



Submission to the Senate Standing
Committee on Community Affairs

**Adequacy of Newstart and related
payments and alternative
mechanisms to determine the level
of income support payments in
Australia**

**Prepared by
COTA Australia**

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About COTA Australia

COTA Australia is the national consumer peak body for older Australians. Its member State and Territory COTAs (Councils on the Ageing) in each States and Territory of Australia. have around 1,000 seniors' organisation members, which jointly represent over 500,000 older Australians; and in addition COTA Australia and the COTAs have more than 40,000 individual members and active supporters.

COTA Australia's focus is on national policy issues from the perspective of older people as citizens and consumers and we seek to promote, improve and protect the circumstances and wellbeing of older people in Australia. Information about, and the views of, our constituents and members are gathered through a wide variety of consultative and engagement mechanisms and processes.

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Recommendations

To ensure that Newstart meets the needs and expectations of the community, and to ensure that recipients are treated with the dignity and assistance they are entitled to, COTA Australia propose the following recommendations:

Recommendation 1:

Raise the single rate of Newstart Allowance by \$75 per week and the couple rate proportionately.

Recommendation 2:

Reconsider the current means testing and the appropriateness of the Liquid Assets Waiting Period, so that older people do not need to draw down on their retirement savings to access Income Support.

Recommendation 3:

As part of changing the rate of Newstart, introduce dual indexation of CPI or an appropriate ABS Living Cost Index (whichever the highest) and safeguard against future discrepancies in the rate of Newstart compared to Australian Living Standards by automatically benchmarking the rate against 25% of MTAW.

Recommendation 4:

That the committee seek and publish age gap breakdowns of Income Support Duration periods and recommend to the Department of Social Services such measures be published as a part of their regular dataset.

Recommendation 5:

That the rate of Rent Assistance be increased by 40% effective immediately and explore alternative forms of indexation.

Recommendation 6:

Better targeted programs for older Australians seeking work, including training programs or volunteer programs that match the skills, experiences and needs of older workers.

Recommendation 7:

Provide a more intensive set of intervention for long-term recipients of Newstart to better support their re-entry to the workforce.

Foreword

COTA Australia welcomes the opportunity to contribute to the Senate Standing Committee on Community Affairs inquiry on the *Adequacy of Newstart and related payments and alternative mechanisms to support the level of income support payments in Australia*. In providing a response to this inquiry, COTA Australia draws from the feedback and lived experience of COTA members and supporters, as well as contributions from State and Territory COTAs. COTA Australia thanks the committee for its consideration and is prepared to appear before the Committee to discuss this submission should it wish.

COTA Australia will not respond to all the Terms of Reference, rather the focus of this submission will be on those with direct relevance to older Australians. In particular, this submission will respond to the following:

- a. Consideration of what constitutes an acceptable standard of living in Australia, including the cost of safe and secure housing;
- b. The labour market, unemployment and under-employment in Australia, including the structural causes of long term unemployment and long term resilience on Newstart;
- c. The changing nature of work and insecure work in Australia
- d. The appropriateness of current arrangements for supporting those experiencing insecure employment, inconsistent employment and precarious hours in the workforce
- e. The current approach for setting income support payments in Australia
- f. the impact of the current approach to setting income support payments on older unemployed workers, families, single parents, people with disability, jobseekers, students, First Nations peoples, people from culturally and linguistically diverse backgrounds, people living in regional and remote areas, and any others affected by the process;
- g. The impact of geography, age and other characteristics on the number of people receiving payments, long term unemployment and poverty;
- h. the adequacy of income support payments in Australia and whether they allow people to maintain an acceptable standard of living in line with community expectations and fulfil job search activities (where relevant) and secure employment and training;
- i. the economic cost of long-term unemployment, underemployment, poverty, inequality and inadequate income support payments;
- j. the economic benefits – including job creation, locally and nationally – of increasing and improving income support payments and supports, and decreasing poverty and inequality;
- m. the relative merits of alternative investments in health, education, housing and other programs to improve outcomes; and
- q. the role of independent and expert decision-making in setting payments

COTA has included a number of case studies in this submission provided by State and Territory COTAs, COTA members and supporters. Where participants have sought confidentiality, we have changed their names. This is indicated by an asterisk*. However the cases are real.

Introduction to mature age jobseekers

The current rate of Newstart entrenches poverty and provides a further barrier to finding employment. This submission will discuss the impact of surviving on an unliveable low income, the systemic barriers faced by older people attempting to enter the workforce and the appropriateness of the current Newstart liquid assets rules for older Australians where they are unlikely to return to the workforce.

The Inquiry must consider how issues such as ageism and age discrimination provide barriers to employment that are unique to older people, and that despite their best efforts, significant numbers of older Australians are at a unique disadvantage in the employment marketplace.

Harnessing the opportunities of an older workforce

COTA Australia is committed to building a society that values the contributions of all people, including older people. Rather than seeing older Australians as a future burden, older Australians must be embraced for the contributions they can and do make. Recognising the experience, skills, capacity and willingness of older workers to contribute to the labour market is essential to our future economy. This includes older Australians who, after a lifetime of contributing, find themselves on Newstart Allowance.

There is a strong economic and social argument for supporting older workers to work for as long as they wish and are able, including well beyond the age at which they are eligible for the Age Pension. Research from Deloitte Access Economics in 2015 found the flow-on effects of a longer work life can mean increased retirement savings, reduced welfare costs for future governments, better social inclusion and improved health outcomes over time¹.

The 2016 Golden Age index by PwC found that if Australia's employment rate for workers aged 55 years plus (52 per cent) was to increase to Swedish levels (74 per cent), the potential gains to the Australian economy could be about \$69 billion. Of that, \$57 billion could be achieved by increasing employment participation for people age 55-64².

Older Australians on Newstart

Around a quarter (24.6%) of Newstart recipients are over the age of 50³. In today's society, age 50 is and should be prime working age. Indeed, the years between 50 and retirement are of critical importance to Australians' plans for funding later life, especially for those who do not have significant superannuation balances or other assets. However, regrettably, we still live in a society in which age discrimination is rife. This discrimination leads to people in their 50s being more susceptible to being made redundant, targeted with "voluntary separation" packages, and denied opportunities to develop skills and knowledge.

A national prevalence survey of age discrimination in the workplace indicated at least a 27% of the workers over 50 experienced age discrimination on at least one occasion in the workplace in the two years prior to the survey⁴. Amazingly, around 30% of employers indicated that their organisation has an

¹Australian Human Rights Commission. May 2016. Willing to Work: National Inquiry into Employment Discrimination Against Older Australians and Australians with Disability. Accessed at:

https://www.humanrights.gov.au/sites/default/files/document/publication/WTW_2016_Full_Report_AHRC_ac.pdf

² PwC, June 2016. *PwC Golden Age Index: How well are OECD economies harnessing the power of an older workforce?* Australian edition. Accessed at: <https://www.pwc.com.au/publications/assets/people-golden-age-index-jun16.pdf>

³ DSS, July 2019. *Labour Market and Related Payments: a monthly profile*. Accessed at:

https://www.dss.gov.au/sites/default/files/documents/08_2019/labour-market-and-related-payments-july-2019.pdf

⁴ <https://www.humanrights.gov.au/our-work/age-discrimination/publications/national-prevalence-survey-age-discrimination-workplace>

age above which they are reluctant to recruit workers. Of those organisations, 68% expressed unwillingness to hire workers over the age of 50⁵. COTA notes that this information was provided (albiet anonymously) even though such practice is illegal!

