



Community and Public Sector Union

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Committee Secretary
Senate Standing Committees on Community Affairs
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Dear Committee Secretary

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

As the primary union representing Department of Human Services (DHS) employees, the Community and Public Sector Union (CPSU) is committed to providing a strong voice for our members in key public policy and political debates.

The CPSU welcomes the opportunity to make a submission to this inquiry into the adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia.

CPSU members support raising the rate of Newstart and related payments. Our members in DHS see firsthand the impact of the current low base rate on DHS customers. Members inform the CPSU that the current base rate does not allow people to maintain a standard of living that the community would find acceptable, nor does it enable them to search for employment. As one member explained:

We know that Newstart is too low, and it is devastating to see clients who lives would be so much better off even with just a small weekly increase. We also know that people find work and get off Newstart style payments quicker when the payments can facilitate job hunting - the current payment is too low to do that.

These problems with Newstart are exacerbated by inadequate staffing levels and problems accessing services. Since 2010-11, the professional and technical capacity of DHS has been severely eroded. Falling staffing levels, budget cuts and the privatisation of core functions of DHS through the use of labour hire and contract call centres have eroded the quality and accessibility of services.

Over this period, staffing at DHS (inclusive of Centrelink and Medicare which was merged into DHS), has declined by over 7,000 ASL or over 20 per cent. It is of little surprise that in 2017-2018, over 48 million calls to DHS went unanswered.¹ Staff are under pressure and are doing the best they can in trying circumstances.

¹ Doug Dingwall (2018, 30 October). 'No party poppers' for Centrelink's 48 million unanswered calls. Canberra Times. Retrieved from <https://www.smh.com.au/politics/federal/no-party-poppers-for-centrelink-s-48-million-unanswered-calls-20181029-p50co2.html>

When DHS customers have problems and attend service centres, rather than directly assisting customers with queries, staff are told to tell them to call DHS or directed to a self-service computer. In many cases it would be quicker and more appropriate for the client and for the staff to deal with the issue face to face, but this choice is now rarely available.

Poor customer outcomes from low payments and an overstretched DHS also affect the work health and safety of staff. It can lead to increased customer aggression, as customers are forced into desperate and highly stressful situations. It impacts on employee morale, staffing seeing the effect of low payment rates and processes that ignore best practice but having no recourse to address it.

As a social worker I have been trained to be an expert in welfare delivery and best practice. The low Newstart rate is not best practice, it is cruel and damaging. We (allied health professionals) should have far greater consultation and say over the policy that is being implemented by us, because we know what we are talking about.

Many of these problems have arisen from the fact that Australia's social security system was originally designed for a labour market where full-time employment for a mainly male work force was the norm. Periods of unemployment were generally short periods and benefit levels could be kept low to avoid disincentives to work.² While there have been changes to social security such as the tightening of eligibility, a cut in the level of income support and the introduction of activity tests, this underlying premise has not changed. This is a model that has often struggled to meet the needs of people with complex barriers to work.

The current Government's welfare reform agenda fails to address the changing nature of the labour market. There are currently simply not enough jobs available with recent reports indicating there are over 12 job seekers per vacancy in South Australia and approximately 10 job seekers per vacancy in South Australia, Tasmania, Western Australia and Queensland.³

The changing labour market requires a more holistic approach. All aspects of the social security system – payment levels, services, the support provided, reporting requirements and resourcing, must be reoriented to the reality of a labour market increasingly characterised by insecure work and changes in employment status. An example of this is the problems experienced by people moving between jobs with much greater frequency and/or with changing patterns of work hours and income levels. The robo-debt debacle highlighted the failure to consider changing patterns of work. Addressing these types of issues will require properly resourcing DHS and better integration with other services such as employment services, however, this cannot occur under the current outsourced model of service delivery.

The CPSU is happy to provide information on the matters raised in this submission and supplementary information on other relevant issues.

For further information, please contact Osmond Chiu, Senior Policy and Research Officer

Yours sincerely

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² Carol Ey (2012, 4 December) Social security payments for the unemployed, the sick and those in special circumstances, 1942 to 2012: a chronology. Parliamentary Library. Retrieved from

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BN/2012-2013/SSPaymentsUnemployment

³ Adzuna Australia (2019). Job Market Report June 2019. Retrieved from <https://www.adzuna.com.au/blog/wp-content/uploads/2019/05/June-2019-Adzuna-Job-Report-pdf.pdf>