

Submission to

“The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market”

[Redacted]

(a) the adequacy of the allowance payment system for jobseekers and others, with particular reference to the

** adequacy of the Newstart Allowance payment as an income support payment for jobseekers and*

** the adequacy of all other allowance payments that support a range of recipients who study or provide care;*

Newstart allowance has been an inadequate support for years, most particularly since late 2008. Private rental costs exploded in 2008, and we were caught right in the middle of it.

My wife and I lived in a pleasant 2br unit in the inner West of Sydney, for which we paid \$190 per week. At the time, we were both on full Newstart Allowance and had no other income. We were only just managing financially. We did not drink, smoke, own a car, nor did we have any expensive habits, and our lifestyle was quite modest.

During 2008, our rent increased by nearly \$100 per week in just over a year. We could not afford to pay \$280 for rent so, still without work, we moved to the far West of Sydney, where the rent was \$170. At the time, this was the cheapest advertised 2br unit in Sydney Metro, bar none. I know this because I checked every single one.

This rent was tolerable, but we were evicted (for ‘no reason’) in 2010, and hurriedly moved to another 2br unit in the far West for \$220. We could not afford the rent, but nothing else was available.

My dear wife died unexpectedly last year. The rent has stayed at \$220. Since Dec 2011, I have had only 2 weeks paid work. With the same modest lifestyle, and now on my own, I am currently going financially backwards at the rate of just over \$1,000 per month.

As I have no savings, I am forced to live on revolving credit. That is, I purchase groceries on the credit card, as well as large and medium-sized items, then pay off what I can.

Since 2008, I have had to make several withdrawals from my non-preserved superannuation, to prevent the credit card balance from blowing out.

Briefly, Newstart Allowance is woefully inadequate, mainly due to the explosive increases in private rental and the collapse of public housing.

However, the main reason for this is that Rent Assistance has failed to keep pace with rental increases. I'm not even sure that Rent Assistance has been indexed to inflation, but this would be of little help, because rental inflation is much higher, being roughly 25% annually.

Full Rent Assistance is now up to about \$55 per week. This is ludicrously low. There are now no 2br units in Sydney Metro for under \$200 per week. This horrific fact can be verified by a simple search on any large rental website e.g. domain.com.au or realestate.com.au . \$200 per week is not affordable rent for either a single occupant or a couple with no children. Yet this is the bare minimum price, and you'd be lucky to find anything that cheap now.

*(b) the appropriateness of the allowance payment system as a support into work,
with particular reference to:*

(i) the effectiveness of the payment as an incentive into work,

I am a highly motivated jobseeker. Centrelink only requires a Newstart recipient to make 10 job enquiries per fortnight at most. I average 50-100 such enquiries per week.

I had 7 months of continuous work last year. I had no less than 3 jobs (at the same time) in the last quarter of 2011. Yet since Dec 2011, I have had only 2 weeks paid work.

The \$50 increase sought by the current campaign, while not enough, would certainly help me to better prepare for work, and tide me over better when out of work.

(ii) the effectiveness of the allowance payment system in facilitating transitions between working and other activities, such as

** studying, caring and retirement, or*

** in the event of illness or disability, and*

** in helping or hindering recipients to overcome barriers to employment*

I spent the last decade chasing work in IT. Only one job lasted more than two years, and that one was poorly paid. I was made redundant seven times and sacked more times than that. Finally admitting defeat, I decided to retrain in

mid-life. I spent two years (on Austudy, which is even lower than Newstart !) studying Mental Health Work at TAFE. This is an area set for fast growth, and has been specifically targeted as such by both State and Federal governments. I graduated near top of the class in early 2011, but have found less than 3 months work in the field so far.

Therefore, I continue to seek work in IT as well as Welfare and Clerical. Having just turned 50, age discrimination is a reality I deal with.

I have been unfairly dismissed a number of times. Despite Labor polishing some of the rough edges off Work Choices, it is still far too easy for disreputable employers to sack people. This is, for me, the biggest single barrier to me staying in the workforce. I am very good at gaining employment, and have had to do so a large number of times, largely because of frivolous or vexatious dismissal reasons.

(iii) the impact of the differences between pensions and allowances on the transition between working and other activities; and

Why is it that pensioners can get Pensioner Excursion tickets (\$2.50 for travel all day), while Newstart recipients do not even qualify for concessional weekly tickets (which are available to students) or Bus Travel Tens (ditto) ? This is inefficient as well as inequitable.

(c) the impact of the changing nature of the labour market, particularly the rise of insecure work and decline of unskilled jobs, on the:

Skilled jobs are also on the decline. IT work, even when notionally permanent, is anything but, and has been so since the so called boom of the early 2000s. I spent 2 years retraining into Community Welfare Work, on the hope and promise that there was more stable work, if at lower pay. Yet, if anything, work seems to be even less secure and more difficult to find in this sector.

(i) nature and frequency of individual interaction with the allowance payment system, and

Moving lodgement of fortnightly claims for Newstart online was a big step forward. However, when asked why we have to come into Centrelink monthly to report activity (which is supposed to be Job Network's bailiwick), I heard that political pressure had been applied because some unknown pressure

group wanted to make sure the great unwashed had to actually show up regularly after all. This is a waste of the stretched resources at Centrelink and achieves no useful purpose.

While useful for some jobseekers, requiring all Newstart recipients to fill out the Job Diary is a horrendous waste of time for all concerned. The vast majority of Newstart recipients are keen to work and are sufficiently well-organized to go about the process without this needless extra effort. For myself, I have filled the damn thing out in a single day every fortnight for every period I have been on the benefit, as I regularly make the minimum quota in a single day every working day.

(ii) over and underpayment of allowances to recipients.

This does not affect me.