

Committee Secretary
Community Affairs References Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

8th August, 2019

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

Dear Committee Members,

As an Australian citizen, I have been employed for most of my adult life. Now, as a fifty-something Information Technology specialist, I find myself part of the ever-growing cohort of long-term unemployed in Australia. I have both witnessed, and experienced first-hand, what a supplemental income with conditions attached, can do to a person's psyche. So I consider myself well placed to make a submission to the Committee in this regard.

My reasons for making a submission to this Committee, are as follows :

1. to highlight the changing employment conditions in Australia, and that Newstart has failed to keep pace with these changing conditions ;
2. to highlight that a person who does require Newstart, that the payment rate needs to be geared towards older age groups as they near pension age;
3. to highlight that the Newstart payment system (as it stands) is creating a permanent underclass of Australians, with little chance of gaining meaningful employment.

I shall address my submission to the following Terms of Reference :

- b. the labour market, unemployment and under-employment in Australia, including the structural causes of long term unemployment and long term reliance on Newstart;
- c. the changing nature of work and insecure work 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 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;

b. the labour market, unemployment and under-employment in Australia, including the structural causes of long term unemployment and long term reliance on Newstart

The outsourcing of Centrelink's reporting duties onto Job Service Providers via the Job Network, has negatively impacted both the unemployed as well as for businesses. By incentivising Job Service Providers to join the Job Network, Job Service Providers are profiteering by keeping the unemployed on their books. ABC's Four Corners episode "The Jobs Game"¹ aptly showed how Job Service Providers were gaming the Jobs Services Network for some time. To this day, Job Service Providers have shown little improvement.

Whilst I have no qualms attending Job Service Provider appointments, I realise the Job Service Consultants are only doing their job. My main concern with the Job Network, is how Job Service Providers are giving jobseekers false hope, that through them they will be 'their source' to provide the jobseeker with a job they so desperately seek. If a Job Service Provider is unable to adequately assist in a jobseekers efforts through traditional means, they should at least be up front with the jobseeker to that fact, and assist with alternatives.

It is my recommendation that a Job Service Provider that's part of Centrelink's Job Network, should at the very minimum:

1. actively reverse-market the jobseeker through their job provider channels,
2. actively search for jobs the Provider deems are a 'best fit' for a jobseeker, via job search engine platforms. This includes informing the jobseeker to apply for such a job, and to actively follow up. This does not preclude the jobseeker from actively applying for jobs as well.
3. offer additional subsidies to the jobseeker for their external job searching efforts, where costs were initially borne by the jobseeker. The \$1000 subsidy that's currently offered to jobseekers, could also be extended to, for example, dry cleaning, online advertising, creating own website, a photo shoot, if it can be shown that it is to promote their job search effort.

c. the changing nature of work and insecure work in Australia

The last 10 years has seen a significant shift in the nature of work. Businesses that used to compete for market share in their local market, now find themselves competing against established businesses overseas. In order for them to compete, businesses have had to adapt their workforce to new employment conditions. Whether it be working part-time, temporary or contract basis - shift work is now considered the norm in many industries. As a result, workplace entitlements (such as superannuation, bereavement or sick leave) that an employer used to honor, are now often traded away. The employee is left to fend for themselves.

The way jobseekers apply for work has also markedly changed. The ever growing number of job applications been generated by jobseekers via the Job Network, has led businesses to implement job portals of their own to cope with the influx of applications. To deal with the influx, some businesses have taken to implementing technology that scans each job application for matching keyword phrases, to match the jobseeker they are 'looking for' - culling a lot of reputable applicants in the process. Not only has "Job Network generated

1 ABC Four Corners - "The Jobs Game" - 23rd February 2015 - <https://www.abc.net.au/4corners/the-jobs-game/6247206>

applications” caused a direct impost to running businesses, this impost has a detrimental effect to the Job Network’s stated intentions – it runs counter to getting jobseekers back into work.

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

In analysing the current approach to setting income support payments, I will focus my attention on older unemployed workers and its effect on families.

