 Kevin Blackburn, 1996, "The Living Wage in Australia: A Secularization of Catholic Ethics on Wages, 1891–1907," *The Journal of Religious History*, Vol. 20, No. 1: 98. **Note:** The significance of the Harvester Case on Australia's industrial relations landscape was two-fold: first in establishing the concept of the minimum wage, a system which continues today; second, it established the principle of a living or family wage.

9 Leo XIII, 1891, *Rerum Novarum—Encyclical of Pope Leo XIII on Capital and Labour*, Vatican City: The Holy See, n33

10 Paul VI, 1965, "Gaudium et Spes: Pastoral Constitution on the Church in the Modern World Promulgated by His Holiness Pope Paul VI", *Second Vatican Ecumenical Council*, 26: AAS 58, 7 December 1965.

cared for and protected by the government.<sup>11</sup>

These principles are very relevant today. The Church's commitment to an economic system which delivers fair and just employment terms and conditions remains constant. Reasonable hours of work, leave, rest breaks, dispute resolution and income adequacy are fundamental. The writings of our modern-day Popes, Pope Benedict and Pope Francis in particular, have built upon and strengthened the Church's position on the importance of work in our modern society and economy.

In the eyes of the Church, work is essential because “we were created with a vocation to work”.<sup>12</sup> Such is the importance of work to the human condition Pope Francis states that:

Helping the poor financially must always be a provisional solution in the face of pressing needs. The broader objective should always be to allow them a dignified life through work.<sup>13</sup>

In other words we must avoid creating a subclass of society made up of people who are permanently dislocated from the employment market and forced to survive on welfare. To achieve this, the state, in partnership with business and not-for-profits, needs to work together to find solutions to unemployment.

The Church's commitment to the principle of a full employment economic system is unequivocal. Full employment “remains a mandatory objective for every economic system oriented towards justice and the common good”.<sup>14</sup> Further, “economic policies [which] do not allow workers to reach satisfactory levels of employment cannot be justified from an ethical point of view, nor can that society attain social peace”.<sup>15</sup>

While work is a central ingredient in achieving a life with dignity, Pope Francis has warned against viewing labour – people in work – as just another commodity to be bought and discarded at will.<sup>16</sup> We should have an economic system that values people more than it values money.

In making employment central to humanity and the human spirit, it places special obligations on both our economic system and the state to ensure that work is available to anyone who wants it, on terms which are fair and just. The Church's teachings commit us to pursuing an economic system which is inclusive and just. It obliges the state to intervene in ways to ensure that those without work can find work and those in work receive remuneration and conditions of employment which allow them and their families to thrive.

While the COVID-19 pandemic will test our resilience as individuals and as a society, we have a pathway to recovery based in the traditions of Catholic social teachings of justice and inclusion and a belief in the dignity of work.

---

11 Leo XIII, *Rerum Novarum*, n37.

12 Francis, 2015, *Laudato Si—Encyclical Letter of the Holy Father Francis on Care for our Common Home*, Vatican City: The Holy See, 24 May 2015, n128, 94.

13 *Ibid*, 95.

14 Catholic Church, 2004, *Compendium of the Social Doctrine of the Church* (Vatican City: Pontifical Council for Justice and Peace), n288.

15 *Ibid*, n288

16 Giacomo Galeazzi and Andrea Torielli, 2015, *This Economy Kills: Pope Francis on Capitalism and Social Justice*, Vatican: Liturgical Press, 24–26.

## Economic and social importance of work to individuals, families and communities

Employment is both economically and socially important to individuals and families. The long-established position of the Catholic Church that work is integral to the human condition is supported by academic evidence and modern social theory. Employment provides people with income, meaning and purpose. Work enables people to fulfil basic psychological and security needs for themselves and their families.<sup>17</sup> It is also essential for human dignity and individual self-determination, and is associated with greater mental health and general wellbeing.

The impact of unemployment on psychosocial wellbeing is complex but crucial in understanding why a jobs agenda matters. It would be naive to suggest that the impacts of unemployment and mental health simply exist because of the financial implications of unemployment. Rather, unemployment affects the very essence of an individual's perception of self-worth and their place in society as an unemployed person.

Similarly, communities are also economically and psychologically impacted by unemployment. If a community experiences large-scale job losses and future alternative employment is not available, there is often a decline in community social capital, and longer-term social and economic issues. Over time, intergenerational poverty and disadvantage emerge with wide-ranging social consequences for individuals, families and communities as a whole.

### Employment and individuals

The dignity of participating in work is also significant for individuals, because work is integral to the human condition and provides both economic independence and a sense of civic engagement,

Researchers such as Marie Jahoda<sup>18</sup> found that unemployment results in both financial deprivation and an inability to meet psychological needs, which result in a decline in wellbeing.<sup>19</sup> A 2006 study by Waddell and Burton found that work directly improves the economic independence as well as the mental health of individuals.<sup>20</sup> Their report made a number of key observations about the relationship between employment and mental wellbeing that include but are not limited to:

- employment is generally the most important means of obtaining adequate economic resources, which are essential for material wellbeing and full participation in today's society;
- work meets important psychosocial needs in societies where employment is the norm;
- work is central to individual identity, social roles and social status; and
- job insecurity has an adverse effect on health.<sup>21</sup>

---

17 Nancy Bertaux and Hervé Queneau, 2002, "The Social Economics of Job Security", *Forum for Social Economics*, Vol. 32, No. 1: 1.

18 Marie Jahoda, 1982, *Employment and Unemployment: A Social-Psychological Analysis* (Cambridge: Cambridge University Press).

19 *Ibid*, 51.

20 Gordon Waddell and Kim Burton, 2006, *Is Work Good For Your Health and Well-Being?* London: The Stationary Office, ix.

21 *Ibid*, 9-10.

Modini et al found that employment can be beneficial to a worker's mental health.<sup>22</sup> Their study also found a relationship between paid employment and people experiencing greater autonomy, improved wellbeing and greater financial independence and confidence.<sup>23</sup> In 2015, Niranjana Bidargaddi et al found that in South Australia, monthly shifts in the unemployment rate were linked to the rate of emergency department presentations related to mental health issues.<sup>24</sup> Results from this study suggested that in a period of one to two months following spikes in the unemployment rate in South Australia, there was often a correlating rise in presentations at emergency departments for mental health reasons.<sup>25</sup>

Relationships Australia has reported that individuals who are unemployed or receive income support are more likely to experience loneliness and social isolation.<sup>26</sup> These findings further confirm that loss of employment corresponds with a rise in instances of mental health issues and deteriorating psychosocial wellbeing.

Allison Milner et al highlight that young people experience an improvement in their mental health when employed in meaningful work, although this boost can be negatively impacted by adversities in the workplace.<sup>27</sup> They conclude that for young workers to experience the best improvements in wellbeing, they need to be employed in a job with the "optimal psychosocial working condition".<sup>28</sup>

Employment has clear benefits for mental health, by enabling individuals to experience greater autonomy and financial independence, which in turn improves their wellbeing and confidence.

## Employment and families

Employment is also socially and economically important to families. Many of the benefits attained by people who are working are also experienced by their household. Conversely, the economic stress of unemployment and insecure work can damage the quality of family life, COVID-19 impacts on livelihoods and households demonstrate how when access to resources (both financial and social) is reduced, it places stress on the health and wellbeing of those within the household.

Wichert, Nolan and Burchell highlight that job insecurity affects the cohesion of relationships through its correlation with higher rates of depression, reduced marital satisfaction and behavioural responses such as increased psychological aggression.<sup>29</sup> Unemployment can also impact the relationships between children and their parents. The children of parents faced with job insecurity often experience lower self esteem with the parent's stress harming their children.<sup>30</sup> Research from the Australian National University found that unemployment within

---

22 Matthew Modini et al, 2016, "The Mental Health Benefits of Employment: Results of a Systematic Meta-Review", *Australasian Psychiatry*, Vol. 24, No. 4: 335.

23 *Ibid*, 335.

24 Niranjana Bidargaddi et al, 2015, "Changes in Monthly Unemployment Rates May Predict Changes in the Number of Psychiatric Presentations to Emergency Services in South Australia", *BMC Emergency Medicine*, Vol. 15, No. 16: 1.

25 *Ibid*, 5.

26 Relationships Australia, 2018, "Is Australia Experiencing a Loneliness Epidemic? Findings From 16 Waves of the Household Income and Labour Dynamics of Australia Survey", 14-15.

27 Allison Milner et al, 2017, "Psychosocial Job Quality and Mental Health Among Young Workers: A Fixed-Effects Regression Analysis Using 13 Waves of Annual Data", *Scandinavian Journal of Work, Environment and Health*, Vol. 43, No. 1: 54.

28 *Ibid*, 50.

29 Ines Wichert et al, 2000, *Workers on the Edge: Job Security, Psychological Wellbeing, and Family Life*. Washington DC: Economic Policy Institute, 30.

30 Julian Barling et al, 1998, "Effects of Parents' Job Insecurity on Children's Work Beliefs and Attitudes", *Journal of Applied Psychology*. Vol. 83, No. 1: 117.

families places children at a higher risk of mental health issues, and can also contribute to other social problems such as violence in families.<sup>31</sup>

The intergenerational impacts of unemployment on families and children are significant and often extremely challenging to address. Children of jobless parents are more likely than children from employed households to struggle to find work, furthering economic inequality and entrenched disadvantage along intergenerational lines.

A 2019 study by Gregg et al confirmed a widely understood reality that children from wealthy families are provided with greater access to education and related opportunities than those from jobless families.<sup>32</sup> Mendolia et al found the future prosperity of a child born in Australia is becoming increasingly dependent on the wealth and prosperity of their parents.<sup>33</sup>

The evidence is clear that the social and economic impacts of unemployment and underemployment are not limited to individuals alone; the impacts of unemployment and underemployment are felt by partners and children. Extended periods of unemployment can lead to intergenerational damage, which can become entrenched within family structures, making it harder for children to emerge from a cycle of entrenched disadvantage.

---

31 Robert Gregory, 1999, "Children and the Changing Labour Market: Joblessness in Families with Dependent Children," Centre for Economic Policy Research Discussion Paper, 40, Australian National University.

32 Paul Gregg, Lindsey Macmillan and Claudia Vittori, 2019, "Intergenerational Income Mobility: Access to Top Jobs, the Low-Pay No-Pay Cycle and the Role of Education in a Common Framework", *Journal of Population Economics*, Vol. 32, No. 1: 501.

33 Silvia Mendolia and Peter Siminski, 2015, "New Estimates of Intergenerational Mobility in Australia", *Institute for the Study of Labour*, Discussion Paper No. 9394, 15.

