

CHAPTER 4

From social security to work

Introduction

4.1 In chapter 3, the committee concluded that there were two options: either increase Newstart Allowance or focus efforts to ensure that jobseekers are able to quickly transition back to the workforce. In keeping with the widely held view that the best form of welfare is a job, the committee commences this chapter with the observation that it is of critical importance for job seekers to be equipped with the skills and confidence to obtain secure employment for themselves.

4.2 Job Services Australia and other employment support programs have a central role to play in assisting people to move from welfare to work. It is for this reason that the committee has given particular attention in this chapter to the ability of such programs to support job seekers as they move to full employment.

4.3 In the second part of this chapter the committee examines how casual and part time work can be an important first step for long term unemployed job seekers as they begin to transition to full time work. Unfortunately some current policies discourage job seekers to take up casual and part time work.

Quality of employment services for job seekers

4.4 Job Services Australia (JSA) provides employment assistance to unemployed people and those who are transitioning to work for the first time. Payments to JSA under its contract with the Commonwealth from 1 July 2009 to 30 June 2012 ran to \$4.362 billion. This comprised service fees, job placement and outcome fees and expenditure through the Employment Pathway Fund.¹ On 30 June 2012, 509,000 Newstart Allowance recipients were receiving support from JSA.²

4.5 More than half of people who began to receive Newstart Allowance last financial year, had moved off the payment in less than 12 months. This is a good outcome, and demonstrates that Newstart Allowance is working well as a short term payment as people transition back to paid employment. However, a growing number of recipients have remained on the payment for more than 12 months. The table below

1 Ms Moya Drayton, Group Manager, Income Support Taskforce, Department of Education, Employment and Workplace Relations, *Proof Estimates Committee Hansard*, 17 October 2012, p. 71.

2 An additional 59,000 Newstart Allowance Recipients were receiving support from a Disability Employment Service provider due to a disability that meant they had a partial capacity to work: Department of Education, Employment and Workplace Relations; the Department for Families, Housing, Community Services and Indigenous Affairs, the Department of Human Services and the Department of Industry, Innovation, Science, Research and Tertiary Education, *Submission 38*, p. 71. (Hereafter '*Submission 38*').

reveals that some Newstart Allowance recipients have been on the payment for many years.³

Previous duration in receipt of income support on 1 July 2007	Percentage who were not in receipt of income support in 2012	Percentage who were on another income support payment in 2012	Percentage who were in receipt of Newstart Allowance in 2012
Less than 3 months	56	21 (9% DSP)	23
3-6 months	50	25 (11% DSP)	25
6-12 months	43	30 (14% DSP)	27
12-24 months	36	35 (17% DSP)	29
24 months or more	25	41 (23% DSP)	34

4.6 It is clear from this table and from the committee's discussion in chapter 3 that the longer a person is unemployed the more likely they are to continue to remain on income support for some time. It is crucial that appropriately targeted services are provided to job seekers to give each person the best chance of finding sustainable employment.

4.7 The committee received evidence from witnesses and submitters about the effectiveness of JSA programs. In the following pages the committee outlines key issues raised in relation to classification of job seekers into streams, provision of work experience, measures to address intergenerational, youth and mature unemployment and the inadequacy of job support services for carers.

Streams

4.8 As discussed in chapter 2, following an assessment by the Department of Human Services or JSA each job seeker is placed in a stream, based on need. All job seekers have access to the Employment Pathway Fund, although the amount available does vary according to stream. The committee heard concerns that job seekers are not always accurately classified and placed in the most effective stream, and that not enough support is provided in the first few months of unemployment.

4.9 Jesuit Social Services believes that more time and care needs to be devoted to setting up participation plans with jobseekers, to ensure that jobseekers are placed in appropriate streams. The questions asked in the first interview are very personal and it may take some time and sensitivity for a job seeker to feel comfortable disclosing all their circumstances. Mr Michael Livingstone explained to the committee:

One of the things we know is that, if the JSA providers and Centrelink are putting together the participation plans, they are short on time. It can often be one or two meetings where this is worked out. When you are talking about people who have complex histories with multiple and complex needs,

3 *Submission 38*, p. 69.

we know from our work that it takes time to build that relationship and work out what the fundamental issues are.⁴

4.10 Mission Australia noted that while in theory a person can be quickly reclassified, it had found in the past year that 'despite presentation of significant evidence that the person has more barriers than originally disclosed, they are simply not able to gain restreaming'.⁵

4.11 In response to questions from the committee, the Department of Human Services advised that if an error is identified a re-assessment can be done 'immediately'.⁶ Additionally, a service review is conducted every 12 months to ensure that job seekers are appropriately streamed.⁷

4.12 Some witnesses also expressed concern that the level of support to job seekers placed in Stream 1 is inadequate, and in particular that job service providers receive only \$60 to support these job seekers for the first 13 weeks. Dr Prins Ralston, Acting Chief Executive Officer, Mission Australia, told the committee that this means the job seeker receives very limited assistance and risks sliding 'into the long-term unemployed'.⁸

4.13 At the other end of the spectrum, the Benevolent Society called for more targeted and flexible assistance for job seekers in Stream 4 (those job seekers have multiple and complex barriers to work participation). The Benevolent Society argued that the service provided should recognise that these individuals may not be immediately ready to commence vocational education and training. Ms Annette Michaux told the committee:

We have 30 per cent dropout rates in TAFE courses when people are being referred through JSA when they are in stream 4, I think. For us, that is such a waste of resources. Let us first do something around coaching or building parental confidence to make sure people are more likely to succeed when they are ready to go to that next step. So it is looking at the individual in front of you and working out how you are going to build that confidence and self-esteem so that people can endure a TAFE course and not feel completely embarrassed about their literacy or whatever it is. It is building something so people can experience the system as positive, and sometimes we are finding that needs some work first. We were working with a lot of

4 Mr Michael Livingston, Research, Policy and Media Officer, Jesuit Social Services, *Proof Committee Hansard*, 27 August 2012, p. 32

5 Ms Kylee Bates, General Manager, Mission Australia, *Proof Committee Hansard*, 27 August 2012, p. 12.

6 Ms Michelle Lees, Service Leader, Department of Human Services, *Proof Committee Hansard*, 24 October 2012, p. 28.

7 Ms Moya Drayton, Group Manager, Income Support Taskforce, Department of Education, Employment and Workplace Relations, *Proof Committee Hansard*, 17 September 2012, p. 19.

8 Dr Prins Ralston, Acting Chief Executive Officer, Mission Australia, *Proof Committee Hansard*, 27 August 2012, pp 8–9.

people with mental health issues, and we are finding we need to build quite a bit around them first, or it might be low literacy.⁹

4.14 The committee considers that more support should be provided up front to jobseekers when they first become unemployed.