The Newstart allowance at its current rate is not designed to be a long-term payment. Indeed, the most common defence of the current low rate by government Ministers is precisely that it is “short term benefit”. However, approximately 75% of Newstart recipients have been unemployed for 12 months or more⁶. Across all ages, 87.8% of unemployed Australians reported difficulty finding work⁷. Older people in particular are struggling to make ends meet as they search for paid employment, or wait to reach age pension eligibility age. In the interim, many are forced to go without some of the most basic requirements of living – food, medications and healthcare.

It is a grim reality that not all older jobseekers will find a job before transitioning to retirement income (principally the Age Pension). Once an older person becomes unemployed, they find it much more difficult to find opportunities to re-enter employment than younger people. People aged 55–64 years spend on average 36 weeks looking for work until they find employment, compared to 14 weeks for all age groups⁸. However averages are quite deceptive, for example the median time searching for work for someone aged 55-64 unemployed more than a year is 166 weeks! For some, the barriers are insurmountable and despite their best job seeking efforts, mature age Australians suffer significantly whilst waiting to be eligible for the Age Pension.

Some ‘blue collar’ jobs in areas of manufacturing and labouring are currently downsizing due to technological change, including automation. Workers in those industries, are vulnerable to unemployment, poor skills utilisation and lower incomes/underemployment for those with limited transferrable skills. This has a particular impact on those whose working life has predominantly been pinned to a particular skillset or sector. The increased functionality of Artificial Intelligence and other technological advances/ workplace disrupters are already spreading to ‘white collar’ jobs which are now also at increased risk due to automation and consequential downsizing. Some older Australians, particularly those who have not had the opportunity to optimise technological skills, are likely to have a competitive disadvantage when compared to younger digital native employees.

While some mature age jobseekers may not meet the eligibility criteria for a Disability Support Pension, they nonetheless face barriers to work due to ongoing ill health. This can happen at any age – but both the existence of ill-health and perception of ill-health by potential employers creates a barrier to future employment. Some conditions, such as osteoarthritis, whilst themselves not severe enough to qualify for the disability pension, may limit the types of roles a person can be employed in, further reducing the likelihood of successfully gaining employment.

It is important also to recognise that older people are not a homogenous group. There is no single narrative that defines the complexity of older people’s lives – there are those who have been working in low-skilled jobs, those with postgraduate qualifications, or those whose poverty is attached to life events such as domestic violence. COTA Australia recognise that people from Aboriginal and Torres

⁵ Australian HR Institute. October 2018. *Employing Older Workers Research Report*. Prepared for the Australian Human Rights Commission. Accessed at:

https://www.humanrights.gov.au/sites/default/files/document/publication/AHRI_AHRC_EmployingOlderWorkers_Report_2018.pdf

⁶ DSS, July 2019. *Labour Market and Related Payments: a monthly profile*. Accessed at:

https://www.dss.gov.au/sites/default/files/documents/08_2019/labour-market-and-related-payments-july-2019.pdf

⁷ ABS, February 2019. Participation, Job Search and Mobility. Cat. No. 6226.0. Accessed at:

<https://www.abs.gov.au/ausstats/abs@.nsf/mf/6226.0>

⁸ ABS, December 2018. Labour Force, Australia., cat. no. 6291.0. Accessed at: <https://www.abs.gov.au/ausstats/abs@.nsf/mf/6291.0.55.001>.

Strait Islander nations, people living in rural and remote areas, people with disabilities (including psychosocial disabilities), and people from some culturally and linguistically diverse communities, all face specific and significant barriers to employment. Whilst COTA Australia represents all older Australians, many of whom share these lived experiences, we believe that other organisations are better placed to communicate the experiences of these communities, and strongly suggest the inquiry consider the needs of these groups in any recommendations.

As COTA Australia raises throughout this submission, the current rate of Newstart is inadequate to meet even the most basic costs of living (See *The Inadequacy of Newstart*). Experiencing poverty while relying on Newstart payments is not something that is isolated to older Australians.

As part of the Raise the Rate campaign, we strongly support the notion that any increase in the Newstart allowance must be felt by all recipients of income support, not just older Australians. As such, we support a raise of the maximum rate of the single Newstart Allowance by \$75 per week., and the couple rate proportionately.

Recommendation 1:

Raise the single rate of Newstart Allowance by \$75 per week and the couple rate proportionately.

Differential treatment for older Australians

The current income support system provides for some level of differential treatment of older Australians, both in terms of payment rates, and in the requirements to meet the mutual obligation requirements.

After nine months of continuous payment, single Newstart recipients over the age of 60 receive a 'top-up' payment, increasing the maximum fortnightly income from \$559.00 to \$604.70. We do not propose that Government increase this top-up by \$75 per week, rather that the additional top-up remain in addition to the increased base rate of Newstart. COTA Australia supports all Australians over 60 receiving the same increase to the base rate Newstart payment as all other jobseekers, while maintaining the additional top up for long term unemployed mature age Newstart recipients.

We also note there are also differing expectations for older people meeting the jobseeker activity. Under the current rules, Jobseekers are required to meet the following activity requirements:

Job seekers with full-time mutual obligation requirements⁹:

- Aged up to 49 - generally 650 hours over 26 weeks (50 hours per fortnight).
- Aged 50 to 59 - generally 390 hours over 26 weeks (30 hours per fortnight).
- Aged 60 to age pension age - 130 hours over 26 weeks (10 hours per fortnight).

Such differential treatment recognises various life stages. Whilst COTA Australia strongly believes that anybody can work at any age – this differential treatment recognises the reality that many older Australians face ageism and discrimination when seeking to re-enter and maintain employment. Emphasis must be placed on removing the barriers for older people to remain in or re-enter

⁹ DSS, 20 September 2019. Social Security Guide, 3.2.10.30 Annual Activity Requirement – hours of participation. Version 1.258. Accessed at: <https://guides.dss.gov.au/guide-social-security-law/3/2/10/30>

employment, rather than any tightening of the mutual obligation requirements which would only punish older workers for social and economic forces outside of their control.

Determining the level of Income Support for older Australians

Ensuring unemployed older Australians don't retire into poverty

The current income and assets tests for Newstart disproportionately and negatively impact older Australians, who are likely to have amassed a greater amount of assets over the course of their lives. These reserves are often planned to be relied upon in retirement. Suggestions that all retirement assets sit in superannuation funds is at best a display of ignorance and at worst a punitive disregard for reality and older people.

It is entirely reasonable to assume that those who are approaching age pension age intend for these funds to be used during retirement years. Crucially, unlike younger workers, older unemployed people have a limited opportunity to return their savings to their pre-unemployment levels. Changes to the current asset tests for Australians over 50 years should be considered in this light. Alignment with, or closer to the current rules for the age pension should be considered.