## Employment and communities

Just as unemployment affects families and individuals, so too it has an impact on communities. Austin Nichols et al<sup>34</sup> and Jennie Brand<sup>35</sup> highlight the link between “job loss and communities”, showing that there is a relationship between insecure employment and a lack of work and issues such as diminished social trust, an erosion of social reciprocity, psychological distress and geographic mobility in communities.

The social, health and economic impacts of unemployment on communities is highlighted in CSSA's research *Mapping the Potential: understanding persistent disadvantage to inform community change (Mapping the Potential)*.

*Mapping the Potential* (<https://mappingthepotential.cssa.org.au/>) is a research partnership between Catholic Social Services Australia, the Australian National University and Catholic social service providers from across Australia.<sup>36</sup> The research examined disadvantage across four themes: economic, education, health and social. It reveals a number of trends that show the effect of employment on the health and social wellbeing of Australian communities. Figure 1 highlights the correlation between communities (suburbs) that score lower on economic indicators and higher on rates of mood disorders.

**Figure 1: Rate of Mood Disorders by Suburb Economic Average Rating (Rate per 100)**

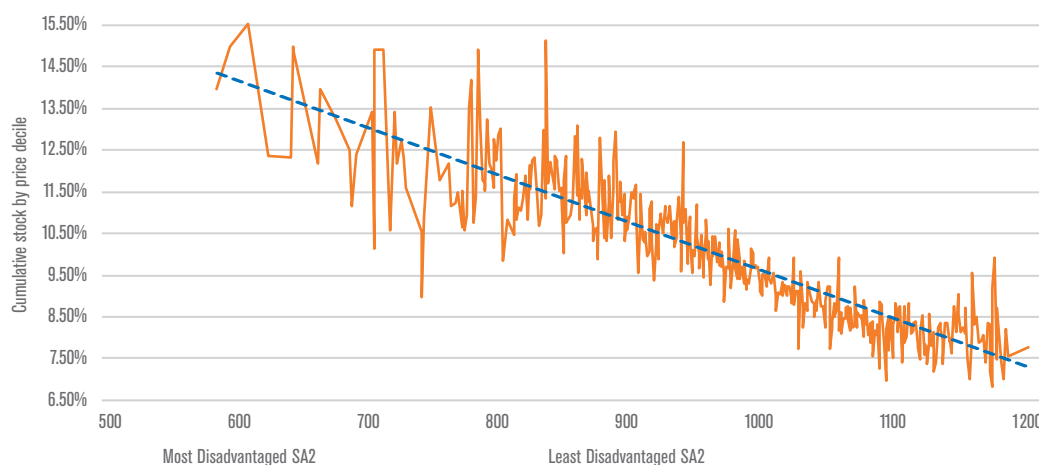


Figure 1. The X-axis displays the average Economic score of suburbs from minimum to maximum. The percent of the population diagnosed with a mood disorder in that suburb is presented on the Y-axis.

34 Austin Nichols et al, 2013, “Consequences of Long-Term Unemployment”, *Urban Institute: Income and Benefits Policy Centre*, 20 August 2013, 2.

35 Jennie Brand, 2015, “The Far-Reaching Impact of Job Loss and Unemployment”, *The Annual Review of Psychology*, Vol. 43, No. 1: 369.

36 Catholic Social Services Australia, 2020, *Mapping the Potential*, <https://mappingthepotential.cssa.org.au/>.

Figure 2 shows that, generally, communities with a higher unemployment rate score lower on health indicators, revealing a link between joblessness, entrenched disadvantage and poor health outcomes.

**Figure 2: Unemployment Rate by Suburbs Average Health Rating**

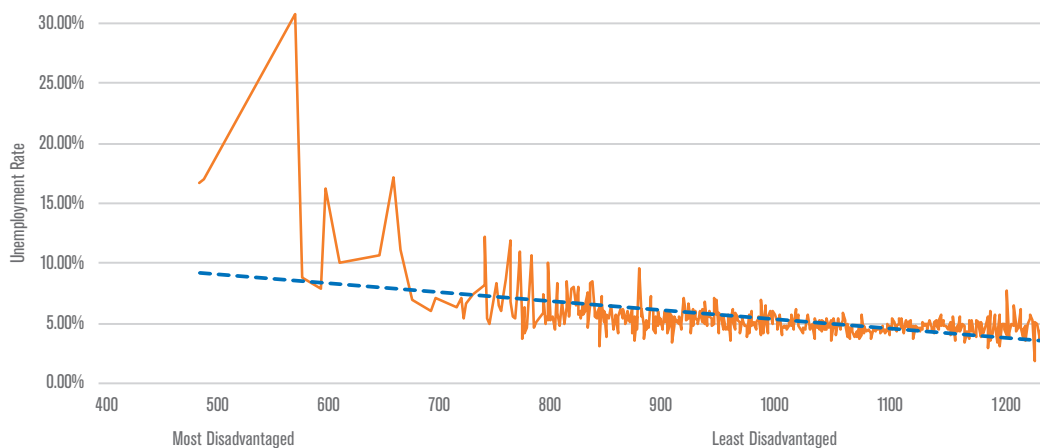


Figure 2. The X-axis presents the average Health Index scores from minimum to maximum. The Y-axis represents suburbs' corresponding levels of unemployment.

Figure 3 highlights that suburbs with high health averages tend to have lower percentages of their working age population on welfare. Again, this reinforces the important correlations between employment and non-economic indicators such as health.

**Figure 3: Percentage of Working Age Population on Welfare by Suburb Health Average**

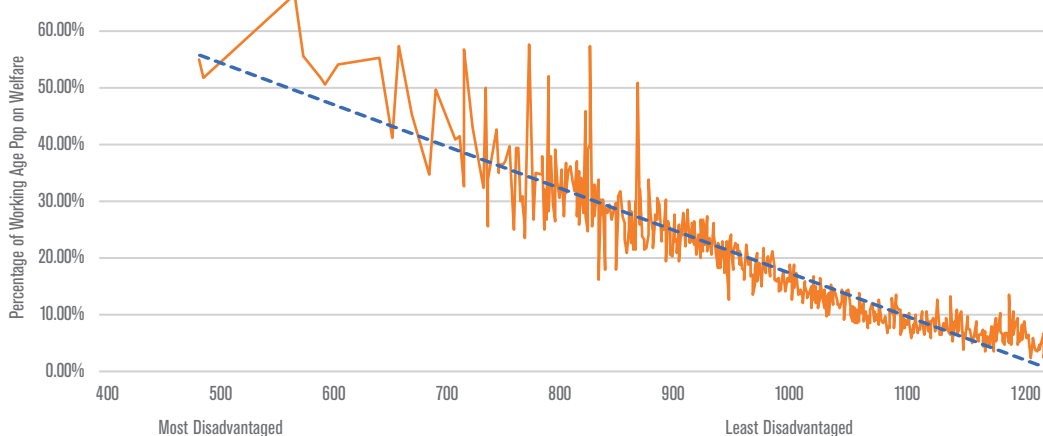


Figure 3. The X-axis displays suburb Health Index scores and the top of the Y-axis represents high percentages of people receiving welfare.

Communities where jobless rates are high are far more likely to experience significant socio-economic disadvantage and associated psychological problems. When joblessness is concentrated within communities, the subsequent socio-economic disparity is often embedded, entrenching these communities in a cycle of disadvantage.



## Work and the modern economy

In an interconnected global economy, the operation of national economies is complex and subject to forces beyond the control of the national government. The Global Financial Crisis and the COVID-19 pandemic demonstrate these complexities. Australia's global connectedness has shaped the flow of capital and the mobility of labour. Combined with the rise of the digital and gig economies, globalisation and the market economy has undermined the traditional relationship between capital and labour.

Jobs and wages are fundamental to the prosperity of our economy. That prosperity will be shaped by the industrial relations framework which operates in Australia. Any job creation agenda to address the impacts of COVID-19 must include examination of our industrial relations system.

### Australia's industrial relations landscape

The relationship between capital and labour in Australia is regulated under the *Fair Work Act 2009*, administered by the Fair Work Commission. The object of this Act is to "provide a balanced framework for cooperative and productive workplace relations that promotes national economic prosperity and social inclusion for all Australians".<sup>37</sup>

The Act provides an industrial relations framework which has an ultimate objective of contributing to the social and economic prosperity of all Australians. In doing so, it sets out a number of elements which are underpinned by key Australian traditions and values such as fairness, flexibility and prosperity.

In his announcement of the Australian Government's new JobMaker initiative, Prime Minister Scott Morrison identified the initiative's first two priorities: skills and industrial relations. In the area of industrial relations Prime Minister Morrison praised the constructive approach of employers, employees and their representative bodies in working together through the pandemic to find practical solutions to keep Australians in work.

While acknowledging this constructive approach Prime Minister Morrison argued that:

We now need to turn that into cooperation to create even more jobs, especially during this all-important recovery phase. Our current system is not fit-for-purpose, especially given the scale of the jobs challenge that we now face as a nation.<sup>38</sup>

In announcing the JobMaker initiative the Prime Minister has done two critical things. First, he has acknowledged the value of bringing together employers, industry groups, employee representatives and government to chart a practical way forward with key industrial relations reform. Second, he has focused this reform through the lens of what he describes as a "job-making" agenda.

---

<sup>37</sup> Australian Government, 2017, *Fair Work Act, 2009*, No. 28, 2009, Compilation No. 33, 4–5.

<sup>38</sup> Morrison, *Address, National Press Club*.

For there to be success in this industrial relations reform agenda, job creation must be its focus. The reform agenda should be viewed as an opportunity to harness the productivity and potential of those without work or who are underemployed, as a key element of the Fair Work Act: social inclusion for all Australians.

## **Insecure work and underemployment**

The Australian Government's industrial relations reform agenda will need to consider the issue of casuals and fixed-term employees. This is essential, because insecure work is becoming a feature of work in the Australian economy. Economists Tanya Carney and Jim Stanford have investigated the issue of job security in Australia, which has been in decline since 2012.<sup>39</sup>

The concept of insecure work has a far broader construct in the modern employment landscape than just a casualised workforce. It includes a growing number of part-time employees who are underemployed because of short or irregular hours of work and the emergence of marginal self-employment. Many Australians working independently in marginal self-employment operate in the gig economy, working and receiving payment on a task-by-task basis from various employers.