Work experience

4.15 Employment service providers are also funded to work with employers, particularly with a view to finding work experience opportunities for the long term unemployed and young people. On 31 August 2012, 180 513 job seekers were undertaking work experience.¹⁰

4.16 Dr Richard Denniss, Executive Director, Australia Institute observed that work experience for jobseekers can be just as useful for the employer as the employee:

As a rule I think work experience is very useful, in part because it helps to overcome the barriers in the employers' minds. A lot of employers are quite concerned about employing someone who has been unemployed for 12 months. If someone comes to a job interview and is competing against three other people, one of whom has just moved into town, one of whom has just finished school and one of whom has been unemployed for 12 months, a rational employer would think, 'In every other interview you have sat in for the last 12 months, someone sitting in my seat has seen something that I haven't seen. So, all other things being equal, I'm not going to bet on you.'

Work experience is very useful for confidence and experience for employees; it is also a low-cost way to say to employers: 'You can get a good look at this person. Even though on paper or in a job interview perhaps you would not have put them at the top of the list, they are pretty good. They fit in.' We have to understand there are structural impediments for employers who literally see long-term unemployment as an adverse signal.¹¹

4.17 Mr David Thompson, from Jobs Australia, noted that in his experience employers are very willing to give young unemployed people the opportunity to participate in work experience, however better support should be provided to employers who do this:

[T]he great majority of employers who take on people who are long-term unemployed are small and small-medium businesses and they do not have HR departments and they are very busy. One of the things that we are looking at for the next iteration of Australia's public employment service is how to get the system to provide better assistance to employers in addition

9 Ms Annette Michaux, Benevolent Society, *Proof Committee Hansard*, 28 August 2012, p. 43. See also, Benevolent Society, *Submission 23*, p. 13.

10 Ms Moya Drayton, Group Manager, Income Support Taskforce, Department of Education, Employment and Workplace Relations, *Proof Estimates Committee Hansard*, 17 October 2012, p. 72.

11 Dr Richard Dennis, Executive Director, Australian Institute, *Proof Committee Hansard*, 28 August 2012, p. 5.

to job seekers. That would be so that there is provision of more support to them as employers to be able to take some of these people on and, importantly, to support them as well as the employees so that they stay in the job.¹²

4.18 The committee heard that work experience has become a more important feature in the Job Services system recently. However, it is too early to tell whether this renewed focus will result in improved employment outcomes for job seekers in the long term.¹³

Promoting mobility

4.19 The labour market in Australia increasingly requires workers to be mobile, however the committee heard that many job seekers are still reluctant to move or travel for work.

4.20 Job seekers can access funds to assist with the travel costs associated with looking for work through the Employment Pathway Fund (EPF), as discussed in Chapter 2. From 1 July 2009 to 19 August 2012, more than \$37 million has been released from the EPF to assist with transport costs and to provide licencing assistance and nearly \$1.5 million has been released to provide relocation assistance.¹⁴

4.21 To promote mobility the government established the *Connecting People with Jobs* program. The \$29.2 million program, administered by Job Services Australia, is targeted at jobseekers living in areas with high unemployment rates. Eligible applicants may receive relocation assistance of up to \$9,000. While there are 4,000 places available on the program, the committee understands that as at September 2012 only 369 people had taken part.¹⁵ The committee did not receive sufficient evidence to assess this program, but senses that either the attitude of job seekers needs to change or the program is poorly targeted and needs to be reformed.

4.22 Mission Australia reported that long commute or travel times can present barriers for job seekers based in regional or remote areas. For example, even in Wollongong where there are solid public transport links to Sydney, the organisation struggles to motivate jobseekers to travel to work 90 minutes away.¹⁶ Nevertheless, there are some success stories. For example:

12 Mr David Thompson, Chief Executive Officer, Jobs Australia, *Proof Committee Hansard*, 27 August 2012, p. 26.

13 Ms Sally Sinclair, Chief Executive Officer, National Employment Services Association, *Proof Committee Hansard*, 27 August 2012, p. 56.

14 Department of Education, Employment and Workplace Relations, *Response to question taken on notice*, 17 September 2012 (received 24 October 2012). This figure represents the amount spent on jobseekers in receipt of Newstart Allowance. The average cost of each travel transaction is \$87 and the average cost of relocation transaction is \$335.

15 Patricia Karvelas, 'Paying people to relocate for jobs has failed', *The Australian*, 25 September 2012.

16 Dr Prins Ralston, Acting Chief Executive Officer, Mission Australia, *Proof Committee Hansard*, 27 August 2012, p. 10.

[Mission Australia] have just been engaged with a large mining [project] that have given us 2,500 jobs to fill. The plan to fill that number will see us identify the right people, train them, get them work experience and so forth. It will take something like seven or eight months according to our plan to actually get them on site. We will engage them through that period of time in order to prep them up and get them the basic skills to get them on site. That is a significant investment. That is an investment by Mission Australia and the mining company.¹⁷

4.23 The committee considered that many young people in receipt of Newstart Allowance would be particularly well placed to move for work. The Australian Youth Affairs Coalition advised that while it supported incentives to encourage young people to move for work, it did not believe that this should ever be a condition of payment.¹⁸

4.24 During the hearing in Canberra, Mr Thompson explained to the committee that for some jobseekers the incentives just need to be calibrated effectively:

There is no doubting the fact that the nature of the contemporary labour market in Australia creates the need for some people to be more mobile, and it is also clear that the current incentives that are provided for people to relocate are not sufficient to motivate people to do things like move from a place where there are limited job prospects but where housing rentals and so on are very low, and they might have the support of family and so on, to relocate to somewhere where housing costs are extremely high, where family supports and other things are not there and where, if they lose a job, they could find themselves in quite significant hardship and trouble. We are currently working with our member organisations to see if we can find some examples of ways in which people can be supported and helped, but it is not a simple story by any means. For people that have significant barriers, I suspect the answer is that we may be doing them more damage and harm by putting them at risk in some of those situations. For people that do not have barriers, we just have to find some ways of constructing the incentives.¹⁹

Jobless families

4.25 The committee was alarmed to learn that approximately one in ten families with children do not have at least one parent working full time.²⁰ It is far more

17 Dr Prins Ralston, Acting Chief Executive Officer, Mission Australia, *Proof Committee Hansard*, 27 August 2012, p. 10.

18 Ms Polly Henry, Board Member and Advocate and Mr Andre Cummings, Executive Director, Australian Youth Affairs Coalition, *Proof Committee Hansard*, 28 August 2012, pp 18–19.