In 2016, the Benevolent Society released *The Adequacy of the Age Pension in Australia: An assessment of pensioner living standards*¹⁰ report, concluding from its research that 'the age pension in Australia is inadequate. Further, the poverty rate amongst older Australians is high at 26 per cent compared to 13 per cent across the OECD in 2015. While recognising that international comparisons are not always "like for like", changing the means testing regime for mature aged unemployed people to allow for a great accumulation of long-term savings would have a positive impact on the long-term financial health of older Australians, including into age pension age.

Means Testing and the Liquid Assets Waiting Period

The means testing for older people must be reviewed, in particular the Liquid Assets Waiting Period. Older Australians in receipt of a Newstart allowance must be supported to retain their financial resources intended to support them when they retire. COTA Australia propose differential means testing for those approaching pension age.

COTA rejects the suggestion that all retirement incomes are kept in superannuation funds during working life, and not in liquid assets such as shares or term deposits. Inherent in the current rules is an assumption that all Australians structure their finances to have all retirement-supporting assets in a super fund. Given that a recipient of Newstart is not expected to dip into their superannuation accounts (provided they are under Pension Age), it is disappointing that options are not available for jobseekers to quarantine retirement incomes held outside of superannuation under the current means test rules.

The current rules require individuals to essentially fund their own unemployment, at the cost of their long-term financial sustainability into older age. This is a perverse outcome for jobseekers already discriminated against due to ageism and discrimination in hiring practices where many will remain on Newstart until age pension eligibility age through no fault of their own. COTA strongly urges the committee to consider alternatives to the current rules.

¹⁰ Smith W, Hetherington D. 2016. The adequacy of the age pension in Australia: an assessment of pensioner living standards. Accessed at: https://www.benevolent.org.au/ArticleDocuments/340/Pension%20Adequacy_Final.pdf.aspx

COTA notes the Australian Parliament is currently considering legislation altering the Liquid Assets Waiting Period (LAWP) which would expand the maximum waiting period from 13 weeks to 26 weeks. COTA Australia notes that Recommendation 88 of the Henry Tax Review recommended abolishing the liquid assets test, as it reduces the fairness of the system and creates incentives to hold wealth in particular types of assets¹¹. The legislation before Parliament not only rejects this recommendation, it exacerbates the very problem Henry was trying to address.

COTA Australia very strongly opposes this proposed change. We believe the LAWP should be removed for unemployed people over 50 years of age.

If, for budgetary or other reasons, the Government chooses not to abolish the LAWP, COTA Australia proposes that the LAWP should be reviewed to provide options to protect those liquid assets which constitute retirement savings by excluding them from the liquid assets test. Extending the LAWP exemption provisions to protect those retirement incomes would support older Australians on Newstart to retain some of their financial resources leading up to retirement, ultimately reducing future pressure on the Age Pension.

Recommendation 2:

Reconsider the current means testing and the appropriateness of the Liquid Assets Waiting Period, so that older people do not need to draw down their retirement savings to access Income Support.

Changes to indexation required to reflect the true cost of living

Prior to 1997 the Age Pension, Service Pension, Disability Support Pension and Carer Payment was indexed with the same methodology as Newstart is indexed today, being the Consumer Price Index (CPI).

Since 1970's various Governments made adhoc increases to the pension to benchmark the rate with 25% of Male Total Average Weekly Earnings (MTAWE). From September 1997 the Howard Government linked the twice-yearly CPI index increase of the pension to be automatically benchmarked with 25% of MTAWE.

In 2009, following the Harmer Review, the Rudd Government introduced the Pensioner and Beneficiary Living Cost Index (PBLCI) and determined that pensions would automatically be indexed at either CPI or PBLCI, whichever was the greater amount.

*"The PBLCI measures the effect of changes in prices of the out-of-pocket living expenses experienced by age pensioner and other households whose main source of income is a government payment. The PBLCI is designed to check whether their disposable incomes have kept pace with price changes."*¹²

In addition, pensions are then 'benchmarked' against a percentage of MTAWE. The Parliamentary Library explains the MTAWE benchmarking as:

¹¹ Henry K, Harmer J, Piggott J, Ridout H, Smith G. 2009. *Australia's future tax system: report to the treasurer*. Canberra: Commonwealth of Australia, http://taxreview.treasury.gov.au/content/downloads/final_report_part_1/00_afts_final_report_consolidated.pdf

¹² Klapdor M. 2014. 'Pension indexation: a brief history', FlagPost, Parliamentary Library weblog. Available at: <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22library%2Fprspub%2F3117315%22>

“The combined couple rate is benchmarked to 41.76 per cent of MTAWWE; the single rate of pension is set at 66.33 per cent of the combined couple rate (which is equal to around 27.7 per cent of MTAWWE). ‘Benchmarked’ means that after it has been indexed, the combined couple rate is checked to see whether it is equal to or higher than 41.76 per cent of MTAWWE. If the rate is lower than this percentage, the rates are increased to the appropriate benchmark level.”

In addition, changes were made in 2009 to automatically benchmark the Parenting Payment (Single) to 25% of MTAWWE, leaving Newstart as one of the only benefit that has not been automatically indexed or benchmarked at rates that would ensure it keeps pace relative to the earnings of the rest of the population.

The ABS explain its Living Cost Indexes (LCI) as *“By how much would after tax money incomes need to change to allow households to purchase the same quantity of consumer goods and services that they purchased in the base period?”*¹³ In explaining the difference between CPI and LCI’s the ABS states *“The CPI frequently is called a cost of living index, but it differs in important ways from a complete cost-of-living measure. Both the CPI and a cost of living index measure the changes in prices of goods and services that are purchased by households. The Australian CPI measures the changes in price of a fixed basket of goods and services whereas a cost of living index measures the change in the minimum expenditure needed to maintain a certain standard of living.”*¹⁴

COTA Australia believes older Australians living on Newstart Allowance should continue to maintain a standard of living comparable to the Australian population. Accordingly, changes to the future indexation and benchmarking of Newstart must be introduced to ensure equitable treatment into the future. While a range of options are available to Parliament, one approach could be to benchmark Newstart against MATWE (as the single parenting payment now is). An alternative is to apply the same indexation to Newstart that is applied to the Aged Pension. Nonetheless, COTA Australia recognise that the aged pension is indexed much closer to the true fluctuations in basic costs of living than the current CPI-only approach applied to Newstart.

Recommendation 3:

As part of changing the rate of Newstart, treat indexation of Newstart in a similar manner to the age pension by introducing dual indexation of whichever is the highest in CPI or an ABS Living Cost Index such as PBLCI and safeguard against future discrepancies in the rate of Newstart compared to Australian Living Standards by benchmarking the rate against 25% of MTAWWE.