According to Carney and Stanford, Australia's labour market has become a more challenging place in recent years, for two main reasons: the quantity of work available is inadequate relative to the number of people who need jobs, and the quality of work has been deteriorating.<sup>40</sup>

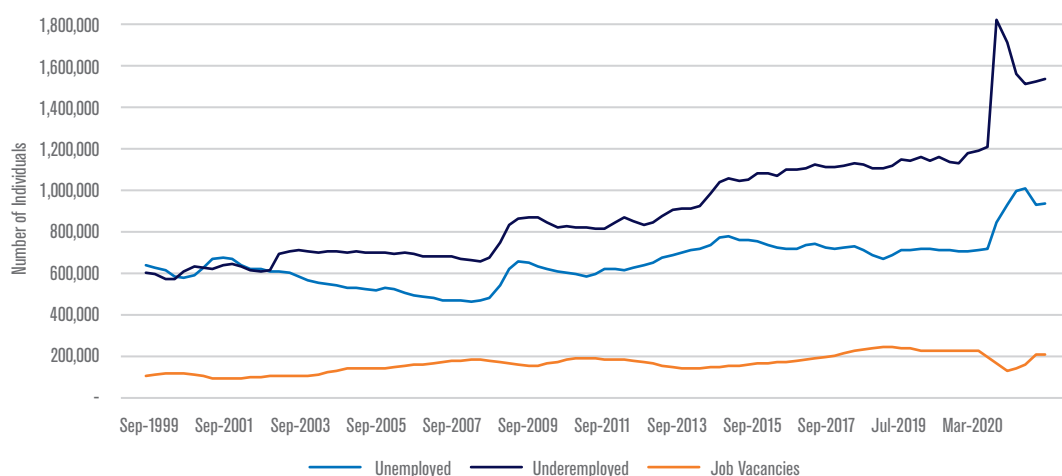
The quantity of available work in Australia must be viewed beyond the unemployment rate. Underutilisation of labour, that is those who are unemployed and underemployed, has been a problem for some time in Australia. Figure 4 highlights several issues with the Australian labour market which have been ongoing for over two decades. Figure 4 shows that the number of job vacancies is insufficient to meet demand for those without work or needing more work. Further, since 2002 the number of people looking for more hours of work has remained consistently above the number of people who are unemployed. Finally, the trend in underemployment is increasing, made all the more crucial as dependence on insecure employment grows.

---

<sup>39</sup> Tanya Carney and Jim Stanford, 2018, "The Dimensions of Insecure Work: A Factbook", *The Australia Institute Centre for Future Work*. 29 May 2018, 1.

<sup>40</sup> *Ibid*, 3.

**Figure 4: Labour Underutilisation and Job Vacancies**



Source: ABS, 2020, Labour Force, Australia, "Table 22, Underutilised persons by Age and Sex—Trend, Seasonally adjusted and Original", Time Series Spreadsheet, Cat. No. 6202.022; and ABS, 2020, Job Vacancies, Australia, "Table 1, Job vacancies, state and territories ('000)", Time Series Spreadsheet, Cat. No. 6354.0.

Before COVID-19, the number of Australians who were unemployed was around 710,000 or around 5.2%, which by historical measures would indicate a healthy labour market.<sup>41</sup> However, the high number of people classified as underemployed before COVID-19, around 1.18 million, confirms that Australia's labour market was soft even before the pandemic.<sup>42</sup>

The quantity of work available in Australia is insufficient to meet labour demand and, according to Carney and Stanford, has also led to a decline in the quality of work.<sup>43</sup> The impact of insecure work on wages can be seen in Table 1.

**Table 1: Median Earnings by Job Category (and Change from 2012 to 2017)**

Job Category	Median Weekly Earnings 2017	Change in Real Median Weekly Earnings 2012–17
Full-time permanent	\$1300	+3.3%
Full-time casual	\$1000	+0.3%
Part-time permanent	\$693	+5.6%
Part-time casual	\$352	-5.4%
Self-employed: with employees	\$1299	+3.2%
Self-employed: no employees	\$1054	+4.7%
Self-employed: part-time, no employees	\$528	-26.5%

Source: James Stanford, 2018, "Wages Crisis Has Obvious Solutions", Centre for Future Work, 10 April 2018, Accessed 13 October 2020 at: [https://www.futurework.org.au/wages\\_crisis\\_has\\_obvious\\_solutions](https://www.futurework.org.au/wages_crisis_has_obvious_solutions).

Includes incorporated self-employed only. Real earnings deflated by CPI

41 ABS, 2020, Labour Force, Australia, "Table 01, Labour Force by Sex—Trend", Time Series Spreadsheet, Cat. No. 6202.022, Accessed 20 October 2020.

42 Joe Zabar, 2020, "A Way Forward to COVID-19 Economic Recovery", *Eureka Street*, 5 May 2020, Accessed 6 May 2020 at: <https://www.eurekastreet.com.au/article/a-way-forward-to-covid-19-economic-recovery#>.

43 Carney and Stanford, *The Dimensions of Insecure Work*, 3.

The growth of the digital and gig economies has disrupted our national economic prosperity. Innovation through these new economies is disrupting the nexus between effort and reward for work. Those harnessing technology to improve productivity are opting to channel gains from productivity increases to shareholders and improving market share.<sup>44</sup>

Breaking the bond between productivity gains and employee wages will continue to transform the global economy through advances in technology. While technological advancement should be embraced as a means to improve the quality of work and life, leaving the digital and gig economy juggernauts unchecked has the potential to cause significant harm to society.

Australia had an undersupply of jobs before the COVID-19 pandemic, which allowed some employers to contain and minimise the improvement in pay and conditions to employees, opting instead to deliver better returns to shareholders. That said, it must also be acknowledged that the oversupply of labour is not a universal problem in Australia given the demand for overseas skilled labour (often trade skills). Nonetheless, the labour statistics show that there continues to be insufficient capacity in the economy to deliver “full employment”, which the COVID-19 pandemic will only worsen.

---

<sup>44</sup> Geoff Weir, 2018, “Wage Growth Puzzles and Technology”, Reserve Bank of Australia. Research Discussion Paper, September 2018, ii.

# The COVID-19 Pandemic

Unlike the Global Financial Crisis, the current downturn in the Australian economy has been brought about by the actions of governments to prevent the spread of the COVID-19 virus. Australian governments have placed the health and wellbeing of Australians above economic performance. In doing so, their actions have protected our country from the large-scale deaths and hospitalisations which have been witnessed around the world.

## Impacts on the Australian economy

The Australian economy prior to COVID-19 was weak. Years of drought had impacted our regional economies. The 2019 summer bushfire devastation across Australia placed additional pressure on the national economy – characterised by low wages growth, low GDP growth and high rates of underemployment.

Although the Australian Government has presided over the creation of 1.2 million jobs and delivered a headline unemployment rate of around 5.2% (prior to the COVID-19 pandemic), Australia still had some 710,000 people without work and another 1.18 million people looking for more work.<sup>45</sup>

The impact of COVID-19, and in particular its effect on the labour market, is outlined in Table 2. The number of unemployed against the number of job vacancies is telling. In February 2020, there were three unemployed people for every vacancy. In May 2020 the ratio fell to seven unemployed people for every vacancy. By December 2020, unemployment numbers had fallen to just over 912,000 people, with more jobs being supported by Jobkeeper support which will cease in March 2021.

Temporary insolvency and bankruptcy protections to assist financially distressed Australian businesses during the COVID-19 pandemic have been extended until 31 December 2020 as more than 240,000 small businesses faced collapse through the pandemic.

---

<sup>45</sup> ABS, 2020, *Job Vacancies, Australia*. "Table 1, Job Vacancies, States and Territories ('000)", Time Series Spreadsheet, Cat. No. 6354.0, Accessed 20 October 2020 at: <https://www.abs.gov.au/ausstats/abs@nsf/mf/6354.0>.

**Table 2: Employment and Economic Data**

	May2020	Jun 2020	July2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020
Employed	12,117,700	12,328,500	12,472,400	12,601,500	12,571,900		12,860,700	12,910,800
Unemployed	923,000	992,300	1,008,300	926,200	937,400		943,100	912,000
Underemployed	1,708,100	1,555,600	1,513,900	1,525,000	1,536,800	1,355,400	1,291,600	1,251,900
Job vacancies	129,100	-	-	206,000	-	-	254,400	-
JobSeeker recipients	1,463,863	1,441,287	1,450,265	1,453,734	1,399,858	1,346,890	1,309,776	
Annual GDP %	-		-6.4-	-		-	-	-

Source: ABS, *Labour Force Aust.* Table 22, Sept 2020, "Australian National Accounts: National Income, Expenditure and Product," Time Series Spreadsheet, 5206, Accessed 15 January 2021 ABS, *Job Vacancies, Australia*; and DSS, 2020, "Table 1: Recipients of Newstart Allowance, JobSeeker Payment, Bereavement Allowance, Sickness Allowance and Youth Allowance—Time Series", JobSeeker Payment and Youth Allowance Recipients—Monthly Profile, Accessed 15 January 2021 254,400.

## Impacts on Australian society

COVID-19 has had significant impacts on individuals and households across Australia. It has created new consumer behaviour, spending patterns and financial pressures. The pandemic lockdown has also exacerbated many social and health issues in Australian society. As a nation we are consuming more alcohol, seeking more help from counsellors for mental health issues and experiencing increased incidences of domestic and family violence.

The Smith Family has reported that vulnerable students and families have been further disadvantaged by remote learning during the lockdown, finding that children from vulnerable families were disengaged from education.<sup>46</sup> The report also highlighted rising concerns over the physical and mental health of families and food insecurity.<sup>47</sup>

Younger Australians most likely to be seeking part-time and casual positions have reported challenges to developing the experience, skills and productivity needed to find work. Between January and August 2020, participation of Australians aged between 15 and 24 in the labour force dropped by more than 105,000, with youth unemployment peaking at 16.4% in June 2020 (over double the national average).<sup>48</sup> The rate of youth underemployment rose from 21% in February to 22.5% in August, peaking at 27.6% in April 2020.<sup>49</sup>

Australian National University research shows that during COVID-19, 44% of young Australians aged between 18 and 24 who pay rent or a mortgage were unable to make their payments on time.<sup>50</sup> Between April and May 2020, housing stress for young Australians grew almost threefold.<sup>51</sup>

46 The Smith Family, 2020, "Covid-19 Insights Snapshot: The Challenges of Surviving COVID-19 in Australia's Hardest Hit Communities", *The Smith Family*, May 2020, 1.

47 *Ibid*, 1-4.

48 ABS, *Labour Force, Australia*. Table 22, Sept 2020

49 *Ibid*.

50 Nicholas Biddle et al, 2020, "COVID-19 and mortgage and rental payments: May 2020", ANU Centre for Social Research and Methods, 30 June 2020, 6.