19 Mr David Thompson, Chief Executive Officer, Jobs Australia, *Proof Committee Hansard*, 27 August 2012, p. 22.

20 *Submission 38*, p. 87. The Joint Agency Submission notes that the majority of these families are single parent families, and that there are no activity requirements for such parents until the youngest child is 6 years old. The package for these families with one child is around \$30,000 p.a. and so the incentives to work are diminished due to the 'largesse' of the social security system.

important that job seekers are equipped with the skills and confidence to find and secure employment for themselves than that they are simply given handout. Since the 2006 *Welfare to Work* changes, government policy has gradually increased the participation requirements of parents who receive Newstart Allowance. These changes have resulted in an increase of participation rates.²¹

4.26 Further, DEEWR has a number of pilot projects targeted at addressing the needs of people who are experiencing generational unemployment.²² For example, the Family Centred Employment Project sites in Goodna and Broadmeadows. Ms Sally Sinclair, National Employment Services Association, explained that anecdotal evidence suggests that this project is 'producing good results'.²³

4.27 A number of charitable organisations who submitted to this inquiry are working to address intergenerational unemployment.²⁴ Ms Annette Michaux, from the Benevolent Society, explained to the committee that education and encouraging helpful home learning environments will also assist in breaking these cycles.²⁵ The committee is considering the impact of the home environment on student outcomes in a separate references inquiry, which will report on this issue in more detail during the course of 2013.²⁶

4.28 Job Services Australia also has recently commenced a number of projects to target 'entrenched disadvantage amongst jobseekers'. These projects are still in their infancy so data does not exist yet to explain their efficacy.²⁷

4.29 The committee is pleased to hear that there have been some improvements in the participation rates of parents in jobless families. However there clearly need to be more improvements in this area.

21 *Submission 38*, p. 45.

22 *Submission 38*, pp 31–32.

23 Ms Sally Sinclair, Chief Executive Officer, National Employment Services Association, *Proof Committee Hansard*, 27 August 2012, p. 56. See also, Benevolent Society, *Submission 23*, pp 14–16.

24 See for example: Anglicare Australia, *Submission 70*; Catholic Social Services Australia, *Submission 61*; The Salvation Army, *Submission 25*; Uniting Care Australia, *Submission 66*; the Benevolent Society, *Submission 23*.

25 Ms Annette Michaux, Benevolent Society, *Proof Committee Hansard*, 28 August 2012, p. 41.

26 Senate Education, Employment and Workplace Relations References Committee, Inquiry into Teaching and Learning (see website for further details: http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=eet_ctte/eaching_learning/index.htm)

27 Ms Sally Sinclair, Chief Executive Officer, National Employment Services Association, *Proof Committee Hansard*, 27 August 2012, p. 56. See also, Ms Sandra Parker, Deputy Secretary, Department of Education, Employment and Workplace Relations, *Proof Estimates Committee Hansard*, 17 October 2012, p. 69.

Support for youth

4.30 The committee was pleased to hear of some case studies illustrating job services providers developing creative solutions to assist unemployed young people engage with work.

4.31 For example, during the Melbourne hearing the committee heard about an innovative program developed by the Salvation Army to support unemployed young people to find work on Hamilton Island. Major Moulds told the committee:

[We] have a relationship at the moment with Hamilton Island. We have 16 young people, all of whom were formerly homeless, employed or working on traineeships on that island. We have a worker who visits there monthly, does a debrief with every one of those young people and is on the phone constantly...And it is working brilliantly. Hamilton Island are so thrilled with the results of that, they are talking to Uluru resort at the moment and to all the big resort owners, because they have an unemployment problem when it comes to getting young people to come and work for them, and we have in some way helped them solve that.²⁸

4.32 However, the committee heard that the Salvation Army struggled to receive support from JSA to implement these programs:

The Salvation Army struggles, can I say, to convince the Job Services Australia providers to actually pay for an airfare to get them there, with the guarantee of a job. They say, 'It's too risky. We might lose that amount of money.' We have some runs on the board now, so it is not as hard, but can you get support out of them? These guys are going to need a bit of support, but Job Services will not provide it, so we pay for that. There is a flaw in the system around the way that this group of people is supported and the money is made available to provide that support.²⁹

4.33 Jesuit Social Services has run social enterprise schemes to provide training to young jobseekers. This can be challenging at times but the scheme has produced reasonable results. Particular success has been experienced with skilled members of the African community who face language barriers to employment. Jesuit Social Services believes that after several years of hard work it has developed 'a very solid model that we can replicate in other places'.³⁰

4.34 The committee recognises the need for employment services programs to cater to the needs of different cohorts and in turn deliver innovative programs.

Support for mature aged recipients

4.35 Mature aged Newstart Allowance recipients are defined by the government as between 55 and 64 years of age.³¹ This group represents 18 per cent of the Newstart

28 Major Moulds, The Salvation Army, *Proof Committee Hansard*, 27 August 2012, p. 39.

29 Major Moulds, The Salvation Army, *Proof Committee Hansard*, 27 August 2012, p. 40.

30 Ms Sally Parnell, Acting Chief Executive Officer, Jesuit Social Services, *Proof Committee Hansard*, 27 August 2012, p. 33.

31 *Submission 38*, p. 92.

population. Additional supplements and concessions are available to this cohort, including a higher rate of payment to recipients who have relied on income support for 9 months or longer and reduced activity requirements.³²

4.36 Employment outcomes for mature age recipients are not as strong as for other cohorts, and a considerable proportion remain on Newstart Allowance until transferring to either the Disability Support Pension or the Aged Pension.³³ The consequences of this trend are significant. A study undertaken by Deloitte Access Economics, funded by the Age Discrimination Commissioner, reported that if the workforce participation of people over 60 was increase by 3 per cent the benefit to the Australian economy would be \$48 billion a year.³⁴

4.37 Mr Thompson, Chief Executive Officer, Jobs Australia, advised that older jobseekers face particular discrimination – and many people mistakenly assume they only want part time work:

There is no getting away from the fact that there is very significant discrimination against older workers more generally. I think there is also a common misconception that many of them just need some part-time work. Many of them need full-time work and probably need full-time work for longer than they first thought because of the state of their super and for all sorts of other reasons. I think the biggest problem in that space is being able to recognise the contribution they can make rather than imagining they cannot.³⁵

4.38 The government has developed some specific programs to assist mature aged jobseekers re-enter the workforce, for example wage subsidy schemes.³⁶ The Council of the Aging explained that while well-intentioned, these schemes could be improved. During the Sydney hearing Ms Josephine Root, National Policy Manager, provided a frank assessment to the committee:

We think that probably the wage subsidy level is not high enough, and the period of time for which people have to be employed is not long enough, to significantly make a difference to an employer's decision to take on a longer-term older employee. If they have a built-in view that an older person is not good enough, then \$1,000 is probably not going to be enough. Three months is a very short period of time for a person to gain the skills to do the job competently and be seen as a valuable employee.

The other thing about wage subsidies, particularly targeted at older people, is that it is almost reinforcing this view of the employers that these

32 *Submission 38*, p. 92.

33 *Submission 38*, p. 92.

34 Dr Susan Ryan, Age Discrimination Commissioner, Australian Human Rights Commission, *Proof Committee Hansard*, 24 October 2012, p. 20.