Payment Duration vs Income Support Duration

Payment Duration is the time a person has remained on a particular payment for a single continuous period of time. A more accurate picture of the length of time spent in receipt of the Newstart Allowance is *Income Support Duration*, which only resets once payments cease for more than 6 weeks (if the duration of Newstart payment is under one year) or 13 weeks (if the duration of Newstart payments is more than one year). This provides an accurate picture where someone may receive casual work for a

¹³ ABS, 2019. Selected Living Cost Indexes, Australia, June 2019. Cat. No. 6467.0 Accessed at:

<https://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/E592A3A56EBC2B31CA257C130017D2FA?opendocument>

¹⁴ ABS, 2019. Consumer Price Index FAQs. Accessed at:

<https://www.abs.gov.au/websitedbs/d3310114.nsf/home/Consumer+Price+Index+FAQs#Anchor8>

week but then is back receiving payments the next week, or where someone commences in the job and is unsuccessful at sustaining their employment. Accordingly, COTA Australia suggest the **Income Support Duration** is a more accurate representation of the overall time spent on Newstart.

Data from the Department of Social Services in the below tables indicates that the average single continuous time spent on Newstart for recipients aged 55+ is 188 weeks¹⁵ (*payment duration*¹⁶) as opposed to 147 weeks for the whole of the population. COTA would suggest 'mature age unemployed' should be seen as age 50+ rather than 55+, however this is the only available data known to COTA in relation to age and duration.

Table 1: Newstart recipients by age group, December 2018

Australia						
21-24	25-34	35-44	45-54	55-64	65 and over	Total
62,526	149,819	157,952	168,683	173,196	10,747	722,923

Data source Department of Social Services

Table 2: Recipients of Newstart Allowance by age and average duration on payment (weeks), March 2018

Age Group	Female	Male	Total
	Average duration on payment (weeks)	Average duration on payment (weeks)	Average duration on payment (weeks)
Under 25	45	46	46
25-29	101	105	104
30-34	118	129	125
35-39	134	143	139
40-44	150	158	154
45-49	168	167	168
50-54	185	178	182
55-59	191	185	188
60-64	187	188	187
65+	188	190	189
Total	151	144	147

Data source: Department of Social Services

COTA Australia is not aware of an official age break down of 'income support duration'. COTA Australia would urge the Committee to seek age-disaggregated data on the duration of *income support durations* (as opposed to payment duration) directly from DSS. COTA has modelled of an estimate of 'Income Support Duration' based on the available age breakdown of *payment duration that appears in Table 2*.

¹⁵ Data supplied by Department of Social Services based on information from the DSS Demographics March 2018.

¹⁶ 'Payment duration' resets should the recipient exit a specific Income Support Payment for any period of time.

COTA Australia estimates that recipients currently on Newstart over the age of 55 would have an **approximate average income support duration of 7.1 years**.¹⁷

Recommendation 4:

That the committee seek and publish age gap breakdowns of Income Support Duration periods and recommend to the Department of Social Services such measures be published as a part of their regular dataset.

Ensuring expert advice in decision making

COTA Australia notes that there are many views regarding the role of independent and expert-decision making in setting payments. COTA Australia recognises the important role of experts in public policy and economics in providing advice to decision makers. However, it is the Government of the day which is elected by the Australian voting public and COTA recognises the importance of the Government maintaining its decision making responsibilities.

To this end COTA Australia does not support the view that the rate of income support payments should be set by an independent panel. Rather, we propose a structured process whereby independent experts such as the Australian Bureau of Statistics set benchmarks and indices to appropriately advise Government on the necessary rates of income support payments. Such a process may be supplemented from time to time with advice from a panel of independent and stakeholder experts as required.

The inadequacy of Newstart and related allowances

There can be no doubt that Newstart and the related allowances are, at the current rate, inadequate to meet the basic cost of living needs of any Australians.

Newstart has not increased in real terms since 1996. Lack of increase has caused an unacceptable gap between the modern costs of living and the rate of Newstart – significantly disadvantaging vulnerable people at a time when they most require support and assistance to enter the workforce in a meaningful, sustainable way.

To this end, COTA Australia supports a raise in the single rate of Newstart to \$75 per week. A report by Deloitte Access Economics¹⁸, prepared for the Australian Council of Social Service, modelled that such an increase would have a range of ‘prosperity effects’, boosting the size of the economy and the number of people employed in Australia. The flow-on effects would be a boost in consumer spending leading to 12,000 extra jobs, and a lift in wages of around 0.2%. The prosperity dividend would lift by \$4.0 billion, with an initial income injection of \$3.3 billion. Federal Governments would raise an extra \$1.0 billion in taxes, while State and Territory Government revenues would increase by \$0.25 billion.

¹⁷ Data in Table 2 calculates that those aged over 55 have a payment duration 1.27 times longer than the whole of population (188 weeks for 55+ vs 147 weeks for whole of population). If this factor were applied to the whole of population average of income support duration (291 weeks) we extrapolate 369 weeks for Income Support Duration of the December 2018 data for those over the age of 55 (or 7.1 years).

¹⁸ Deloitte Access Economics Pty Ltd. *Analysis of the impact of raising benefit rates*, September 2018. Accessed at: <https://www.acoss.org.au/wp-content/uploads/2018/09/DAE-Analysis-of-the-impact-of-raising-benefit-rates-FINAL-4-September-...-1.pdf>

There is also a relatively tight correlation between the least well-off districts across Australia and the boost to regional spending, meaning that the regional economies most in need of help would receive if Newstart were to be increased.¹⁹

While this demonstrates a strong economic rationale to increasing the rate of Newstart, there is also a strong human rationale to increasing Newstart, reviewing means testing and re-considering payments such as the Commonwealth Rent Assistance. There is an obligation on Government to provide a functioning and sustainable safety net that protects Australians from the worst forms of absolute and entrenched poverty. The current system is failing our poorest Australians.

Affordable, stable housing

COTA Australia notes that housing affordability is a particular challenge for those older Australians who are renting in the private rental market. There is consensus across the community sector that the high costs of private rental properties place significant strain on those who require income support. Even those who have manage to meet the cost of their rental property whilst on the current rate of Newstart may find that, over time, their housing and financial situation may tip into a housing crisis if unexpected expenses arise.

Anglicare Australia's 2019 Rental Affordability Snapshot²⁰ explored rental stress in older people who find themselves in expensive and insecure rentals, at a time in their lives where stability is more important than ever. For a single person on Newstart Allowance, of the 69,485 properties advertised for rent on 23 March 2019, only two properties were available in Australia that could be rented without causing financial stress and hardship. At June 2018, more than 66,000 Newstart recipients were paying over 50 percent of their income in rent.

With such a precarious financial position, and such a limited availability of affordable rental properties, it is very unlikely that unemployed people seeking to economise could find a property suitable for them. The alternative is homelessness. A 2019 analysis from the Council to Homeless Persons found that, in the last six years, the number of people on Newstart seeking homelessness services has increased by 75%.²¹

Most Australians on Newstart indicate that they prioritise budgeting for rent first – and subsequently economise in other areas by skipping meals, forgoing medical appointments, and running behind on the costs of electricity or telecommunications. Should a Newstart recipient be no longer able to meet the cost of their rental property and need to move to a more affordable property/location, they compete in a rental market, where it is highly unlikely that they would be competitive against renters with recent working history.