51 *Ibid*, 7-8.

During the last recession, the youth unemployment rate peaked above 20% in 1992, and following the GFC climbed to 14% in 2014. The Productivity Commission has identified that the weak labour market will continue to impact under-30s who have suffered the most professionally during COVID-19, and are less able to find work in their preferred occupations.

the Australian Government's JobMaker support measure, which supports businesses to employ under 35-year-olds, is a significant attempt to address the long-term impacts of COVID-19 on this group.

## Economic and social impact on women

COVID-19 has also disproportionately affected women in Australia. More women have lost their jobs, and a higher proportion of women than men are experiencing underemployment. Between February and August 2020, the number of employed males dropped by around 204,500 net individuals, with the biggest difference occurring in May when there were 392,800 fewer employed males. However, the number of employed women decreased by almost 212,000 in August, with the biggest difference occurring in May when there were more than 481,600 fewer employed women than in February 2020.<sup>52</sup> Further, in August 2020, the rate of underemployment for women rose to 12.9%, compared to 11.2% for males.<sup>53</sup> Women also experienced a proportionally greater reduction in their monthly hours of work when the COVID-19 pandemic broke out. Between April and May 2020, women experienced a 9.96% drop in their monthly hours compared to the same period in the previous year, in contrast to the 8.61% drop experienced by men in the same period.<sup>54</sup> This suggests that women work in sectors where the outbreak of COVID-19 had a greater impact. Prior to the pandemic, 53% of Australia's short-term casual workers were women.<sup>55</sup>

During the lockdown women took on a greater responsibility for caring for children and household tasks, and were the victims of an increased number of incidents of domestic and family violence.

The rise in domestic violence incidents reported during the lockdown period in Australia is reflected in the UN Women's report which predicted that incidents of family and domestic violence are "likely to increase" and "intensify".<sup>56</sup> Victims Services NSW reporting that in March 2020, there were 9809 referrals through the Safer Pathways program for female victims of domestic and family violence.<sup>57</sup> This is 978 incidents more than in March 2019, an increase of 11%.<sup>58</sup>

---

52 ABS, 2020, *Labour Force, Australia*, "Table 19, Monthly Hours Worked in All Jobs by Employed Full-Time, Part-Time and Sex and by State and Territory—Trend and Seasonally Adjusted", Time Series Spreadsheet, Cat. No. 6202.022, Accessed 20 October 2020.

53 *Ibid.*

54 ABS, Table 22, Underutilised persons by Age and Sex.

55 Rebecca Cassells and Alan Duncan, 2020, "Short-Term and Long-Term Casual Workers: How Different are They?" *Bankwest Curtin Economics Centre*, Research Brief COVID-19, No. 4: 1-2

56 UN Women, 2020, "COVID-19 and Ending Violence Against Women and Girls", United Nations Entity for Gender Equality and the Empowerment of Women, 2.

57 Victims Services NSW, 2020, "Domestic and Family Victim Female Referrals 1 March 2020–31 March 2020", NSW Government: Communities and Justice, May 2020, 1.

58 *Ibid.*, 1.

In July 2020, the Australian Institute of Criminology reported that 11.6% of women in Australia reported experiencing emotional abuse, harassment or controlling behaviour from March to May during the COVID-19 pandemic.<sup>59</sup> Further, 53.1% of those who had previously experienced domestic violence reported that incidents of domestic violence increased during the COVID-19 pandemic.<sup>60</sup>

## Australian government measures

### The economic response

In Australia we have witnessed government responses to COVID-19 in the light of second and third wave of infections across the world. The significance of further waves of infections was addressed in the OECD's Economic Outlook Report in June 2020 which suggested that a second outbreak, or "double-hit scenario", would prolong financial stress and further generate uncertainty in the market and cause the Australian GDP to fall by 6.3%, compared to projections of a drop of 5% if there is only one wave.<sup>61</sup>

The global infection rate is over 95 million people by January 2021, and more than 20 million deaths have resulted from COVID-19. Australia has escaped the worst of the pandemic, because of the rapid response by governments, the co-operation of Australians during the required lockdown and the ongoing investment in Australia's health and care systems.

In response to the economic threat of COVID-19, in addition to health and social restrictions, the Australian Government introduced a range of economic measures to relieve the economic impacts on businesses and their employees. Combined, these early measures were worth some \$150 billion. The JobKeeper payment scheme, has enabled businesses and sole traders significantly affected by COVID-19 to access fortnightly payments for eligible employees.

Limitations in the system design meant a significant number of workers were ineligible for the wage subsidy. Casual workers were only eligible for JobKeeper payments if they were employed by the same business on a regular basis for at least 12 months prior to 1 March 2020.<sup>62</sup>

On 26 May 2020, the Australian Government announced the next stage of their economic response, in the form of the "JobMaker" plan. This scheme aims to boost employment by getting businesses "out of ICU".<sup>63</sup> A focus on skills and training has taken centre stage in the Australian Government's COVID-19 recovery plans, witnessed through changes to the university course fee structure.

---

59 Hayley Boxall et al, 2020, "The Prevalence of Domestic Violence Among Women During the COVID-10 Pandemic", *Australian Institute of Criminology Statistical Bulletin* 28, July 2020, 1.

60 *Ibid*, 12.

61 OECD, 2020, *Economic Outlook Volume 2020 Issue 1: Preliminary Edition*, Accessed 11 June 2020 at: <https://www.oecd-ilibrary.org/sites/0d1d1e2e-en/index.html?itemId=/content/publication/0d1d1e2e-en>.

62 ATO, 2020, "Your Eligible Employees", Australian Taxation Office, Accessed 12 June 2020 at: [https://www.ato.gov.au/general/JobKeeper-payment/employers/your-eligible-employees/#:~:text=Casual%20employees%20are%20only%20eligible,nominate%20all%20your%20eligible%20employees.&text=They%20can't%20be%20nominated,by%20more%20than%20one%20employer](https://www.ato.gov.au/general/JobKeeper-payment/employers/your-eligible-employees/#:~:text=Casual%20employees%20are%20only%20eligible,nominate%20all%20your%20eligible%20employees.&text=They%20can't%20be%20nominated,by%20more%20than%20one%20employer.).

63 Morrison, *Address to the National Press Club*, May 2020.



On 6 October 2020, the Australian Government brought down its 2020–21 Federal Budget. Its focus was on stimulating spending and investment in the economy by bringing forward personal income tax cuts, introducing wages subsidies to encourage employers to hire young people and funding large infrastructure projects. The size of the package is reflected in the record Budget deficit which will be in the order of \$213.7b for 2020-21, with Australian Government debt close to \$1 trillion.

The economic measures undertaken to date by the Australian Government during the COVID-19 pandemic have proved effective in reducing the economic impact of the crisis. The initial suite of economic stimulus packages have proven to be helpful economic “first aid” for an economy in trouble. The role of the Australian Government now is to assist with the rehabilitation of the economy over time. The Government is seeking to achieve this by stimulating economic activity and building confidence to deliver economic prosperity and jobs. The measures announced in this year’s Federal Budget may go some way to achieving this, however its success will depend on the willingness of Australians to spend and for businesses to hire new employees.

Confidence will be key to addressing Australia’s economic future.

# Opportunities for Reform and Recovery

The central tenets of any economic recovery strategy must be jobs and sustainable economic growth. The Australian Government, together with the state and territory leaders, will need to focus on developing a suite of national policy solutions to drive economic activity, while at the same time create jobs which are secure.

In the decade since the Global Financial Crisis, our national governments have focused heavily on the narrative of debt and deficit, which has done little to shield us from this latest economic downturn. In dealing with the post COVID-19 environment, Australia needs our economic leaders to focus on creating jobs and stimulating economic growth, expanding our economic base and shielding us from future economic shocks.

Such an approach requires our governments to invest in activities that serve to stimulate current economic activity and underpin new economic opportunities. This includes addressing the social infrastructure needs that have emerged from COVID-19. Such investment in social and community services, workforce development, vocational training, facilities and community infrastructure is about building back better, as a society and community, focused on working for the common good. This is not the time for austerity measures which will slow down economic recovery, rather it is time for courageous investment in the transformation of communities, industries and enterprises that will enable Australia to harness the economic opportunities that will emerge from COVID-19.

To achieve this, governments can begin to stimulate economic growth by removing unnecessary red tape and revisiting much needed reforms to our taxation and industrial relations system.

As potential beneficiaries of sound tax and industrial policies, employers have an important part to play in supporting the economy and creating opportunities to employ individuals on just terms. Businesses that derive profit generated through the strength of the Australian economy have an additional obligation to contribute to the common good through the payment of taxes. Multi-national businesses operating in Australia also have a special responsibility to contribute taxes to the economy from which they derive their profits. These businesses have a duty to pay the same rate of tax as those Australian-based businesses, for tax is not merely an impost on capital but part of the social contract in which we all contribute our dues in support of the common good.

Catholic social teaching asks us all to ensure that the poor and marginalised are supported. Prior to the COVID-19 pandemic there were some 710,000 people without work and some 1.18 million seeking additional hours of work. Ignoring those dislocated from the workforce prior to COVID-19 is to perpetuate an ongoing and insidious categorisation of people into those that deserve our help and those that don't.

As critical as tax and industrial relations reform might be to our future prosperity, we should not underestimate the importance of the Australian Government's welfare and jobs programs to deliver a strong economy. JobSeeker payments must be adequate to incentivise work and not act as a barrier to employment. Similarly, employment programs need to be redesigned to maximise the potential placement of people who are without work.

The way forward is to embrace the collective capability of governments, civil society and business. That capability must be exercised with the view to growing the economy and creating jobs through the lens of the common good.

## A charter for the common good

An important lesson from the COVID-19 crisis is that when we work together in the pursuit of the common good we can achieve great things. The principle of the common good is deeply embedded in the Catholic Church's social teachings. The common good is the sum total of social conditions which allow people, either as groups or individuals, to reach their fulfilment more fully and more easily.<sup>64</sup>

Catholic Social Services Australia calls for an economy that is inclusive – one that ensures those with work have access to secure employment with just terms and conditions and, for those without work, having access to social supports which allow them to live with dignity.