35 Mr David Thompson, Chief Executive Officer, Jobs Australia, *Proof Committee Hansard*, 27 August 2012, p. 28.

36 *Submission 38*, p. 10.

employees are somehow second-rate and so they almost have to be bribed to take them.³⁷

4.39 Ms Root argued that rather than reinforcing the mistaken belief of some employers that mature workers are 'second-rate', employers and the government need to recognise that 'there are a lot of older people out there who have all the skills' and who have 'done the work to make their skills current'.³⁸

4.40 The committee is also aware of anecdotal evidence that some individual JSA officers also have similar views.³⁹ The Age Discrimination Commissioner advised that no formal complaint had been received about such discrimination by JSAs, although she too had spoken with people who had raised similar concerns.⁴⁰

4.41 The Council of the Aging called for mature age job seekers to be 'given heavier weighting in assessing which stream people go into', noting that some older workers will not require this additional assistance and will transition to work very quickly.⁴¹ The Council of the Aging stated that the Employment Pathway Fund and JSA were failing older people and identified a range of possible reasons for this:

It could be that older people are reluctant to undertake the training, undertake skills. We know that a lot of training at the moment, in the way it is being delivered, is not geared towards older people. We often hear people saying that the training needs to be paced at a different level or it needs to be delivered in a different way. For example, delivery of training online for people who are perhaps in their late 50s or 60s and have not done any learning online is not actually very constructive. It is what is offered and how it is offered. We would probably say that the funding is not sufficient to help move people from unemployment to employment.⁴²

4.42 Dr Susan Ryan, Age Discrimination Commissioner, told the committee that many mature age workers become unemployed because of discrimination and struggle to obtain employment also because of discrimination. Dr Ryan called for targeted support to be provided by JSA immediately, not months after a person has lost their job:

37 Ms Josephine Root, National Policy Manager, Council of the Aging, *Proof Committee Hansard*, 24 October 2012, p. 10.

38 Ms Josephine Root, National Policy Manager, Council of the Aging, *Proof Committee Hansard*, 24 October 2012, p. 10.

39 Ms Josephine Root, National Policy Manager, Council of the Aging, *Proof Committee Hansard*, 24 October 2012, p. 10.

40 Dr Susan Ryan, Age Discrimination Commissioner, Australian Human Rights Commission, *Proof Committee Hansard*, 24 October 2012, p. 21.

41 Ms Josephine Root, National Policy Manager, Council of the Aging, *Proof Committee Hansard*, 24 October 2012, p. 10.

42 Ms Josephine Root, National Policy Manager, Council of the Aging, *Proof Committee Hansard*, 24 October 2012, p. 11.

If I could get a message through to you today it would be that it is imperative that, as soon as an older worker loses his or her job, assistance to get them back into the workforce is immediately available. If they have to spend a year or two without much support, constantly putting in CVs, constantly being knocked back, not being told why they are being knocked back, they do deteriorate understandably and they can develop mental health problems which in some cases lead them eventually to go onto the disability benefit. That is a very negative result all round.⁴³

4.43 In response to the suggestion that an alternative JSA stream could be developed for older workers, the Department of Education, Employment and Workplace Relations (DEEWR) responded that JSA was based on individual needs regardless of age:

JSA operates on the basis of the individual, not the fact that they are 50, 60 or 20. It is assessing the barriers that the individual has, which is why the streams are set up so that the most disadvantaged get into the higher streams and get access to the most intensive support. The system as it currently operates would take into account the barriers to workforce participation that the individual has, rather than setting up specific streams. Our experience is that within cohorts people can do very well; they can get back into the workforce quite easily. Other people, because of their individual circumstances, take a bit longer or need more help.⁴⁴

4.44 DEEWR also advised that older job seekers tend to be in the higher streams, and therefore are receiving a higher level of support.⁴⁵

4.45 The committee considered whether support could be provided to employers, so that older workers do not become unemployed in the first place. The Council of the Aging agreed with this approach, arguing that employers should be encouraged to develop transitional arrangements with older workers who would like part time or more flexible hours, or who need to change the nature of their work duties.

4.46 Dr Ryan told the committee that she was conducting a study into ageism and negative stereotypes of older workers. During the Sydney hearing the committee heard that many employers hold negative views of older workers that are not supported by the evidence. For example, studies indicate that older workers have lower rates of

43 Dr Susan Ryan, Age Discrimination Commissioner, Australian Human Rights Commission, *Proof Committee Hansard*, 24 October 2012, p. 19.

44 Ms Moya Drayton, Group Manager, Income Support Taskforce, Department of Education, Employment and Workplace Relations, *Proof Committee Hansard*, 24 October 2012, p. 31.

45 In part, this is because the Job Seeker Classification Instrument used to measure a job seeker's relative level of disadvantage gives weighting to factors such as age; Department of Education, Employment and Workplace Relations, *Response to question taken on notice*, 24 October 2012 (received 14 November 2012). In part, this is because the Job Seeker Classification Instrument used to measure a job seeker's relative level of disadvantage gives weighting to factors such as age.

absenteeism and sick days than other workers.⁴⁶ The Age Discrimination Commissioner advised that she has focused her efforts on employers because 'they are the ones who are laying these people off too soon and who are very reluctant to rehire or hire older people'.⁴⁷

Support for carers transitioning to work

4.47 Carers perform an important function in Australian society and provide an essential support and service to those for whom they care. In some cases, the caring relationship can last for years or decades. When this relationship ends, the change for the carer can be quite abrupt. The carer's payment ceases, and in many cases the carer will move to the lower rate of Newstart Allowance and have activity requirements.

4.48 The committee heard during the Canberra hearing that neither the Department of Human Services or DEEWR have specific programs in place to support people who are transitioning from a carers role to employment.

4.49 In its submission to this inquiry Carers Australia made a wide range of recommendations. Of particular interest to the committee were recommendations directed at supporting carers who seek to transition to paid employment. In this respect Carers Australia called for:

- Transitional arrangements to be put in place over a 12 month period for carers who move from the higher carer payment (at the pension rate) to a allowance payment (such as Newstart Allowance);
- Participation requirements to be graduated over time to 'allow for readjustment' and 'take into account any ongoing caring needs' (such as where the person cared for has moved to residential care); and
- Specific access to appropriate education and training, and other measures, to support carers capable of re-entering the workforce to develop appropriate skills and experience.⁴⁸

4.50 During the Canberra hearing the committee was privileged to receive evidence from Mr Terry Stroud, who was a fitter and turner in the power industry for more than a decade before becoming a carer. Mr Stroud told the committee:

I was a carer for 17½ years. That began in 1991. My mother suffered a stroke and was in a wheelchair, paralysed on the right side, and could not speak. I worked full time in the power industry as a tradesman in the Latrobe Valley in Victoria for five years after my mum had a stroke. My father was very ill with a heart condition and he passed away in 1995. I worked for another year, with some assistance to look after my mum in our family home. She was rated as a full nursing care person. My sister suffered

46 Dr Susan Ryan, Age Discrimination Commissioner, Australian Human Rights Commission, *Proof Committee Hansard*, 24 October 2012, p. 22.

47 Dr Susan Ryan, Age Discrimination Commissioner, Australian Human Rights Commission, *Proof Committee Hansard*, 24 October 2012, p. 22.

48 Carers Australia, *Submission 51*, p. 22.

a stroke so I left work in 1996 and went on the carer payment full time. I cared for mum until she passed away in January 2009. On average I got up about 1½ times a night over the 17½ years to care for my mother.⁴⁹

4.51 Mr Stroud's role as a carer ended when his mother passed away, and this is when he visited Centrelink:

When mum passed away I had the three months bereavement time and went to Centrelink. In my first contact with them after that I had to tell I was a carer; they just thought I was a Newstart person. They said they had no record that I was even a carer. My mum and I ran the house between us—my mum was mentally fine and she liked to run the house side of things—and we shared everything. I transported Mum everywhere.