If circumstances suddenly change, people will fall behind on rent despite their best intentions. This is not due to personal financial mismanagement, rather it is a result of there simply not being enough money to meet basic expenses. At the current rate of Newstart and Commonwealth Rent Assistance,

¹⁹ Deloitte Access Economics Pty Ltd. *Analysis of the impact of raising benefit rates*, September 2018. Accessed at: <https://www.acoss.org.au/wp-content/uploads/2018/09/DAE-Analysis-of-the-impact-of-raising-benefit-rates-FINAL-4-September-...-1.pdf>

²⁰ Anglicare Australia. 2019. Rental Affordability Snapshot 2019. Accessed at: <https://www.anglicare.asn.au/docs/default-source/default-document-library/final---rental-affordability-snapshota302da309d6962baacc1ff0000899bca.pdf?sfvrsn=4>

²¹ Council of Homeless Persons, 29 August 2019. Media Release: Clear connection between homelessness and inadequate Newstart payment, says Homelessness Australia. Accessed at: <https://chp.org.au/media-releases/clear-connection-between-homelessness-and-inadequate-newstart-payments-says-homelessness-australia/>

there is no further economising that can be done. It is simply not possible for long-term recipients of Newstart to 'budget their way out of a crisis'.

There is a strong need to increase the Commonwealth Rent Assistance (CRA). The Grattan Institute's report *Money in retirement: More than enough* recommended a boost in the maximum rate of CRA by 40% for singles²². COTA Australia supports this proposal and notes such an increase must be in addition to, not instead of, the proposed increase in the base Newstart rate.

Commonwealth Rent Assistance is currently indexed to the CPI. Nationally, CPI has increased by 31%, whilst the rent index rose by 54%²³. The divergence between Commonwealth Rent Assistance and CPI is particularly stark in geographic areas that have experienced a boom in rental prices.

It is clear that the current method of CPI indexation must be reviewed to make it fit-for-purpose moving forward. COTA Australia note that there are a range of views on the most appropriate form of indexation. The report by the Grattan institute suggests that the CRA be benchmarked to rents paid by the poorest 40% of renters. Other suggestions from groups such as the Australian Council of Social Services, suggest a dual indexation between national median rents and CPI. While COTA does not submit a firm view on the most appropriate indexation and benchmarking methodology, we note that the significant disparity between CPI and the Australian Rental Index recognises that the current approach is insufficient.

Recommendation 5:

That the rate of Rent Assistance be increased by 40% effective immediately and the Government should explore alternative and more adequate forms of indexation

Older women – Housing and homelessness

Older women are particularly vulnerable to insecure housing, especially where they have not been able to build up substantial savings or superannuation. This may be due to periods where they have undertaken unpaid care giving roles, or the gender pay gap, which has persistently undermined women's financial security. Research in 2018 found that the median superannuation balance for women aged 55 was approximately \$50,000, whereas the median balance for men aged 55 was estimated at \$120,000. By the age of 65 (about the Age Pension age) the median superannuation balances for women had reduced to approximately \$10,000²⁴. While this is changing progressively it will be a fact for some time that the social and economic circumstances of older women lends itself to being particularly vulnerable to unemployment, disruption, and ultimately housing crisis.

Whilst there are many great services in Australia focused on homelessness, many of these are specialist services which have eligibility criteria which are tight. Few services are designed to meet the specific needs of older women, yet the number of older women accessing homelessness services has increased

²² Daley, J., Coates, B., Wiltshire, T., Emslie, O., Nolan, J. and Chen, T. (2018). *Money in retirement: More than enough*. Grattan Institute. Coates, B. (2018a). What's the best way to close the gender gap in retirement incomes? Grattan Institute. <https://grattan.edu.au/news/whats-the-best-way-to-close-the-gender-gap-in-retirement-incomes/>.

²³ Reference Group on Welfare Reform to the Minister for Social Services. February 2015. A New system for better Employment and Social Outcomes: Final Report. https://www.dss.gov.au/sites/default/files/documents/02_2015/dss001_14_final_report_access_2.pdf

²⁴ Centre of Excellence in Population Ageing Research (CEPAR); Retirement incomes in Australia; Part III – Private Resources; section: Super Balances – Median balances by gender; Page 16; CEPAR research brief, November 2018

by 63% in the last 5 years²⁵. Many will be referred to social housing, where the demand has far outpaced the supply.

2018 modelling also found that increasing Commonwealth Rent Assistance, will make the greatest difference to the retirement incomes of older women.²⁶ This further strengthens COTA Australia's calls to increase Commonwealth Rent Assistance.

Case Study - Robin

Robin*, age 57, is the fulltime carer for her frail 84-year-old mother. "I raised my daughters as a single parent, now I care for my ageing mother who has health conditions and needs fulltime support". Robin's family and caring duties have resulted in prolonged periods of underemployment.

"At the moment, we can survive on a mix of Carers' payments and my mother's age pension, but I'm worried about my future. I have virtually no superannuation and don't know how I'm going to live once she's gone. Where will I live? I can't afford this place on my own. Will I be homeless?"

Out-of-pocket healthcare costs

With the high cost of living and the extremely low rate of Newstart, out-of-pocket health care costs are unaffordable to many on Newstart. Early diagnosis and intervention of health issues, and management of chronic disease, is difficult on the low rate of Newstart. Economising on the cost of medication increases the risk of medication misadventure and avoidable hospitalisation.

A significant component of out-of-pocket expenditure for people residing in rural and remote settings is the cost of travel to access health services. This is particularly true for conditions which require diagnostic equipment not available in rural and remote hospitals. The costs of travelling for diagnosis, testing and treatment may be out-of-reach for rural and remote Australians, with those reliant on Newstart likely to simply forgo testing altogether.

Out-of-pocket costs for dental services also put oral health care out of reach for Australians on Newstart. Oral conditions and diseases have considerable social and economic impacts, and account for more than 8,000 hospitalisations for people aged 65 and over²⁷. These hospitalisations are largely preventable if good oral health is maintained over the life course. The average out-of-pocket expenses for individuals using dental services was \$203 per service²⁸. This becomes far more when people require complex or ongoing oral health interventions. The compounding factors of the costs of dental care, and poor nutrition resulting from chronic poverty, can lead to poorer long-term oral health outcomes.

²⁵ Australian Institute of Health and Welfare (AIHW), Data tables: Historic tables SHSC 2011-12 to 2017-18, Homelessness Services, Excel, Table 6: Older clients (2019)

²⁶ Coates B. (2018). What's the best way to close the gender gap in retirement incomes? Grattan Institute Report. Accessed at: <https://grattan.edu.au/news/whats-the-best-way-to-close-the-gender-gap-in-retirement-incomes/>

²⁷ Australian Institute of Health and Welfare (AIHW): Chrisopoulos S, Harford JE & Ellershaw A 2016. Oral health and dental care in Australia: key facts and figures 2015. Cat. no. DEN 229. Canberra: AIHW.

²⁸ Chrisopoulos S and Harford JE, 2013, Oral health and dental care in Australia: key facts and figures 2012. Cat. No. DEN224 Canberra. Australian Institute of Health and Welfare.