The creation of the National Cabinet demonstrated the power of the collective serving Australia as a whole. The Prime Minister has acknowledged the “strong and coordinated leadership... [and] innovation of the National Cabinet” in coordinating a response that “has followed a clear plan to save lives and save livelihoods”.<sup>65</sup>

The Prime Minister's announcement to continue with the National Cabinet is a significant step in helping to develop a cross-jurisdictional commitment to the implementation of important national economic measures which will assist in the recovery of the Australian economy.<sup>66</sup>

The common good is fundamental to a functioning society. Being attentive to the common good can renew public confidence in our institutions and their ability to serve all Australians. The leadership shown by our various government leaders during this crisis has strengthened the goodwill of Australians towards them, and will allow governments to be far more courageous in their actions to address the economic crisis brought about by the COVID-19 pandemic.

---

64 Catholic Church, *Compendium of the Social Doctrine of the Church*, n164.

65 Morrison, *Address, National Press Club*.

66 Scott Morrison, 2020, “Update Following National Cabinet Meeting”, Prime Minister of Australia, 29 May 2020, Accessed 7 July 2020 at: <https://www.pm.gov.au/media/update-following-national-cabinet-meeting>.

## Full employment

Central to Australia's successful economic recovery will be a commitment to Australia becoming a full employment economy. The aim of full employment is simple – providing all Australians who are willing and able to participate in economic activity the opportunity to do so. This is fundamental to improving national productivity and social cohesion.

A full employment economy has a naturally low unemployment rate and a high level of citizen engagement. In 2019 the Reserve Bank of Australia signalled its concern with Australia's slow wages growth, suggesting it was time to revisit the goal of full employment.<sup>67</sup> A policy commitment to full employment is essential for several reasons. First, it provides a policy focus for the Australian Government's jobs agenda. A commitment to full employment can act as the policy glue which binds the actions of government and its various agencies to focus on job creation. Second, it provides government the opportunity to develop innovative solutions with the express purpose of delivering a full employment economy. Finally, it will hold all governments to account. A full employment policy means that government can no longer simply allow market forces to determine whether someone has a job or not.

Achieving a full employment economy requires significant government effort in creating jobs both within government, the private sector and the community.

## Creating employment

To drive Australia's economic recovery, government cannot only rely on market forces to find work for those displaced because of COVID-19. Significant intervention is required by government to directly generate employment and create mechanisms through investment, stimulus and employment programs to absorb those without work or who are underemployed.

This will require government to re-examine key principles currently hardwired into our national employment policy settings and considering the many ways that the world of work has been re-shaped by COVID-19.

The concept of full employment is part of the Reserve Bank's Charter, as follows:

It is the duty of the Reserve Bank Board... [to] best contribute to:

- a. the stability of the currency of Australia;
- b. the maintenance of full employment in Australia; and
- c. the economic prosperity and welfare of the people of Australia.<sup>68</sup>

Prior to COVID-19, the Reserve Bank issued statements suggesting that "full employment" in Australia was at a rate much lower than the then-prevailing unemployment rate of around 5%.<sup>69</sup>

---

67 Philip Lowe, 2019, "Statement by Phillip Lowe, Governor: Monetary Policy Decision", RBA, Media Release, 1 October 2019, Accessed 14 July 2019 at <https://www.rba.gov.au/media-releases/2019/mr-19-27.html>.

68 Australian Government, 2015, *Reserve Bank Act 1959*, No. 4, 1959, Compilation No. 29, 10.

69 Phillip Lowe, 2019, "The Labour Market and Spare Capacity", Reserve Bank of Australia, Address to a Committee for Economic Development of Australia (CEDA) Event, Adelaide, 20 June 2019.

CSSA offers a number of interrelated suggestions in support of a job creation agenda: addressing unmet employment need in the care sector, improvements to the Australian Government's employment programs and the introduction of a Job Guarantee program. We suggest that reforming our social welfare payment system and linking it to a Job Guarantee program provides the opportunity to reimagine our welfare and economic systems as ones which work together to deliver an economy of full employment.

## Delivering jobs through the care sector

Both COVID-19 and the 2019–20 bushfires have drawn extensively on our care sector to support Australians in times of crisis. The care sector includes workers in our health, community services aged care, disability, psychosocial counselling and emergency relief services who continue to be at the frontline of Australia's response to COVID-19.

When restrictions were imposed to contain the pandemic all parts of the care sector responded by reshape their service offerings. The agility of the sector was critical to maintaining vital support services for an ever-growing group of vulnerable people. COVID-19 has exposed weaknesses in the care sector systems, particularly in the aged care system which at the time of writing has seen more than 900 people die as a result of COVID-19.<sup>70</sup>

The disability and aged care sectors support many of Australia's most vulnerable citizens. The financial investment by the Australian Government in these two sectors alone is \$45.3 billion for 2020-21 increasing to \$51.3 billion in 2023-24.<sup>71</sup> However, significant concerns have been raised about the capacity of the sector to deliver the level of services necessary to support some of our most vulnerable people.

In its Interim Report, simply titled *Neglect*, the Royal Commission into Aged Care Quality and Safety examined workforce issues in the aged care sector. The interim report identified:

- the aged care sector's difficulty in attracting sufficient numbers of people with the right skills;
- aged care workers and professionals too often have limited training and insufficient knowledge to do their jobs as well as they potentially might do;
- questions as to whether there are adequate safeguards to ensure that people working in aged care not only have the relevant knowledge and skills but are people of good character, integrity and compassion;
- many workers still see the aged care sector as a career stepping stone or potential pathway to a nursing career in the acute health sector;
- staff are leaving the sector because of dissatisfaction with remuneration, income insecurity and excessive and stressful work demands; and
- lack of adequate and consistent staffing as the underlying cause of staffing pressures and a barrier to the capacity of workers to deliver person-centred care.<sup>72</sup>

---

70 Australian Government, 2020, "Coronavirus (COVID-19) Current Situation and Case Numbers", Department of Health, Accessed 15 January at <https://www.health.gov.au/news/health-alerts/novel-coronavirus-2019-ncov-health-alert/coronavirus-covid-19-current-situation-and-case-numbers#cases-in-aged-care-services>.

71 Commonwealth of Australia, 2020, *Budget 2020-21: Budget Strategy and Outlook, Budget Paper 1*, 6 October 2020, 166.

72 Commonwealth of Australia, 2019, "Royal Commission into Aged Care Quality and Safety, Interim Report: Neglect, Volume 1," 31 October 2019, 217-232.

The Royal Commission noted that workforce issues, among others, will be critical to the recommendations in its final report for comprehensive reform of the aged care system.

While much-needed workforce reforms in the aged care system pre-date the COVID-19 period, the pandemic has brought to public attention the urgency of this matter.

In its 2019 Report *Growing the NDIS Market and Workforce*, the Department of Social Services noted that the National Disability Insurance Scheme (NDIS) presents one of the largest job creation opportunities in Australian history.<sup>73</sup> However, as with the aged care system, there are issues which need to be addressed to fully realise the workforce needs of this growing sector. The report highlights the following as factors constraining the capacity of the system to grow:

- low public awareness of NDIS job opportunities;
- misperceptions about working in the sector; and
- competition from similar sectors.<sup>74</sup>

In its submission to the Joint Standing Committee on the National Disability Insurance Scheme inquiry into the NDIS workforce, National Disability Services argued that pressure on NDIS providers is a result of:

- inadequate prices;
- inefficient and cumbersome systems;
- cashflow challenges;
- increased flexibility arising from participant choice; and
- staff shortages.<sup>75</sup>

It concludes that these issues contribute to “the biggest ongoing challenge facing the NDIS which is the shortage of high-quality supports to meet participant demand”.<sup>76</sup>

The Department of Social Services submission to the Joint Standing Committee on the NDIS inquiry into the NDIS workforce noted that the workforce may need to grow by around 52,000 full-time-equivalent workers (FTEs) by 2023.<sup>77</sup> It also highlighted that to achieve the required scale of increased workforce capacity there is an urgent need to focus on the following priorities:

- attracting a diverse and sustainable pipeline of workers who have the right attributes and values to support NDIS participants;
- supporting a sustained and rewarding work environment that values workers and provides a career pathway in the disability sector;
- developing innovative and responsive service models using technology and other tools that maximise workforce productivity and effectiveness; and
- ensuring workers are equipped with the relevant skills, values and attributes and thorough

---

<sup>73</sup> Commonwealth of Australia, 2019, *Growing the NDIS Market and Workforce*, Department of Social Services, 1.

<sup>74</sup> *Ibid*, 10.

<sup>75</sup> National Disability Services, 2020, “NDIS Workforce Submission 25,” *Joint Standing Committee on the National Disability Insurance Scheme*, June 2020, 1.

<sup>76</sup> *Ibid*, 1.

<sup>77</sup> Department of Social Services, 2020, “NDIS Workforce Submission 48,” *Joint Standing Committee on the National Disability Insurance Scheme*, June 2020, 1.

training and mentoring.<sup>78</sup>

The commonality of workforce issues between community health, aged care and NDIS provides an opportunity for more strategic investment by the Australian Government to deliver better care and create employment for Australians who have lost their jobs during the pandemic. The scale of demand for workers in the care sector is large, with the exact number likely to be clearer once the Royal Commission into Aged Care Quality and Safety makes its final recommendations.

This will necessarily involve investment in access to training and skills development, as well as employment conditions in the care sector. Enhancing the value of the contribution of the care workforce to Australian society will be critical. Promoting career paths within the sector as a lifelong vocation is an important aspect of repositioning the role of carers in our community. The Australian Government can enhance and support employment programs to ensure they better support the job opportunities in the care sector.

## Improving employment services outcomes

The Australian Government employment services program has been outsourced since 1998, replacing the Commonwealth Employment Service (CES). The Jobactive network is the latest model, in operation since 1 July 2015, when it replaced its predecessor Job Services Australia.

The success of the program has been variable. *The Employment Services Outcomes Report (Jobactive) July 2018–June 2019* found that only 47.7% of people participating in Jobactive during that period were in employment three months later.<sup>79</sup> In the July 2017–June 2018 report, 49.1% of were in employment three months later.<sup>80</sup>

Jobactive participants are currently categorised into three separate streams, based on levels of skill and assessed disadvantage: Stream A participants are those deemed most able to be placed into employment quickly and with minimum support, to Stream C participants who are experiencing high levels of disadvantage and require greater assistance to find work. In the period July 2018–June 2019, 57.7% of Stream A participants found employment after participating in Jobactive, while only 42.1% of Stream B found work in the same period. However, just 26.9% of Stream C participants found work three months after participating in Jobactive. More than half (53.7%) of participants who found work were employed in casual roles and adding to the level of job insecurity in Australia.

In February 2019 the Senate's Education and Employment References Committee Inquiry into employment services tabled its report titled *Jobactive: failing those it is intended to serve*. The report made some 41 recommendations, noting:

Through the evidence the committee received, it became clear that the Jobactive program is not fit for purpose. It is not delivering on its stated objectives. Participants are gaining employment in spite of Jobactive, not because of it. And many participants are suffering

---

78 *Ibid*, 3.