My income dropped about 60 per cent in that grieving period. It was very difficult and I did not know what to do. I had to be assessed and I had to really stand up for myself and say I had been a carer for 17½ years and that mentally I felt I was not ready to concentrate or focus on work or what to do. I had not even thought about what I would do next—my mum had got ill suddenly.

4.52 Mr Stroud advised the committee that Centrelink were generally understanding of his circumstances, however as a former long term carer he simply did not fit easily into any particular job seeker profile. Following 'a couple of assessments' he received a six month exemption from work, and was then transferred to Newstart Allowance. However, Centrelink did not have any employment support services which were appropriate and Mr Stroud was sent to the Commonwealth Rehabilitation Service (CRS). Mr Stroud explained that Centrelink 'do not know how to approach it' and this was frustrating:

It is like you fall through the cracks and you do not fit any existing category after being a carer and on the carer payment so you are not recognised as being a carer and you are just a Newstart person that was a carer.⁵⁰

4.53 Mr Stroud continues to look for work and has had some short contracts recently. However, it is challenging because he has been out of the workforce for so long and needs to update and refresh his skills.

4.54 The committee asked Mr Stroud to identify particular measures that he believe should be taken by the government to ensure that carers are treated fairly and sensitively by the allowance payment system. In a two page response Mr Stroud echoed the recommendations made by Carers Australia in its submission. He also detailed some other suggested changes, calling for:

- Centrelink to flag former carers when they first make contact after the caring relationship has ended;
- The first appointment with Centrelink to be in a private space with appropriately trained staff who can respond sensitively to the carer;

49 Mr Terry Stroud, Carers Australia, *Proof Committee Hansard*, 28 August 2012, p. 61.

50 Mr Terry Stroud, Carers Australia, *Proof Committee Hansard*, 28 August 2012, pp 63–64.

- A separate stream or pathway through the JSA system (including appropriate support for study and retraining); and
- Appropriate counselling to assist the carer to re-enter the workforce.⁵¹

4.55 Mr Stroud emphasised that the needs of individual carers will vary, and that the allowance payment system needs to sensitively accommodate these needs as carers transition to paid employment.

4.56 In responses to questions during the Canberra hearing, DEEWR advised that:

In circumstances where a Carer Payment recipient ceases to qualify for Carer Payment because the care receiver dies, the recipient may qualify for bereavement assistance in the form of a 14 week extension of Carer Payment. Similarly, if a care receiver is admitted permanently into an institution that provides care, the carer may remain qualified for Carer Payment for 14 weeks after the care receiver is admitted to that institution, to allow the carer to adjust to their changed circumstances.

Carer Payment recipients who cease to qualify for Carer Payment may then be eligible to receive another income support payment, such as Newstart Allowance, depending on their circumstances.⁵²

4.57 DEEWR's response to further questions during the Sydney hearing confirmed for the committee that the process that Mr Stroud went through from Carer's Payment to Newstart was typical, and there are no targeted job services for former carers.⁵³

Committee view

4.58 Overall, Job Services Australia and other employment support programs are effectively assisting people to move from welfare to work. There are some areas where these services can be improved and better targeted, particularly for carers and people who have only recently become unemployed. For other job seekers – such as parents in jobless families – it is too early to tell how effective government pilot programs will be.

4.59 Stream 1 jobseekers tend to move relatively quickly into employment within a few months. However, too many do not, and for those the support provided by JSA in stream 1 is extremely limited. The committee believes that Stream 1 jobseekers should receive more intensive support up front, at a time when they are most employable.

4.60 On balance the committee accepts DEEWR's evidence that people are placed on streams based on their personal circumstances, including their age, and that this is the best way to account for any discrimination they face.

51 Carers Australia, *Response to question taken on notice*, 28 August 2012 (received 12 September 2012).

52 Department of Education, Employment and Workplace Relations, *Response to question take on notice*, 17 September 2012 (received 24 October 2012).

53 Ms Michelle Lees, Service Leader, Department of Human Services and Ms Moya Drayton, Group Manager, Income Support Taskforce, Department of Education, Employment and Workplace Relations, *Proof Committee Hansard*, 24 October 2012, p. 30.

4.61 Nevertheless, training and support opportunities provided by Job Services Australia could be better tailored to the needs of older job seekers and carers.

4.62 In relation to older workers, the committee has heard that some training within these streams is ineffective and anecdotal evidence suggests that some JSA providers themselves are not aware of the benefits that older workers can offer.

4.63 The committee also is cognisant of the need to educate employers about the particular skills and experience that older workers can offer, and notes with approval the study currently undertaken by the Age Discrimination Commissioner. The government should continue to work with employers and older workers to ensure that these workers have appropriate transition arrangements where this is appropriate.

4.64 While existing programs provide discretion, and the committee was assured that DHS and DEEWR are accommodating of the particular vulnerabilities of former carers, the committee was disappointed to hear that there are no specifically targeted programs to assist former carers transition from caring to work.

4.65 The committee has considered the experiences of long term carers, and believes that DHS and DEEWR should carefully consider these valuable insights and suggestions and develop a targeted program of support for former carers who are transitioning from a caring role to work or study.

Recommendation 1

4.66 The committee recommends that the government consider increasing the resources available to Stream 1 jobseekers, to ensure that prompt and effective support is provided in the first weeks and months of unemployment.

Recommendation 2

4.67 The committee recommends that the Department of Education, Employment and Workplace Relations work with Job Services Australia to ensure that training and support programs for workers aged 45–64 are appropriately targeted.

Recommendation 3

4.68 The committee recommends that the government develop targeted and tailored programs for former carers as they move to Newstart Allowance or another payment once their caring responsibilities end.

4.69 The actual experience of working is the best way for people to move from unemployment to sustainable work. In the remainder of this chapter the committee examines how Newstart Allowance can be better structured to ensure that the appropriate incentives are in place to encourage jobseekers to find employment. It is important to first consider employment trends for Newstart recipients, before turning to focus on the amount of employment income that recipients can earn before the payment rate reduces, and whether or not recipients are able to easily determine the financial benefit of work.

Employment trends for Newstart recipients

4.70 The majority of Newstart recipients who transition to work initially do so through casual and part time work. This trend is consistent with broader changes to the Australian labour market. As discussed in Chapter 2, the proportion of workers who are employed part-time (rather than full time) has increased considerably since 1982. For example, in 1982 only 16.3 per cent of employment was part-time, thirty years later this has increased to 29.7 per cent in 2012.⁵⁴

4.71 Casual and part time work is also consistent with the changing demographic of Newstart Allowance recipients. Since the 2006 *Welfare to Work* reforms, Newstart has shifted from a payment designed only for people who have the capacity to work full time to also support people who have less capacity to work due to caring responsibilities or a disability.⁵⁵

4.72 Almost a fifth of Newstart Allowance recipients are combining the allowance payment with employment income, and this proportion has nearly doubled in the past decade.⁵⁶ Some recipients are also cycling on and off Newstart. Nineteen per cent of Allowance recipients who find work with the help of JSA, lose that employment within 26 weeks.⁵⁷ DEEWR does not monitor or collect data after 26 weeks.⁵⁸ However, the DEEWR has tracked the current status of people who were receiving Newstart Allowance recipients on 1 July 2007, as the table below illustrates.⁵⁹

54 *Submission 38*, p. 40.