Case Study - Shoane

Shoane*, age 61, recalls needing her teeth removed a few years ago. “I was working casually, and raising my kids. I didn’t have the money at the time – it was their teeth, or mine. Of course I chose my kids. Now I’m older, unemployed and need all of my teeth removed. It’s going to cost so much more. I can’t afford it. So I just live with the pain. The doctor has given me [prescription pain medication] for the days the pain is really bad, but it always hurts. Always. I’ve even considered tying a string to the door [to pull my own teeth out] but it’s not just one tooth, its all of them.”

Social Isolation and Loneliness

For someone who needs and wants to work unemployment not only means lost opportunities to accumulate financial resources, but can also impact their mental health including depression and lower life satisfaction. Wellbeing, quality of life and improved physical and mental health are negatively impacted by social isolation and loneliness. Newstart recipients, particularly those long-term unemployed report cost of living pressures resulting in a decrease in capacity to socialise, resulting in loneliness, social isolation and adverse mental health.

The Australian Psychological Society (APS) and Swinburne University of Technology have undertaken a survey of more than 1,600 Australians, confirming that loneliness is strongly connected to poorer quality of life, lower psychological wellbeing, higher social discomfort and poorer quality social networks²⁹. Loneliness also lowers the level of psychological health, with sufferers reporting higher levels of depression, anxiety, social difficulties and loss of confidence.

The low rate of Newstart means many are going without a cup of tea with friends, or transport to religious or cultural events, because of the cost. This isolation has more than just health implications - it can also have direct implications for employment. Older people in particular find that, when they do find employment, it is through personal contacts and networks. Should a person be forced to withdraw from society, these networks are reduced – and so too is their likelihood of finding employment in this manner.

It is counterintuitive to isolate someone during the years leading into retirement, only to have to fund programs to reduce social isolation in older people, not to mention mental and physical health costs. Providing the basic cost of living so that people can retain links with their community is far better investment in people’s long-term health, employability and overall wellbeing.

Dignity: appearing presentably at job interviews

The way a person dresses in a job interview can determine whether employers take them seriously and can make the difference between getting an offer or being rejected. On the current rate of Newstart, it is difficult to meet the costs of owning professional clothes, and this puts Newstart recipients at a disadvantage when competing at interviews against people in a better financial position. This is particularly true for older people trying to combat stereotypes and counter ageism in employment.

²⁹ Lim, M. Australian loneliness report: a survey exploring the loneliness levels of Australians and the impact on their health and wellbeing. Australian Psychological Society. https://researchbank.swinburne.edu.au/file/c1d9cd16-ddbe-417f-bbc4-3d499e95bdec/1/2018-australian_loneliness_report.pdf

While ageism in employment plays to more complex biases than appearance alone, it is important that older people trying to re-enter the workforce are given the opportunity to put their best selves forward for an interview in order to be competitive.

Case Study – Effie’s sister

Effie* witnessed her sister Kay*, age 61, struggle to afford the costs of looking presentable for job interviews. “[Kay] had to wear shoes worn down to the soles to interviews because she couldn’t afford to buy a new pair. [Newstart payments] are so low that an older person cannot dress smartly because they cannot afford decent clothes, cannot afford to get their hair cut or buy makeup, and then other forms of discrimination come into play”.

Effie describes the impact it had on Kay. “The emotional damage done by lack of success when applying for work when you are older is real”.

Supporting people across generations

COTA Australia have also heard from members who were concerned not just about the way that the low rate of Newstart affects older Australians, but about the impact it is having on the next generation. In 2019, COTA Australia commissioned a survey of 1,102 Australians, asking their views on Newstart. Of this, more than two-thirds agreed that increasing Newstart payment could help people find jobs by providing funds for transport, internet, access and training. 91% of participants over the age of 55 years agreed that no-one should have to go without essentials like food, healthcare and power.

“We worry about our kids, and our grandkids. What if they were to hit bad times? Would Newstart be enough for them?”

*Older people care about the way Newstart affects younger people, too” – Colin**

In response to this Inquiry, members have contacted us with deeply felt concerns about the wellbeing of younger Australians – their kids, their grandkids – and what happens to them during periods of poverty. These members acknowledged that all people, regardless of age, need support. COTA Australia recognises the impact of the low Newstart rate on all generations, and firmly believes that debates and discussions around Newstart policy settings should not be used to generate any further intergenerational divides.

Barriers to employment, Job search and skills training

Age Discrimination

Ageism is endemic in Australian society, and is evident in all facets of life, including in reduced access to employment, in the attitudes of employers to older workers, in lack of access to appropriate training and professional development and, in general, in the undervaluing of the skills, experience and earned wisdom of most older people. It affects workers across the employment journey, from recruitment, to access to training and promotion, and to redundancy. This can include the assumption that older workers are more appropriate for non-voluntary redundancies or that older workers entering a new industry later in life are not appropriate for entry level work in some sectors.

Age discrimination in employment requires a multifaceted solution beyond the scope of this Inquiry. Nonetheless, understanding ageism is essential to understanding systemic barriers older people face when seeking employment.

The 2016 Willing to Work report by the Australian Human Rights Commission found that negative stereotypes about older people were prevalent in Australian society, and that this has an impact on the willingness of businesses to hire older workers³⁰. Older jobseekers are very aware of these challenges. Indeed, 28.5% of older jobseekers describe being ‘considered too old by employers’ as their primary barrier to securing employment³¹. Older unemployed people also report to us being told by Jobactive providers that they “must recognise that their age will be a barrier” to finding a job.

Case Study – Rohan

Rohan* is 59, and was made redundant from his job as a shipping agent. “Despite at least 350 job applications, I have not been successful in finding another job but do believe that if I was twenty years younger with my skills and experience, I would have been snapped up within the first month”, explains Rohan.

Rohan suggests ageism is to blame. “I have noticed that many employers are not even subtle about how they go about excluding older workers from their recruitment processes. They are comfortable with the knowledge that it is almost impossible to prove discrimination”.

Research from the Australian Human Rights Commission found that a third (33%) of Australians over the age of 50 who had been discriminated against on the basis of age had given up on looking for work as a result (AHRC, 2015).³²

The need for specialist jobseeker support

“Recruitment agencies we interviewed suggested that older people should be prepared to ‘drop-down’ to lower levels of work to ‘get a foot in the door’ – and this approach was also mentioned by a number of older jobseekers who contacted us. Jobseekers have told us that they’ve been rejected for jobs at ‘their’ level (the position level they are qualified for or previously worked at) because they lack current experience, and rejected for jobs at lower levels because they’re over-qualified and/or are seen as a threat to managers with less experience”

COTA ACT

Age discrimination in employment is a major issue for many older Australians, and Jobactive providers must be equipped with the skills and knowledge to meet the workplace needs of older Australians. Understanding the barrier of age discrimination, and assisting potential employers and employees to navigate this, requires specialist skills and the right attitude. To this end, COTA Australia would like to see future contracts related to jobseekers include a speciality in assisting older workers. This may be

³⁰ Australian Human Rights Commission. May 2016. Willing to Work: National Inquiry into Employment Discrimination Against Older Australians and Australians with Disability. Accessed at:

https://www.humanrights.gov.au/sites/default/files/document/publication/WTW_2016_Full_Report_AHRC_ac.pdf

³¹ ABS, February 2019. Participation, Job Search and Mobility. Cat. No. 6226.0. Accessed at:

<https://www.abs.gov.au/ausstats/abs@.nsf/mf/6226.0>

³² Australian Human Rights Commission (2015). National prevalence survey of age discrimination in the workplace: The prevalence, nature and impact of workplace age discrimination amongst the Australian population aged 50 years and older. Sydney: AHRC.