79 Department of Education, Skills and Employment, 2019, "Employment Services Outcomes Report (jobactive): July 2018–June 2019", , 2.

80 Department of Education, Skills and Employment, 2018, "Employment Services Outcomes Report (jobactive): July 2017–June 2018", *ent*, 2.

because of the program's punitive compliance arrangements. Providers are overburdened with red tape and consultants are struggling to help participants whilst also policing compliance requirements.<sup>81</sup>

In response to the report, the Australian Government stated that a new employment services model will be introduced from July 2022 and will reflect recommendations made by the Employment Services Expert Advisory Panel in its report *I Want To Work*.<sup>82</sup> It is clear that employment services must do more than simply match people to existing vacancies.

Disability Employment Services (DES) is an Australian Government program which aims to help people with a disability find work and keep a job. Like Jobactive, it is an outsourced model. In July 2018 the DES model was reformed. The changes to the scheme included:

- improving participant choice and control;
- engendering competition and contestability in service delivery;
- improving incentives for providers to place jobseekers in employment;
- introducing indexation of provider payments; and
- a trial of expanded DES eligibility for students in the last year of school.

The measures introduced in 2018 were viewed by disability advocates as inadequate. Therese Sands, Co-CEO of People with Disability Australia<sup>83</sup>, speaking on behalf of Disabled People's Organisations Australia (DPO Australia), stated:

Over \$800 million per year is being spent propping up a failed system that is not helping people with disability get paid work. A little more than 1 out of 10 people entering the DES program get a job and stay in that job for at least twelve months. Nationally, only 53% of people with disability of working age are in paid work, compared to 83% of their non-disabled peers. This huge employment gap has not changed over the last twenty years.

---

81 Senate Education and Employment References Committee, *Jobactive: Failing Those it is Intended to Serve*, xix.

82 Department of Education, Skills and Employment, 2020, "I Want to Work, Employment Services 2020 Report" t.

83 People with Disability Australia, *Disability employment reforms won't solve employment gap for people with disability*, July 2018.



The 2018 Outcome Report (the latest), which suggests that 28-30% of jobseekers gain employment after using a DES provider, is disputed. Critics include Peter Smith, director of the Centre for Disability Employment Research and Practice and a Melbourne University Fellow,<sup>84</sup> who argues that the reforms have been a failure stating that the 28-30% figure “disguises the fact that only 13.9% to about 20% are in full-time work while the remainder are part-time, but not defined”.

The current review of the DES program provides an opportunity to significantly improve employment outcomes for people with a disability through the DES program.

With predictions that unemployment in Australia will remain stubbornly high over the coming years, the role of employment services will be critical. In addition to supporting the placement of unemployed people into jobs, the Australian Government should also use these programs to work with the not-for-profit sector in creating new employment opportunities under a Job Guarantee program.

## Job Guarantee

In keeping with the Church’s commitment to human dignity and work, Catholic Social Services Australia has been advocating for the introduction of a Job Guarantee program to support, in particular, the long-term unemployed in regions where employment opportunities are limited.

A Job Guarantee program works by creating full-time and part-time jobs that are of “community benefit” through local government, community organisations, not-for-profit social enterprises and charities. These jobs are paid for by the government via the program and can include a range of activities including sub-trade jobs, local volunteer co-ordination and environmental remediation jobs.

A Job Guarantee program would have a net cost to government of around \$650 million for a cohort of up to 100,000 participants. A Job Guarantee program enables participants to be employed in a variety of community-based jobs, designed to match the skills and capabilities of the participants. The program incorporates vocational training, offers participants the opportunity to gain transferable skills and experience, offering increased economic mobility for them and their families.

Local communities benefit from the program through improved economic activity by way of increased spending on consumables and services. This is particularly important for regional, rural and remote communities and communities of entrenched disadvantage.

A Job Guarantee program offers significant economic benefits to Australia and can act as a macroeconomic stabiliser, mitigating the full consequences of economic downturns on individuals and the economy.

---

<sup>84</sup> Amber Schultz, *Crikey*, “The jobs scheme with five-star revenue and two-star performance, December 2019”.

## Reform of the welfare system

CSSA has long called for reform to Australia's welfare payments system, and an increasing in the Newstart allowance, or unemployment benefit. In 2020 the Government responded to a national advocacy campaign to "Raise the Rate" by renaming Newstart to Jobseeker and temporarily increasing the payment.

During COVID-19 a single person without dependants on JobSeeker received a payment of \$1,115.70 per fortnight, comprising \$565.70 JobSeeker Payment and a \$550 Coronavirus Supplement. The Coronavirus Supplement for JobSeeker was reduced on 28 September 2020 from \$550 to \$250 per fortnight. The Jobseeker payment rate is still under review by government.

In April 2020 the Senate Community Affairs References Committee released its report on the adequacy of the Newstart payment (now JobSeeker).<sup>85</sup> The report made 27 recommendations around JobSeeker and related payments. Key amongst these was that the Australian Government immediately undertake a review of the income support system to ensure that all eligible income support recipients do not live in poverty.

The Committee's report found that the adequacy of JobSeeker is a barrier to employment, noting that:

the evidence indicates that the income support system itself is acting as a key barrier to employment because of the inadequate payment rates that force people into poverty, the flaws in the design of mutual obligation requirements and the inefficiency of employment programs. Further, some income support recipients experience additional challenges that further compromise their ability to secure work, which often results in long-term unemployment.<sup>86</sup>

This barrier to employment is significant as the majority report stated that:

the committee heard that Newstart and Youth Allowance (JobSeeker) recipients were unable to afford the costs related to undertaking a job search, specifically, to maintain proper hygiene or dress appropriately, to afford the cost of transport when seeking employment or to pay for phone and internet access.<sup>87</sup>

---

85 Senate Community Affairs References Committee, 2020, "Inquiry Into Adequacy of Newstart and Related Payments and Alternative Mechanisms to Determine the Level of Income Support Payments in Australia", April 2020.

86 *Ibid*, xviii.

87 *Ibid*, xviii.

Table 5 below shows the level of the JobSeeker payment compared to other payments and wages. It should be acknowledged that those on JobSeeker would likely be entitled to other government supports.

**Table 5: Wages and welfare payments**

	Per week	Per Fortnight	Annualised
Average Wage FT	\$1,713.90	\$3,427.80	\$89,122.80
Average Wage (all)	\$1,304.70	\$2,609.40	\$67,844.40
Minimum Wage	\$753.80	\$1,507.60	\$39,197.60
Pension (Age)	\$472.15	\$944.30	\$24,551.80
JobSeeker + Corona Supp	\$407.85	\$815.70	\$21,208.20
JobSeeker	\$282.85	\$565.70	\$14,708.20

Source: ABS, 2020, *Average Weekly Earnings, Australia*, "Table 2—Average Weekly Earnings, Australia, Seasonally Adjusted, May 2020," Cat. No. 6302.0, Accessed 20 October 2020; Services Australia, 2020, "Individuals," <https://www.servicesaustralia.gov.au/individuals>, Accessed 12 October 2020; and Fair Work Ombudsman, 2020, "Minimum Wages," <https://www.fairwork.gov.au/pay/minimum-wages>, Accessed 20 October 2020.

The JobSeeker base rate is about 60% of the single age pension, 37.5% of the minimum wage and just 16.5% of the average full-time wage.

The 2017 UNSW Social Policy Research Centre report *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians* found that people on welfare did not have sufficient income for healthy living.<sup>88</sup> This report, released in partnership with Catholic Social Services Australia, ACOSS and United Voice, concluded "that the long-term decline in the adequacy of NSA (Newstart Allowance now JobSeeker) is a major policy failure that needs to be redressed, informed by a process of regular and independent review like that used to set the minimum wage".<sup>89</sup>

The introduction of the \$550 Coronavirus Supplement has made a significant difference to those receiving JobSeeker prior to its introduction. For those who have lost their jobs as a result of the COVID-19 pandemic, the initial fortnightly JobSeeker payment (including supplement) of \$1,115.70 is still more than \$10,000 per year less than the minimum wage. The government has yet to announce what the JobSeeker payment will be reduced to after December 2020.

88 Peter Saunders and Megan Bedford, 2017, "New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians", Social Policy Research Centre, Report, August 2017.

89 *Ibid*, 4.

The last review of the Australian social security system, the McClure Review, made numerous recommendations for reform that were not adopted by the Australian government. The welfare payment system and the manner in which payments are set is in need of an urgent review. Without properly addressing the adequacy of the JobSeeker payment, unemployed Australians, especially the long-term unemployed, will struggle to re-enter the labour market. CSSA continues to call for the establishment of an independent expert panel to examine the adequacy of all current welfare payment rates, including pensions. This panel should be established with the view to advise the Australian Government on the level of payment necessary to enable those dependent on welfare payments to receive an adequate level of income to enable them to live with dignity.

## Wage subsidy

The OECD's *Economic Outlook Volume 2020*, released in June, noted the relative success of Australia in countering the impact of the COVID-19 pandemic, pointing out that "Australia has been relatively spared, so far, from the COVID-19 outbreak".<sup>90</sup> The OECD report also made a number of recommendations for future policy measures to help secure the economic recovery in Australia. Of most note, the OECD recommended that JobKeeper payments may need to be extended to ensure that Australian workers continue to be supported.

The Australian Government's JobKeeper wage subsidy initiative reduced in September 2020 and was reduced again in January 2021, before ceasing on 28 March 2021. It is an initiative that has provided eligible businesses and their employees an important safety net while the impacts of the COVID-19 pandemic work through the economy. The extension of JobKeeper to March 2021 is an important decision to provide certainty to businesses.

A key element of the Australian Government's 2020-21 Budget is the announcement of its JobMaker hiring credit initiative. This initiative is a wage subsidy payable for up to 12 months and immediately available to employers who hire those on JobSeeker aged 16 to 35. This is an important initiative, however like JobKeeper, accessibility is limited. An extension of the JobMaker hiring credit initiative to include older workers on JobSeeker should be considered a priority.

---

<sup>90</sup> OECD, *Economic Outlook Volume 2020*.

## Industrial relations

While the National Cabinet has an important role in driving economic recovery, the Australian Government, as steward of our national economy, has a particular responsibility for implementing measures that will grow the economy and create jobs. The Australian Government's JobMaker initiative will be pivotal in this process of economic recovery.