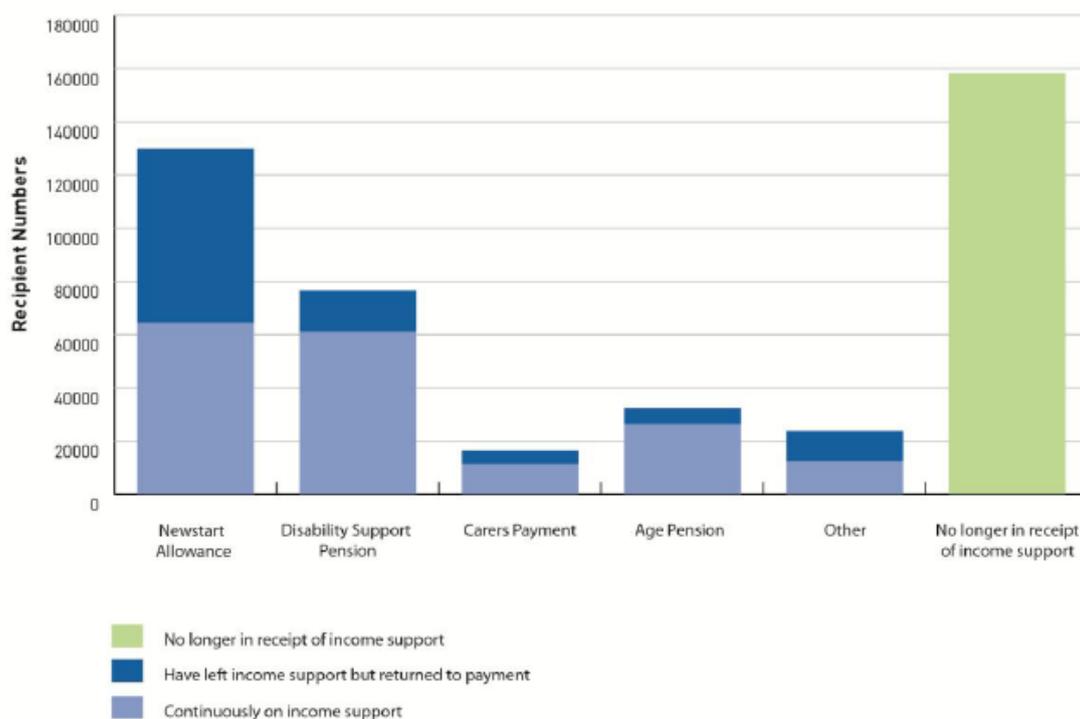
55 *Submission 38*, p. 70.

56 *Submission 38*, p. 74.

57 Ms Sandra Parker, Deputy Secretary, Department of Education, Employment and Workplace Relations, *Proof Estimates Committee Hansard*, 17 October 2012, p. 69.

58 Ms Sandra Parker, Deputy Secretary, Department of Education, Employment and Workplace Relations, *Proof Estimates Committee Hansard*, 17 October 2012, p. 70.

59 *Submission 38*, p. 68.



4.73 As illustrated above, a fair proportion of Newstart Allowance recipients in 2007 have remained on, or returned to, that payment (around 15 per cent). The Newstart allowance payment should be structured to recognise these practical realities and ensure that appropriate incentives to work remain – even as job seekers commence casual or part time work.

Income test

4.74 Newstart Allowance is designed to facilitate transition to full time work, and for this reason recipients can combine employment income and allowance income up to a point. The government advises that recipients 'are generally required to accept any suitable work, including casual or part time work, which is offered to them'.⁶⁰

4.75 As discussed in Chapter 2, Newstart Allowance recipients may earn \$62 a fortnight before income support is impacted. If a person earns more than this amount per fortnight their payment gradually decreases.

4.76 For income earned above \$62 and below \$250, each dollar earned reduces Newstart Allowance by 50 cents in the dollar. Income above \$250 reduces payment by 60 cents in the dollar. Partner income which exceeds the partner income free area of \$830.00 reduces fortnightly allowance by 60 cents in the dollar (this is benchmarked to the cut-off point for a partnered Newstart Allowance recipient's personal earnings).⁶¹

60 *Submission 38*, p. 75.

61 *Submission 38*, p. 20.

4.77 From 1 January 2013, a new income test will apply for single principal carer parents on Newstart Allowance. From this date, a 40 cent in the dollar taper rate will apply for all income earned above \$62 per fortnight.⁶²

4.78 Recipients can build up a 'working credit' if their total income is less than \$48 a fortnight (this figure has not been indexed since the scheme commenced in 2003). When that recipient gets work in the future, then they can use this working credit to reduce the effect which income has on their payment, until the credits are exhausted. However, a Newstart Allowance recipient can only build up a \$1000 worth of credit.⁶³ As a consequence, this credit cannot effectively be used for seasonal employment where an employee may work intensively for weeks or months, but not for the rest of the year.

4.79 If over a 13 week period a recipient's employment income is too high to receive an allowance payment, the Newstart Allowance eligibility is terminated.⁶⁴ If that individual subsequently became unemployed, they would need to meet the Newstart Allowance income and asset tests in order receive the allowance.

4.80 The committee received evidence from a range of witnesses and submitters which questioned whether the income free area and taper rates provide sufficient incentive for recipients to work.

Building incentives to take up casual, part time or seasonal work

4.81 The committee heard that the taper rate was too high and the income free area was too low, and also that waiting periods associated with signing back onto Newstart acted as disincentives for Newstart recipients to take up employment in casual, insecure or seasonal roles.⁶⁵ This is problematic because part time and casual work is the starting point for many jobseekers as they transition to sustainable full time work.

4.82 During the Melbourne hearing, Major Paul Moulds from the Salvation Army, explained to the committee that incentives and support need to be in place to ensure that this first step is successful and the economic benefits are clear:

Some of them—and I speak from experience here—really struggle to make that first step into full-time employment simply because of the fear and the newness of it all, and I think that even that needs to be a well supported step. The more we can make that a positive and enriching experience which makes them say, 'I've got more disposable income—this is good for me,' the better things will be. It is that sort of mind shift. In many of the people we work with who come from a generation of not working, it is really changing that mindset so that they get that moment of saying, 'This is great,' and then the doors open. So we would certainly be supportive of—and maybe it is for that group, though I am not trying to differentiate here—a change to that

62 *Submission 38*, p. 20.

63 *Submission 38*, p. 20.

64 *Submission 38*, p. 63.