<https://www.humanrights.gov.au/sites/default/files/document/publication/AgePrevalenceReport2015.pdf>

through all Jobseeker agencies having a specially skilled worker or workers, or by the development of specialist mature age jobseeker agencies in a promoted mature age employment network, or a combination of both.

The Australian Law Reform Commission's *Access All Ages—Older Workers and Commonwealth Laws* Final Report in 2013 recommended as below in relation to the then Job Service Australia network. Sadly, over the past 7 years, according to the continued feedback received by COTA, little has been done to implement this finding across all Jobactive providers:

Recommendation 7–2 To enhance the capacity of staff of Job Services Australia, Disability Employment Services and the Indigenous Employment Program to respond to the needs and circumstances of mature age job seekers, the Department of Education, Employment and Workplace Relations should ensure they are provided with information and training tools about:

(a) age discrimination;

(b) the effect that illness, disability and caring responsibilities may have on the capacity of mature age persons to work;

(c) diversity among mature age job seekers; and

(d) Australian Government programs targeted at mature age job seekers.³³

Mature workers make up the largest proportion of managers/professionals on Newstart, and little is done to accommodate those with postgraduate qualifications or managerial experience, instead they are expected to apply for jobs for which they are overqualified, only to be told they would be 'bored' and that the job would be given the opportunity to younger "up-and-comers" instead.

The purpose and appropriateness of training and education through jobsearch

The intention of the training and education programs provided through job search agencies is to allow job seekers who are unlikely to find work with their existing skills to complete courses with a vocational focus that will enhance their immediate employability.

COTA Australia is hearing that the training programs promoted by some jobsearch agencies are inappropriate or inaccessible for older Australians, and not well-adapted to individual jobseeker needs, interests or likelihood to result in meaningful ongoing employment. The VET programs COTA hears as being recommended were often not linked to the individual's recent employment or work experience, and not building on the skills and experience they have accumulated over their life.

Additional cost barriers to training programs, such as the cost of books or other equipment, and course fees, are also very difficult to meet with the current rate of Newstart, especially after assets have been drained in order to be eligible for Newstart.

A 2016 qualitative analysis of older unemployed Australian workers found that unemployed workers often felt 'pushed' or 'coerced' into undertaking training courses that were outside their area of interest

³³ Australian Law Reform Commission. March 2013. 'Access All Ages—Older Workers and Commonwealth Laws: (ALRC Report 120)', Canberra. Available at: <https://www.alrc.gov.au/publication/access-all-ages-older-workers-and-commonwealth-laws-alrc-report-120/>

or skills³⁴. In this example, the older jobseekers described the online learning environments commonly used in VET as a distinct disadvantage. Further, the study cited low motivation from participants who were keenly aware that there is little prospect for employment at the end of the program. The study found that the VET programs were not linked to employment or work experience, not specifically targeted and that some barriers were insurmountable, such as those training programs offered online which required higher level of computer literacy than the participant's possessed.³⁵

This raises deep questions about quality assurance, and whether providers are truly operating in accordance with the Act, where study should only be approved if it is likely to lead to future employment opportunities.

Volunteering as a job search activity

Currently, older Australians on Newstart can reach their mutual obligations through formal volunteering arrangements. The rationale is that in undertaking a significant amount of voluntary work the jobseeker is retaining, refreshing and potentially (but not always) learning new work-related skills; maintaining job-readiness; maintaining self-esteem; and making an important community contribution.

In our submission to the Australian Law Reform Commissions' 'Grey Areas' inquiry in July 2012 COTA Australia said: "The relaxation of the job seeking requirement and replacing it with the capacity to do voluntary work instead could be seen to be discouraging older people from trying to re-enter the paid workforce. It is an implicit acknowledgement of age discrimination and that older people will not be able to get a job. This is not the message COTA believes we should have."

COTA Australia is disappointed to see this discouragement come to fruition. COTA Australia has had concerns raised by many mature age unemployed workers no longer being offered any meaningful assistance to return to the workforce – instead being placed in volunteer roles that are not suitable for them or their experience. Some have described their Jobactive worker as having 'given up' on them and their prospects for paid employment.

Case Study - Mark

Mark*, age 64, has been on Newstart for 4 years. Mark spoke to his Jobsearch agency, and was told that he was not likely to be employed due to his age, and with his pre-existing health condition of severe osteoarthritis. He describes being "talked into" volunteering for 15 hours per week, which he describes as "a mistake".

Mark describes skipping meals, struggling with the costs associated with volunteering, and says he spent all of his saving reserves to fulfil his volunteering commitments. He then went back to Jobsearch efforts, but reports "My agency is pushing for volunteer status again because they know my chances of employment are slim, and they don't want me on their books for too long".

Mark describes his situation as being 'put out to pasture' on Newstart.

³⁴ Meyers, R. (2016). Opportunities or barriers? the experiences of disadvantaged older jobseekers participating in training. *International Journal of Training Research*, 14(1), 19–34. <https://doi.org/10.1080/14480220.2016.1152032>

³⁵ Meyers, R. (2016). Opportunities or barriers? the experiences of disadvantaged older jobseekers participating in training. *International Journal of Training Research*, 14(1), 19–34. <https://doi.org/10.1080/14480220.2016.1152032>

There is a disconnect between the volunteering roles that people are interested in and the roles that organisations are offering. Volunteers are deterred from volunteering because of lack of flexibility, personal expenses incurred, lack of reimbursement for out of pocket expenses, and burdensome administrative requirements.³⁶ Underpinning this is endemic ageism in both the workforce, and from the Jobactive workers themselves. This furthers COTA Australia's view that any Jobactive provider must have workers with specialist skills in placing older workers in meaningful, paid employment.

Recommendation 6:

Better targeted programs for older Australians seeking work, including training programs or volunteer programs that match the skills, experiences and needs of older workers

Keep Jobactive face-to-face

COTA Australia notes a \$1.3-billion overhaul planned for Jobactive, which will include an emphasis on a digital self-service portal. Any such platform must not replace face-to-face employment advice and support. The increasing move to a digital online environment for services and support is creating a significant challenge for some Australians who are inexperienced in using computers and smart phones, and many are not be in a position to afford the ongoing costs of internet plans.

COTA acknowledges that when effectively developed and implemented, the digital delivery of services has the potential to improve the social and economic participation of older Australians by providing easy, fast, reliable and affordable access to information and services. With the development of appropriate, robust and reliable delivery systems and the provision of appropriate supports, most older Australians will be able to adapt to digital service delivery. However, the Australian Government must also ensure that appropriate alternatives to digital service delivery are maintained (without barriers) for those Australians – of any age - who will not be able to use digital services.

Consider benefits of early access to Job Search Support for older unemployed

With the exception of those eligible for the Retrenchment Rapid Response Framework, individuals often face long and unnecessary delays to access education and training that would assist them into employment.