Older unemployed workers, generally have worked most of their working lives, without having become reliant on an income support payment. They were a working member of society, able to pay their tax when tax was due, able to pay off their outstanding bills, and able to save some money for a rainy day. That was then

Fast track to now. Jobs that used to be a commonplace, have either become automated, made redundant or moved off-shore. Most of the jobs that are advertised, are either temporary, casualised or contract based. There are now fewer jobs advertised on a full-time permanent basis. The first casualties that get caught up in this workplace culture change, are middle-aged workers who have being made redundant. Is it any wonder then, that employers that take on new staff for their business, bias their decision-making away from older recruits², as younger recruits are more likely to do the same job for cheaper, even at the expense of trading away employment entitlements.

The impact on middle-aged workers who suddenly find themselves on the unemployment queue, is dramatic. This is most felt when family members are affected by no longer having the main bread-winner working. The Newstart payment may put some food on the table each week. However it will in no way cover the ongoing bills. Hard decisions may soon have to be made if a new job isn’t found soon.

g. 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.

Currently, everyone on Newstart (excluding any additional payments) is paid \$277.85/week, or about \$39/day. This support payment is unduly burdensome on older unemployed workers (compared to younger unemployed workers) for several reasons :

1. older unemployed workers usually have significantly more financial overheads to contend with. eg. rent, mortgage, insurance, cars, kids, electricity, rates, etc.
2. older unemployed workers have fewer transferrable skills that can easily be used to transfer into other industries

2 The New Daily - 17th July 2019 – ‘The surprising age group that is most reliant on Newstart’ - <https://thenewdaily.com.au/news/2019/07/17/surprising-age-newstart/>

3. older unemployed workers are less likely to skill-up for a particular profession on the premise of a job in the future
4. with the inherent bias towards hiring younger recruits, older unemployed workers will most likely be out of work for longer periods.
5. older unemployed workers who eventually do find work, will most likely be hired on an overall wage that is lower than what they were accustomed to, when they were last employed.

In a recent interview³ with Graham Richardson, Mr Ian Henschke from National Seniors Australia said : “173,000 Australians between 55 and 64 are in fact living on Newstart, and that figure is in fact increasing by 10,000 a year.” This is an age group who, having being tax payers for most of their lives, have had legitimate reasons why they find themselves out of work and can no longer find work. If they had compulsory Super saved up, they are unable to count on their Super until they can reach pension age. By being forced onto a Newstart payment to make ends meet, this age group is having to dip into whatever savings they may of had – even so far as to sell their family home⁴. Instead of the Government having seniors financing their own retirement with/without a part-pension, they could become totally reliant on the Government full-pension.

It is for these reasons, that there needs to be a sliding scale in the Newstart income support payment favoring older unemployed Australians. A one-size fits all approach on Newstart payments unduly penalizes older unemployed Australians to a life of financial hardship, when their job prospects are indeed remote at best. By tapering the Newstart payment towards the pension rate, it will allow older Australians a better chance to save for their retirement. Those that are still willing and able to look for a job, can still do so. Once they reach pension age, they won't become as reliant on the full pension.

3 Sky News - 17th July 2019 - “Disconnect” between older Australians and govt’ - https://www.skynews.com.au/details/_6060228174001

4 ABC News - 25th September 2018 – Number of older Australians on Newstart growing by 10,000 a year - <https://www.abc.net.au/news/2018-09-25/mature-workers-on-newstart/10195296>

In Conclusion

Newstart as a payment system, has failed many Australians, as it has not kept up with the changing times.

1. Casualisation of the workforce has made job insecurity more prominent,
2. Job insecurity has made it difficult for many Australians to find work and to get ahead,
3. Mature-aged unemployed Australians are remaining unemployed long-term,
4. People approaching pension age reliant on Newstart are having to draw down on their life savings. They will end up becoming more reliant on the Government Pension long-term.

Newstart needs to be increased, and it needs to happen sooner rather than later.

I will leave the last word to Ricci Bartels who asked a question to the panel on ABC's Q&A Programme on 5th August 2019. She speaks what many unemployed Australians on Newstart had already been thinking, referring to the Prime Ministers' use of the slogan "Have a go to get a go" as divisive.

" How do you 'have a go' to 'get a go' " - Ricci Bartels⁵

Yours sincerely,

Tom Thorp

5 ABC News - 6th August 2019 - Newstart recipient Ricci Bartels calls Scott Morrison's "have a go" slogan divisive on Q&A - <https://www.abc.net.au/news/2019-08-06/qanda-ricci-bartels-grills-federal-government-over-newstart/11386504>