Through the lens of the common good, industrial relations reform should focus on the problem of insecure work. Those with a steady job and reliable income will be better placed to spend and stimulate economic activity. While creating more casual and insecure jobs may provide some short-term relief for those without work, it will do little to grow the economy in a sustainable and inclusive way.

Attention to the impacts of the influence of the digital and gig economies on the nature and design of new jobs must also be a priority. The increasing growth of insecure work is occurring through casualisation, fixed-term and part-time employment, and the growing numbers of micro-businesses and solo entrepreneurs.

The industrial relations reform agenda provides an opportunity to examine the role of labour hire firms and their capacity to further entrench insecure work in our modern economy. A 2018 Australian Parliament research paper found that in August 2018 there were around 2.6 million casual employees in Australia who accounted for 24.6% of all employees.<sup>91</sup> While labour hires account for a small component of the total labour force, their prevalence in certain industries is high. Labour hire employees are much more likely to be employed on a casual basis. Around 78.8% of labour hire employees were employed on a casual basis.

In 2019, the Australian Building and Construction Commission (ABCC) undertook an audit program of some 63 labour hire employers to ensure that employees were being correctly paid, including receiving their base rate of pay, penalty rates, overtime rates and allowances. The audit found that 50 of the 63 (79%) employers audited were non-compliant with Australian workplace laws.<sup>92</sup> Of the 50 non-compliant employers, 32 had failed to pay their employees the correct rate of pay, allowances and overtime or penalty rates.<sup>93</sup>

The issue of employers failing to pay their employees their correct level of pay and conditions has been widely reported, and extends beyond labour hire firms to major retail companies, the hospitality industry and the franchise industry. There have been numerous investigations of employee underpayments and "wage theft".

"Wage theft" needs to be addressed as part of any industrial relations reform agenda and requires a legislative response. The case for award simplification would have greater merit if wage theft was confined to under-resourced small business owners. However, the fact that many large and well-resourced corporations have failed in their duty to properly pay their employees suggests this issue is significant and runs deeper than simply poor administration.

---

91 Geoff Gilfillan, 2018, "Trends in the Use of Non-Standard Forms of Employment," *Australian Parliamentary Library*, Research Paper Series 2018–19, 10 December 2018, 3.

92 Australian Building and Construction Commission, 2020, "Labour Hire Campaign Report, June 2020", , 2.

93 *Ibid*, 6.

Industrial relations reform needs to strengthen regulatory and compliance measures to deter employers from willfully disregarding their duties to employees. Company directors should be held accountable for ensuring that employees receive their entitlements, in the same way they have a duty to provide a safe workplace and comply with their fiduciary duties. Accountability could be achieved through increased regulatory compliance work by the Australian Securities and Investment Commission (ASIC) and the Fair Work Ombudsman.

Reform to industrial relations regulation should also include protections for employees to ensure they are not coerced directly or indirectly into employment relationships which undermine their capacity to secure properly remunerated and adequate hours of work.

Accordingly, reform to Australia's industrial relations regulations should include the following:

- incentivising security of employment;
- strengthening employment tests to ensure that workers who should be rightly deemed employees are not forced to be contractors and receive a rate of pay less than they would receive if they were employees; and
- ensuring company directors are accountable for any systemic or reckless practice to deny entitlement to pay and conditions to occur within their companies.

In light of the interrelationship between the gig economy and insecure work, there is merit in undertaking a more comprehensive review of our industrial relations framework. This review should include examination of the role of labour hire firms in our economy.

## Tax reform

Changes to our tax system will be necessary to reposition Australia's economy and create secure work.

The Australian Government's tax receipts were under pressure before COVID-19. At the Commonwealth Government level, Australia's tax system is highly dependent on company tax, income tax and GST. While there are over 120 different taxes in Australia, in 2019-20 almost 80% of government tax receipts will be derived from this narrow band of taxation.<sup>94</sup> Changes to the income tax system passed by the Federal Parliament in 2019 will put further pressure on the Government's fiscal position in future years.

Previous reforms to the tax system have, over time, undermined tax design principles of equity, efficiency and tax simplicity. It is difficult to reconcile that under our current tax system, a person working as a casual earning \$25,000 per year could pay more tax than a two-person household that holds close to \$10 million in assets and invests in tax-preferential options. In the company tax system, significant variations exist in relation to the tax treatment of foreign versus domestic companies.

---

94 Australian Government, 2019, *Budget Strategy and Outlook: Budget Paper No. 1, 2019-20*, 2 April 2019, 9-24.

The vertical and horizontal disparity which exists across our country and income taxes needs to be addressed, not only on the grounds of equity but also in terms of the system's sustainability. There is no doubt more can be done to ensure the tax system is not manipulated by those with the resources to do so. However, that will not address the dependency the Australian Government has on a narrow source of tax revenue to fund the essential services needed by Australia. Nor will it deliver additional government revenue necessary to assist in addressing Australia's economic downturn as a result of COVID-19.

The Henry Review of Australia's taxation system made significant recommendations for change.<sup>95</sup> The review was a "root and branch" review, restricted only in that it could not consider increasing the rate or broadening the base of the GST, imposing tax on superannuation payments to retirees over 60 years of age or already-announced personal income tax changes.

The report made 138 specific recommendations grouped under nine broad themes.

1. Concentrating revenue-raising on four efficient tax bases: personal income, business income, private consumption, and economic rents from natural resources and land. Other taxes may be retained if they serve a specific policy purpose such as discouraging smoking or traffic congestion. Taxes fitting into none of these categories should eventually be abolished.
2. Configuring taxes and transfers to support productivity, participation and growth.
3. An equitable, transparent and simplified personal income tax: a much higher tax-free threshold (around \$25,000), only two tax brackets and a simplification of superannuation, deductions and offsets.
4. A fair, adequate and work-supportive transfer system.
5. Integrating consumption tax compliance with business systems.
6. Efficient land and resource taxation.
7. Completing retirement income reform and securing aged care.
8. Toward more affordable housing: substantially increase rent assistance, gradually move to a uniform land tax and remove transfer taxes (stamp duty), and gradually move to a neutral treatment of rental and owner-occupied housing.
9. A more open, understandable and responsive tax system.

At the time of its release, the Global Financial Crisis created little political appetite for the significant changes recommended.

However, many of its recommendations could be revisited to help kickstart Australia's economy, post COVID-19. As occurred in 2008, the Australian Government should draw together a range of expertise to re-examine these recommendations to identify the tax reforms that would assist in enhancing workforce participation and increase productivity. These experts must strategically assess our tax system and recommend the measures that will ensure that the government has a tax system that is structurally sound and is able to fund the services needed by all Australians into the future.

---

95 Australia's Future Tax System: final Report

# Conclusion

Courage and leadership will help Australia emerge from the COVID-19 crisis if we place the common good ahead of partisan politics and self-interest. The path to economic recovery will continue to cause pain for many Australians directly affected. However as a nation we are both clever and resilient. We will navigate our way relying on the good will and capacity of a nation rich in human capital and with a commitment to help each other in times of need.

Our care sectors have been on the frontline through COVID-19 and have demonstrated what can be achieved when we work together in the service of the common good. The challenge for national recovery will be for us to work together to find innovative ways to employ people in jobs which are meaningful and secure.

The urgency of the task ahead is one which this generation of political leaders must embrace. Pope Francis calls upon them to work hard to ensure that all people are able to witness the benefits of employment, stating that:

Since production systems may change, political systems must keep working to structure society in such a way that everyone has a chance to contribute his or her own talents and efforts... In a genuinely developed society, work is an essential dimension of social life, for it is not only a means of earning one's daily bread, but also of personal growth, the building of healthy relationships, self-expression and the exchange of gifts. Work gives us a sense of shared responsibility for the development of the world, and ultimately, for our life as a people.<sup>96</sup>

---

<sup>96</sup> Francis, 2020, *Fratelli Tutti—Encyclical of Pope Francis on Fraternity and Social Friendship*, Vatican City: The Holy See, 3 October 2020, n162.



# Bibliography

- ABS. 2020. *Average Weekly Earnings*. "Table 2, Average Weekly Earnings, Australia, Seasonally Adjusted, May 2020." Cat. No. 6302.0, Accessed 20 October 2020.
- ABS. 2020. *Job Vacancies, Australia*. "Table 1, Job Vacancies, States and Territories ('000)." Time Series Spreadsheet. Cat. No. 6354.0. Accessed 20 October 2020 at: <https://www.abs.gov.au/ausstats/abs@.nsf/mf/6354.0>.
- ABS. 2020. *Labour Force, Australia*. "Table 01, Labour Force by Sex—Trend." Time Series Spreadsheet. Cat. No. 6202.022. Accessed 20 October 2020.
- ABS. 2020. *Labour Force, Australia*. "Table 19, Monthly Hours Worked in All Jobs by Employed Full-Time, Part-Time and Sex and by State and Territory - Trend and Seasonally Adjusted." Time Series Spreadsheet. Cat. No. 6202.022. Accessed 20 October 2020.
- ABS. 2020. *Labour Force, Australia*. "Table 22, Underutilised persons by Age and Sex—Trend, Seasonally adjusted and Original." Time Series Spreadsheet. Cat. No. 6202.022. Accessed 20 October 2020.
- Australian Building and Construction Commission. 2020. "Labour Hire Campaign Report, June 2020."
- Australian Government. 2015. *Reserve Bank Act 1959*. No. 4, 1959. Compilation No. 29.
- Australian Government. 2017. *Fair Work Act, 2009*. No. 28, 2009. Compilation No. 33.
- Australian Government. 2019. *Budget Strategy and Outlook: Budget Paper No. 1, 2019–20*. 2 April 2019.
- Australian Government. 2020. "Coronavirus (COVID-19) Current Situation and Case Numbers." Department of Health. Accessed 20 October 2020 at <https://www.health.gov.au/news/health-alerts/novel-coronavirus-2019-ncov-health-alert/coronavirus-covid-19-current-situation-and-case-numbers#cases-in-aged-care-services>.
- Australian Taxation Office. 2020. "Your Eligible Employees." Accessed 12 June 2020 at: <https://www.ato.gov.au/general/JobKeeper-payment/employers/your-eligible-employees/#:~:text=Casual%20employees%20are%20only%20eligible,nominate%20all%20your%20eligible%20employees.&text=They%20can't%20be%20nominated,by%20more%20than%20one%20employer.>
- Barling, Julian, Dupre, Kathryn and Hepburn, Gail. 1998. "Effects of Parents' Job Insecurity on Children's Work Beliefs and Attitudes", *Journal of Applied Psychology*. Vol. 83, No. 1: 112-118.
- Bertaux, Nancy and Queneau, Hervé. 2002. "The Social Economics of Job Security", *Forum for Social Economics*. Vol. 32, No. 1: 1-19.
- Bidargaddi, Niranjana et al. 2015. "Changes in Monthly Unemployment Rates May Predict Changes in the Number of Psychiatric Presentations to Emergency Services in South Australia." *BMC Emergency Medicine*. Vol. 15, No. 16: 1-6.
- Biddle, Nicholas, et al. "COVID-19 and mortgage and rental payments: May 2020." *ANU Centre for Social Research and Methods*. 30 June 2020.
- Blackburn, Kevin. 1996. "The Living Wage in Australia: A Secularization of Catholic Ethics on Wages, 1891–1907." *The Journal of Religious History*. Vol. 20, No. 1: 93-113.
- Boxall, Hayley., Morgan, Anthony and Brown, Rick. 2020. "The Prevalence of Domestic Violence Among Women During the COVID-10 Pandemic." *Australian Institute of Criminology. Statistical Bulletin* 28. July 2020.
- Brand, Jennie. 2015. "The Far-Reaching Impact of Job Loss and Unemployment." *The Annual Review of Psychology*. Vol. 43, No. 1: 359-375.
- Carney, Tanya and Stanford, Jim. 2018. "The Dimensions of Insecure Work: A Factbook." The Australia Institute Centre for Future Work. 29 May 2018.