Overwhelmingly, community organisations hear from frustrated jobseekers who could benefit from jobseeker supports, but believe they are unable to receive the assistance until they are referred as part of a mutual service obligations. Under the Service Guarantee, jobseekers are able to voluntarily enrol with Jobactive providers, before they are eligible for income support. Volunteer Jobactive participant are eligible for up to six months for supports such as writing resumes and skills testing. Jobseekers are often unaware of their entitlement to access these services. As such, they wait until they are receiving income support payments. In the case where individuals must serve the minimum waiting period and liquid assets waiting period, a person may be waiting many months until they become registered with a Jobactive provider.

³⁶ PwC. April 2016. State of Volunteering in Australia: Help Create Happiness. Prepared for Volunteering Australia. Accessed at: <https://www.volunteeringaustralia.org/wp-content/uploads/State-of-Volunteering-in-Australia-Executive-Summary1.pdf>

Skills and Training Incentive

The Skills and Training Incentive provides up to \$2,200 to jointly fund training for people aged 45-70. The funding is directly linked to the Skills Checkpoint for Older Workers Program. Under the current rules, individuals are only eligible if they are currently employed, or if they have been unemployed for no more than three months and are not registered with an Australian Government employment services provider.

Whilst the funding is not designed primarily to assist jobseekers back into the workforce, it is designed for those with recent work experience to build skills and plan for the next stage of their career. The strength of this incentive is that builds on the direct skills, experiences and interests of the individual. Overwhelmingly, older jobseekers have remarked that the training they are offered via jobseeker agencies do not meet their specific needs.

Extending the eligibility for the Skills and Training Incentive to allow a greater number of newly unemployed people to increase their skills in an area of relevance and interest to them may have a far greater impact on their employability than existing training options. Further, consideration should be given to whether those registered with Australian Government Employment Service Providers should be ineligible for the incentive as part of a wrap around of supports for mature age unemployed requiring early interventions.

Career Transition Assistance

Career Transition Assistance (CTA) is one of the key components of the Australian Government's Mature Age Employment Package to be delivered under the Working Age Payments Reforms. It was trialled across five locations in 2018/19, to provide assistance to unemployed older workers that are referred by a Jobactive provider.

The purpose is to provide practical and tailored support for older jobseekers through identifying transferable skills, understanding the jobsearch process and assisting in practical ways such as resume-writing. The program was piloted in five different sites and, as of 1 July 2019, is being rolled out nationally. The CTA eight week program includes both a Tailored Career Assistance Element and a Functional Digital Literacy Element. CTA is delivered through a mixture of one-to-one and sessions with a small group, led by a facilitator and no more than 15 participants. It is important to note that CTA is not intensive case management, nor is it designed to meet the needs of people with complex needs. The CTA service is available up to 8 weeks. In addition to this, a person may voluntarily register as a job seeker and receive support for up to a 26-week period (6 months).

Given the requirement as part of CTA to register with Jobseekers, and the proposed move from 13 weeks to 26 weeks for the eligibility under the liquid assets test, COTA is concerned these timings may result in a gap in support between accessing CTA/voluntarily accessing JobSeeker services and any participation requirements once a Newstart payment application is approved. Early intervention support is critical when mature age workers are being supported to search for a new job.

As the program is targeted at older jobseekers, COTA Australia is cautiously optimistic that the program may provide more appropriate training and support than those given under the current, generalist programs which are often unsuitable for older workers (see *'the purposes of jobsearch education and*

training'). At the time of writing, there was no publicly available data on the success of the trial sites, but an enthusiasm to roll the program out to some providers in all areas across the country hopefully indicates some level of success.

Intensive support for long-term recipients

The causes of long-term unemployment are varied, and compounding. The 2017 OECD report into joblessness in Australia found that low relative work experience, low skills and health limitations are common amongst the long-term unemployed.

Long-term recipients of income support often describe feeling 'neglected' by employment supports, which prioritise short-term recipients that can be placed more easily. Long-term unemployed are the most likely to become 'discouraged jobseekers', who have low morale and low confidence that finding a job will ever be possible. As such, they cease job searching. The Australian Bureau of Statistics estimates that this accounts for around 90,000 unemployed Australians³⁷, of which approximately 40,000 are over the age of 55.

Specialised, intensive supports are needed to break the cycle for long-term recipients. Long-term recipients need to be provided with the confidence, self-esteem and skills to begin reapplying or retraining to enter employment. Working to break this cycle requires specialist, intensive intervention that understands the emotional, social and economic barriers to re-entering the workforce. Employment specialists must be provided with the funding and resources to meet this need.

Recommendation 7:

Provide a more intensive set of interventions for long term recipients of Newstart to better support their chances of re-entry into the workforce

Changing nature of work in Australia

Many older people prefer to work in flexible, part-time work that suits their changing needs. Flexible work is aided by easy and seamless reporting requirements for income support, non-punitive measures that do not create a disincentive to working on a casual or part-time basis.

Case Study – Carey*

Carey*, age 55, is currently employed in the IT industry, she recalls that during her long, recent period of unemployment, she wouldn't seek casual work because reporting the income caused her anxiety and stress. She describes the amount of frustration to be "not worth it once you consider that they will reduce your Newstart rate".

"I never bothered with casual work. If it was part-time work, it would be worth it. But with casual work, you can end up spending more time reporting and sitting on the phone to Centrelink than you do making the money. Then there's the stress of not being able to predict how much money you'll get this fortnight. It's not worth it".

³⁷ ABS, February 2019. Participation, Job Search and Mobility. Cat. No. 6226.0. Accessed at: <https://www.abs.gov.au/ausstats/abs@.nsf/mf/6226.0>

Seamless reporting, and increasing the amount that can be earned before payments are reduced, would have flow-on effects for other groups, such as those with parental/caring responsibilities, people with disabilities and people across all life stages. The Introduction of single touch payroll may enable the automation of reporting requirements of wages earned in the future.

Secondly, the 'gig economy' provides opportunity for work-when-you-want-it, but nonetheless does not offer the same protections and supports, and often requires start-up or maintenance costs for which individuals are poorly recompensed. Broader law reform must be considered in protection of workers who enter this form of work arrangement, to ensure they receive entitlements and protections that meet community expectations.

Conclusion

Older Australians are keen to contribute their skills and experiences to the workforce. To do this, the Australian Government must work to reduce the social and economic barriers to employment. This must be done through tackling ageism and age discrimination, and meeting the skills and training needs of a diverse workforce.

Older Australians must be able to access income support without having to draw down on their retirement savings. A sensible, whole-of-life approach must be given to setting income support payments. That includes ensuring that Newstart recipients can meet their most basic living costs – including housing, food, energy costs, as well as the costs of job searching.

Lastly, employment service providers must be equipped with the specialist skills to assist older workers to overcome their unique barriers to workforce participation. Training and volunteering opportunities must be tailored to the genuine interests and skills, not just busy-work leading to high levels of dissatisfaction and frustration.

Older Australians are ready, and willing to re-enter the workforce. Supporting older Australians to re-enter work would be huge benefit to the community and the economy.

COTA Australia thanks the committee for its consideration of this submission.