65 See for example: Benevolent Society, *Submission 23*; Australian Council of Trade Unions, *Submission 62*.

provision which allows people to benefit more from that experience of work, even if it is casual or part-time.⁶⁶

4.83 Major Moulds advised the committee that once a person has success in part time work 'their capacity to go on into further and full-time work is infinitely greater'.⁶⁷

4.84 Mr Michael Livingstone, Jesuit Social Services, also emphasised to the committee the importance of casual and part time work, arguing that 'any type of engagement and involvement in the labour market is a positive step and something that we welcome'.⁶⁸ However, other issues can arise as a result of returning to casual and insecure work, such as subsequent unemployment and re-engagement with the income support system.⁶⁹ Jesuit Social Services observed that for some the difficulties associated with going back onto Newstart Allowance following retrenchment can act as a disincentive to pursue casual and insecure work in the first place. To protect against this, Ms Parnell reported to the committee that the system needs to have more flexibility so that:

[there] is no disincentive for people to be getting off benefits. Many of the people we see may have opportunities to be involved in the casual labour market and that may be the first part of that intermediary step. We would like to see is more flexibility around people getting on and off their benefits without disincentives.⁷⁰

4.85 The Australian Council of Trade Unions submitted that the income free threshold is too low, particularly given the minimum wage and minimum number of hours work. During the hearing in Melbourne Mr Matt Cowgill, Economic Policy Officer, Australian Council of Trade Unions, explained to the committee:

We noted in our submission that the current level of \$31 per week is less than two hours of work at the national minimum wage. Most modern awards—they are minimum industrial instruments—have a minimum engagement period of three hours of work per week, so, if you were employed under an award, say, in the retail sector or the hospitality sector, you would need to be put on for a shift of at least three hours. Thereby, by working at all, you are automatically going over that free area and you are seeing your income support payment reduced. So we say that as a minimum it should be increased such that it is equal to at least three hours work at the

66 Major Paul Mouds, Territorial Mission and Resource Director, Social, The Salvation Army, *Proof Committee Hansard*, 27 August 2012, p. 41.

67 Major Paul Mouds, Territorial Mission and Resource Director, Social, The Salvation Army, *Proof Committee Hansard*, 27 August 2012, p. 41.

68 Mr Michael Livingstone, Policy and Media Officer, Jesuit Social Services, *Proof Committee Hansard*, 27 August 2012, p. 31.

69 Mr Michael Livingstone, Policy and Media Officer, Jesuit Social Services, *Proof Committee Hansard* 27 August 2012, p. 31.

70 Ms Sally Parnell, Acting Chief Executive Officer, Jesuit Social Services, *Proof Committee Hansard* 27 August 2012, p. 31.

national minimum wage, so that people can do some work before their payment rate starts to be reduced.⁷¹

4.86 The National Employment Services Association advised the committee that any changes to taper rates will have flow on effects for payments to employment services providers. For example, if due to a change in taper rates a recipient who is working receives even \$1 in thirteen weeks from Newstart Allowance, this significantly reduces the income that the Job Services Provider receives. Ms Sally Sinclair, Chief Executive Officer, explained:

In Job Services Australia effectively you are paid primarily on outcomes and your outcomes are determined by the levels of withdrawal from income support. The more generous the taper rate is generally the harder it is to achieve the outcome and therefore to have the requisite investment in services. That is why we are saying that we believe the inquiry needs to look at those two systems in an integrated way to make sure that there are not unintended consequences of addressing some of the deficiencies in the payment system when it comes to the impact on employment services.⁷²

4.87 The ACTU observed that to increase the income free area *and* raise Newstart by \$50 a week would result in an unintended consequence of some full time workers being eligible for Newstart Allowance.⁷³

4.88 The process of returning to Newstart Allowance after a short term contract finishes may also provide a disincentive for applicants to work. This is because once they lose that job, they have to go through the process of signing back onto Newstart Allowance and often serve a waiting period (while they receive neither employment income or support income).

4.89 Ms Amelia Christie, Combined Pensioners and Superannuants Association Victoria agreed that the current taper rates did not 'create much of an incentive to take up short-term, insecure work'.⁷⁴ Dr Prins Ralston, Mission Australia, submitted that the current taper rates 'can create a barrier to employment', particularly in relation to 'short-term or insecure work' because of the 'waiting periods associated with going back to Newstart'.⁷⁵

4.90 To avoid this, some job seekers will deliberately earn just under the full cut off point to ensure that if they lose their current employment they are still engaged

71 Mr Matt Cowgill, Economic Policy Officer, Australian Council of Trade Unions, *Proof Committee Hansard*, 27 August 2012, p. 47. See also, Australian Council of Trade Unions, *Submission 62*, p. 3.

72 Ms Sally Sinclair, Chief Executive Officer, National Employment Services Association, *Proof Committee Hansard*, 27 August 2012, pp 54, 57.

73 Mr Matt Cowgill, Economic Policy Officer, Australian Council of Trade Unions, *Proof Committee Hansard*, 27 August 2012, p. 47.

74 Ms Amelia Christie, Combined Pensioners and Superannuants Association NSW, *Proof Committee Hansard*, 27 August 2012, p. 16.

75 Dr Prins Ralston, Acting Chief Executive Officer, Mission Australia, *Proof Committee Hansard*, 27 August 2012, p. 7.

with the system and can revert immediately to the full rate of Newstart Allowance. The National Employment Services Association told the committee that:

We have heard people saying that sometimes there is a risk seen in going out and testing yourself in the labour market. When people actually get into work sometimes they will want to hang on, even by getting that dollar, because they are scared of the process of getting back in, which means that they are actually holding themselves back to avoid the potential risk of not qualifying to get back on again.⁷⁶

4.91 Dr Susan Ryan called for the government to consider the return on investment that may accrue from raising the amount recipients can earn in paid work:

At the moment we understand that the limit on what you can earn and maintain Newstart is too low. Although we understand that there are cost implications for the federal budget, this is really a case where we would hope the longer term outcome would prevail. If that person can get some part-time work while they are looking for work, they are much more likely to find a job. We all know that. If you are in work it is easy to find another job. If you are completely out of work and cut off from everything, then your chances get worse and worse. So even though there would be a cost in lifting the amount that the part-time Newstart person is allowed to work, I am sure that the many economists you had coming before the committee would agree that the savings you had on getting that person back to full-time work possibly for another 20 years and therefore saving their superannuation, delaying the time they go onto age pension and all of would mean those budget benefits would be realised.⁷⁷

4.92 In response to questioning by the committee, DEEWR has estimated that to increase the income free threshold to \$96 a fortnight for all Allowance recipients would cost \$220 million over four years.⁷⁸

Committee view

4.93 The current income free threshold for Newstart Allowance recipients is too low, at less than three hours work a week at the minimum wage. Given that each casual or part time shift must be at least three hours, this means that jobseekers cannot work a shift a week and still receive the full rate of Newstart Allowance. For this to occur, the income free area would need to be increased by a modest \$34 to approximately \$96 per fortnight. The committee believes that by increasing the income free threshold for long term job seekers – those who face the most barriers to participation – this group will be better able to transition to full time work.