- Cassells, Rebecca and Duncan, Alan. 2020. "Short-Term and Long-Term Casual Workers: How Different are They?" Bankwest Curtin Economics Centre. Research Brief COVID-19, No. 4.
- Catholic Church. 2004. *Compendium of the Social Doctrine of the Church*. Vatican City: Pontifical Council for Justice and Peace.
- Catholic Social Services Australia. 2020. *Mapping the Potential*. <https://mappingthepotential.cssa.org.au/>.
- Coleridge, Mark. 2020. "We Are All in This Together." *The Catholic Leader*. 11 June 2020. Accessed 12 June 2020 at: <https://catholicleader.com.au/news/we-are-all-in-this-together-the-full-text-of-archbishop-mark-coleridges-letter-for-recovery>.
- Commonwealth of Australia. 2019. *Growing the NDIS Market and Workforce*. Department of Social Services.
- Commonwealth of Australia. 2019. "Royal Commission into Aged Care Quality and Safety, Interim Report: Neglect, Volume 1." 31 October 2019.
- Commonwealth of Australia. 2020. *Budget 2020-21: Budget Strategy and Outlook, Budget Paper 1*. 6 October 2020.
- Department of Education, Skills and Employment. 2018. "Employment Services Outcomes Report (jobactive): July 2017–June 2018."
- Department of Education, Skills and Employment. 2019. "Employment Services Outcomes Report (jobactive): July 2018–June 2019."
- Department of Education, Skills and Employment. 2020. "I Want to Work, Employment Services 2020 Report."
- Department of Social Services. 2020. *JobSeeker Payment and Youth Allowance Recipients—Monthly Profile*. "Table 1: Recipients of Newstart Allowance, JobSeeker Payment, Bereavement Allowance, Sickness Allowance and Youth Allowance—Time Series." Accessed 20 October 2020.
- Department of Social Services, 2020. "NDIS Workforce Submission 48." *Joint Standing Committee on the National Disability Insurance Scheme*. June 2020.
- Elraz, Hadar. 2018. "Identity, Mental Health and Work: How Employees with Mental Health Conditions Recount Stigma and the Pejorative Discourse of Mental Illness." *Human Relations*. Vol. 71, No. 5: 722-741.
- Fair Work Ombudsman. 2020. "Minimum Wages." <https://www.fairwork.gov.au/pay/minimum-wages>. Accessed 20 October 2020.
- Francis. 2015. *Laudito Si'—Encyclical Letter of the Holy Father Francis on Care for our Common Home*. Vatican City: The Holy See, 24 May 2015.
- Francis. 2018. "Address of His Holiness Pope Francis to Participants at the National Convention of the Italian Masters of Labour Federation." *Bulletin of the Holy See Press Office*. 15 June 2018.
- Francis. 2020. *Fratelli Tutti—Encyclical of Pope Francis on Fraternity and Social Friendship*. Vatican City: The Holy See, 3 October 2020.
- Galeazzi, Giacomo and Torielli, Andrea. 2015. *This Economy Kills: Pope Francis on Capitalism and Social Justice*. Vatican: Liturgical Press.
- Gilfillan, Geoff. 2018. "Trends in the Use of Non-Standard Forms of Employment." *Australian Parliament House Library*. Research Paper Series 2018-19. 10 December 2018.
- Gonski Institute for Education. 2020. "Growing Up Digital Australia: Phase 1 Technical Report." *Gonski Institute for Education*. UNSW Sydney.
- Gregg, Paul, Macmillan, Lindsey and Vittori, Claudia. 2019. "Intergenerational Income Mobility: Access to Top Jobs, the Low-Pay No-Pay Cycle and the Role of Education in a Common Framework." *Journal of Population Economics*. Vol. 32, No. 1: 501- 528.
- Gregory, Robert. 1999. "Children and the Changing Labour Market: Joblessness in Families with Dependent Children." *Centre for Economic Policy Research*. Discussion Paper No. 406, Australian National University.
- Jahoda, Marie. 1982. *Employment and Unemployment: A Social-Psychological Analysis*. Cambridge: Cambridge University Press.
- Leo XIII. 1891. *Rerum Novarum—Encyclical of Pope Leo XIII on Capital and Labour*. Vatican City: The Holy See.

- Lowe, Philip. 2019. "Statement by Phillip Lowe, Governor: Monetary Policy Decision." *Reserve Bank of Australia*. Media Release. 1 October 2019. Accessed 14 July 2019 at <https://www.rba.gov.au/media-releases/2019/mr-19-27.html>.
- Lowe, Philip. 2019. "The Labour Market and Spare Capacity." *Reserve Bank of Australia*. Address to a Committee for Economic Development of Australia (CEDA) Event. Adelaide. 20 June 2019.
- Mendolia, Silvia and Siminski, Peter. 2015. "New Estimates of Intergenerational Mobility in Australia." *Institute for the Study of Labour*. Discussion Paper No. 9394.
- Milner, Allison, Krnjacki, Lauren and LaMontagne, Anthony. 2017. "Psychosocial Job Quality and Mental Health Among Young Workers: A Fixed-Effects Regression Analysis Using 13 Waves of Annual Data." *Scandinavian Journal of Work, Environment & Health*. Vol. 43, No. 1: 50-58.
- Modini, Matthew et al. 2016. "The Mental Health Benefits of Employment: Results of a Systematic Meta-Review." *Australasian Psychiatry*. Vol. 24, No. 4: 331-336.
- Morrison, Scott. 2020. "Address, National Press Club." Prime Minister of Australia. 26 May 2020. Accessed 27 May 2020 at: <https://www.pm.gov.au/media/address-national-press-club-260520>.
- Morrison, Scott. 2020. "Update Following National Cabinet Meeting." *Prime Minister of Australia*. 29 May 2020. Accessed 7 July 2020 at: <https://www.pm.gov.au/media/update-following-national-cabinet-meeting>.
- National Disability Services. 2020. "NDIS Workforce Submission 25." *Joint Standing Committee on the National Disability Insurance Scheme*. June 2020.
- Nichols, Austin et al. 2013. "Consequences of Long-Term Unemployment." *Urban Institute: Income and Benefits Policy Centre*. 20 August 2013.
- OECD. 2020. "OECD Economic Outlook, Volume 2020 Issue 1: Preliminary Edition." Accessed 11 June 2020 at: <https://www.oecd-ilibrary.org/sites/0d1d1e2e-en/index.html?itemId=/content/publication/0d1d1e2e-en>.
- Paul VI. 1965. "*Gaudium et Spes: Pastoral Constitution on the Church in the Modern World Promulgated by His Holiness Pope Paul VI.*" *Second Vatican Ecumenical Council*. 26: AAS 58. 7 December 1965.
- Peter Saunders and Megan Bedford. 2017. "New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians." *Social Policy Research Centre*. Report. August 2017.
- Pickering, Callum. 2020. "Australian Job Postings Continue to Decline as the COVID-19 Crisis Continues." *Indeed Hiring Lab*. 21 April 2020. Accessed 28 May 2020 at: <https://www.hiringlab.org/au/blog/2020/04/21/australian-job-postings/>.
- Relationships Australia. 2018. "Is Australia Experiencing a Loneliness Epidemic? Findings From 16 Waves of the Household Income and Labour Dynamics of Australia Survey." *Relationships Australia*. Working Paper. September 2018.
- Senate Community Affairs References Committee. 2020. "Inquiry Into Adequacy of Newstart and Related Payments and Alternative Mechanisms to Determine the Level of Income Support Payments in Australia." April 2020.
- Senate Education and Employment References Committee. 2019. "Jobactive: Failing Those it is Intended to Serve." February 2019.
- Services Australia. 2020. "Individuals." <https://www.servicesaustralia.gov.au/individuals>. Accessed 12 October 2020.
- Stanford, James. 2018. "Wages Crisis Has Obvious Solutions." *Centre for Future Work*. 10 April 2018. Accessed 13 October 2020 at: [https://www.futurework.org.au/wages\\_crisis\\_has\\_obvious\\_solutions](https://www.futurework.org.au/wages_crisis_has_obvious_solutions).
- The Smith Family. 2020. "Covid-19 Insights Snapshot: The Challenges of Surviving COVID-19 in Australia's Hardest Hit Communities." *The Smith Family*. May 2020.
- UN Women. 2020. "COVID-19 and Ending Violence Against Women and Girls." *United Nations Entity for Gender Equality and the Empowerment of Women*.

Victims Services NSW. 2020. "Domestic and Family Victim Female Referrals 1 March 2020–31 March 2020." *NSW Government: Communities and Justice*. May 2020.

Waddell, Gordon and Burton, Kim. 2006. *Is Work Good For Your Health and Well-Being?* London: The Stationary Office.

Weir, Geoff. 2018. "Wage Growth Puzzles and Technology." *Reserve Bank of Australia*. Research Discussion Paper, September 2018.

Wichert, Ines., Nolan, Jane and Burchell, Brendan. 2000. *Workers on the Edge: Job Security, Psychological Wellbeing, and Family Life*. Washington DC: Economic Policy Institute.

Zabar, Joe. 2020. "A Way Forward to COVID-19 Economic Recovery." *Eureka Street* 5 May 2020. Accessed 6 May 2020 at: <https://www.eurekastreet.com.au/article/a-way-forward-to-covid-19-economic-recovery#>.