76 Ms Sally Sinclair, Chief Executive Officer, National Employment Services Association, *Proof Committee Hansard* 27 August 2012, p. 57. See also, Dr Susan Ryan, Age Discrimination Commissioner, Australian Human Rights Commission, *Proof Committee Hansard*, 24 October 2012, p. 20.

77 Dr Susan Ryan, Age Discrimination Commissioner, Australian Human Rights Commission, *Proof Committee Hansard*, 24 October 2012, p. 19.

78 Department of Education, Employment and Workplace Relations, *Response to question taken on notice*, 17 September 2012 (received 24 October 2012).

4.94 DEEWR has advised that to increase the income free threshold to \$96 a fortnight for all Allowance recipients would cost \$220 million over four years.⁷⁹ This estimate is significantly less than the \$8 billion estimated cost of increasing the single rate of Allowances, outlined in Chapter 3.⁸⁰

4.95 The committee also believes that job seekers are more likely to take up short term contract and casual employment if they know that once the contract ends or they again become unemployed through no fault of their own, they are able to quickly sign back onto Newstart Allowance. The committee heard that some recipients will refuse work short term full time work opportunities because of the mandatory waiting periods before they can sign back onto Newstart Allowance. Efforts should be made to remove this disincentive. This initiative would also enable the government to track how regularly people are coming back onto Newstart in a 12 month time period.

4.96 The committee accepts that any decision to increase taper rates must also take into account the impact this will have on JSA funding and eligibility for Newstart Allowance. The committee acknowledges the concerns expressed by Employment Services providers that contractual earnings will decrease if the income free threshold is raised. However, the committee is also mindful that if the income free threshold is increased then JSA contractors may in fact earn more as recipients are more likely to go off Newstart altogether if they have the security of knowing they can sign back on within 12 months. These interests would need to be carefully balanced by the government.

Recommendation 4

4.97 The committee recommends that the government identify savings in the existing social security expenditure to increase the income free threshold for long term Newstart Allowance recipients to 6 hours work per fortnight at the minimum wage.

Recommendation 5

4.98 The committee recommends that the working credit for Newstart recipients be increased from \$1000 to the equivalent of three months' work at the minimum wage.

Recommendation 6

4.99 The committee recommends that the government reform its processes to enable departing Newstart recipients to remain active on departmental systems for one year after they cease receiving payment.

79 Department of Education, Employment and Workplace Relations, *Response to question taken on notice*, 17 September 2012 (received 24 October 2012).

80 Department of Education, Employment and Workplace Relations, *Response to question taken on notice*, 17 September 2012 (received 24 October 2012). See paragraphs 3.74 – 3.82 of Chapter 3 for detail.

Simplification of the allowance payment system

4.100 The committee heard that the current system is very complex and many job seekers struggle to understand what is required of them and what support is available. For this reason it is not always clear to jobseekers what the incentives are to work. Ms Annette Gill, National Employment Services Association, described the type of information that jobseekers need:

You need to be able to work out the benefit of work—being able to work out how you will be better off in work by being able to put together everything you have and how it would be different if you were in a job, and being able to calculate a taper rate. Our providers are used to the system, but even for them to try to work through where a person would be in terms of income reduction with partial employment is highly challenging. Consumers cannot do that on their own.⁸¹

4.101 Unfortunately this information is not easily available to jobseekers, particularly for those who are engaged in part time work and in receipt of Newstart Allowance. As a consequence, the economic benefit of work is not always clear to people.

4.102 Ms Annette Gill, Policy Manager, National Employment Services Association, referred the committee to a facility in the United Kingdom that provides clear and accurate information to applicants about the impact of work on their payments:

[The] UK in particular used to have a very good ability for the employment service providers to say, 'If you take this job which is offering 20 hours a week, this is where you will be in terms of your income support. You can see where you are better off in work.' Now with partial employment—and given its prevalence in Australia—we cannot do that clearly to people. We know that they can work two hours and that they start to reduce the money. That is a disincentive for those transitional pathways.⁸²

Committee view

4.103 The allowance payment system is too complex. The committee has received evidence of the difficulties that recipients and their advocates have encountered as they attempt to navigate the web of entitlements, exclusions and supplements. Indeed the committee itself has struggled at time to comprehend the material presented to it by the government.

4.104 The committee believes that the allowance payment system can, and should, be simplified and streamlined. This reform would benefit both applicants and their service providers, and be a much need efficiency and cost saving measure. In the

81 Ms Annette Gill, Policy Manager, National Employment Services Association, *Proof Committee Hansard*, 27 August 2012, p. 60.

82 Ms Annette Gill, Policy Manager, National Employment Services Association, *Proof Committee Hansard*, 27 August 2012, p. 53.

meantime, the government needs to better communicate the financial benefits of working to recipients.

Recommendation 7

4.105 The committee recommends that the government assess the viability of creating an online calculator for Newstart and other recipients to enable jobseekers to easily calculate the costs and benefits of work, and the impact of work on allowances and other payments.

Conclusion

4.106 Throughout this inquiry the committee has heard from witnesses how important work is to an individual and to families. In addition to the obvious financial and economic benefits, work also builds up confidence and skills, and entrenches dignity and a sense of wellbeing. Parents who work are more likely to have children who will successfully participate in the labour market as adults, and in so doing break the cycle of intergenerational unemployment.⁸³

4.107 Higher workplace participation also benefits Australian society. Work contributes to tax revenues, and with an aging workforce, ensures that spending on health and education, and the aged pension, remain adequate.⁸⁴

4.108 When individuals remain unemployed for long periods of time the consequences for that person are dire. The individual will lose skills and capabilities, will become detached from the workforce, whittle away savings and fail to contribute to superannuation. Widespread unemployment brings about significantly reduced taxation revenue and greatly increased expenditure on income support payments such as Newstart Allowance. The children of long term unemployed people are more likely themselves to become dependent on income support payments.⁸⁵

4.109 The committee agrees that 'the best way that a person can keep their attachment to the workforce while they look for a full-time job is doing part-time work'.⁸⁶ To this end the committee has made a number of recommendations to create further incentives for Newstart Allowance recipients to undertake part time and casual work. The committee has also considered the particular needs of carers who are re-entering the workforce after a period of caring, and the particular challenges faced by mature age workers.

4.110 Witnesses and submitters to this inquiry have identified a number of other areas where reforms could be made, and new policies initiated, particularly in relation to adequacy. However for the committee to make such recommendations would be fiscally irresponsible in the current economic climate.

83 Joint Agency, *Submission 38*, p. 32.

84 Joint Agency, *Submission 38*, p. 32.

85 Joint Agency, *Submission 38*, p. 32.

86 Dr Susan Ryan, Age Discrimination Commissioner, Australian Human Rights Commission, *Proof Committee Hansard*, 24 October 2012, p. 19.

4.111 Throughout this inquiry the committee has been reminded of the singular importance of employment. It is the view of the committee that the attention and effort of policy makers should be focused on equipping and assisting job seekers to find jobs, rather than increasing financial incentives that will result in jobseekers languishing on income support payments for generations to come.