



Fair Income Support for Jobseekers

The Australian Greens believe that a socially just, democratic and sustainable society is one that guarantees an adequate income safety net for all Australians and allows people to live with dignity even when facing some of the toughest times of their lives. Every day, people lose their jobs through no fault of their own, and they need an adequate safety net to catch them.

Yet, currently Newstart, Australia's unemployment benefit, is simply too low. Today, the single rate of Newstart is \$244 a week; it has fallen to 45% of the minimum wage and is more than \$130 under the poverty line. After accounting for the cost of a relatively low private rental, recipients can be left with just \$17 a day. That's \$17 a day for all other expenses, including utilities, transport, food, personal care, job-seeking costs and doesn't leave much scope to save for other major expenses such as car license and registration renewal, replacement of white goods or a health crisis.

Newstart is just not enough to support people while they get a new start in life and affects their ability to search for work, particularly if they face other barriers such as age, disability or education, as many long term recipients of Newstart do.

More than 60% of the people who find themselves on Newstart are on it for more than 12 months. Subsisting on such a tiny income over an extended period of time dramatically shrinks your world and for many leads to a cycle of debt, stress and social isolation that gets harder and harder to break out of. This low rate traps people in poverty. Half of all people on emergency food relief are on Newstart, and nearly half of households on Newstart have not been able to pay a utility bill in the last 12 months. 40% of people on Newstart can't access essential dental treatment.

The Greens would increase Newstart by \$50 a week to help address this crisis. The complacency of the old parties in leaving people to languish in poverty or trapping them in debt is unacceptable.

The Australian Greens seek to:

1. Raise Newstart and other allowances by \$50 per week, as recommended by peak welfare bodies, the Australian Council of Social Services and the National Welfare Rights Network;
2. Index all allowances to the higher of either average male wages or the Consumer Price Index, in line with Pension payments;
3. Improve employment service providers' ability to work intensively with disadvantaged job seekers.

Increasing all allowances by \$50 right now would cost \$1.2 billion in the first year according to costing that have been provided by the peak social welfare services body, ACOSS. The Greens have a number of revenue raising measures that could fund this important reform.

Revenue raising measures include:

- Abolishing billions of dollars worth of subsidies given to the fossil fuel industry;
- Maintain the 30% tax rate for big business;
- A more comprehensive mining tax.



Increasing Newstart

A Real Start: smarter income support for job seekers

Briefing paper

Prepared by the Office of Senator Rachel Siewert,

Australian Greens spokesperson for Family, Community and Disability Services

April 2012

Newstart in perspective

The Australian social security payment system was designed to provide different levels of support to people at different stages of life. Australia's social security system allocates *allowances* based on whether someone is looking for work, studying full time or *pensions* to people who are not in work because of age, disability or fulltime caring responsibilities. Payment rates for allowances are significantly lower than for pensions.

In 1980, the payment rate for allowances given to those looking for work was equal to the pension rate, but over the last thirty years Australia's unemployment benefit, which is now called Newstart, has declined to 61% of the aged or disability pension.

There are different assumptions behind each payment type. The two key assumptions underpinning the provision of the Newstart Allowance (unemployment benefit) are:

1. It should be lower than the minimum wage in order to provide an incentive to move off allowances and into paid work;
2. People are only relying on it for short periods of time

Because Newstart was only ever intended to be a temporary payment, reviews of the payment system undertaken under the comprehensive Henry Tax Review have accepted that allowances remain below pension rates. Yet in the same reports, there is concern about how large the gap between allowances and pensions has now become¹. Today the gap between pensions and Newstart is over \$130 a week and this gap will continue to increase because of the differences in how these payments are indexed.

Allowing Newstart to get so far behind other payments in Australia has caused “entrenched and endemic levels of poverty amongst unemployed people, students and young people and some single parents and people with disabilities on Newstart Allowance.”² **This needs to be urgently addressed through a one-off \$50 increase in allowances now and appropriate indexation in subsequent years.**

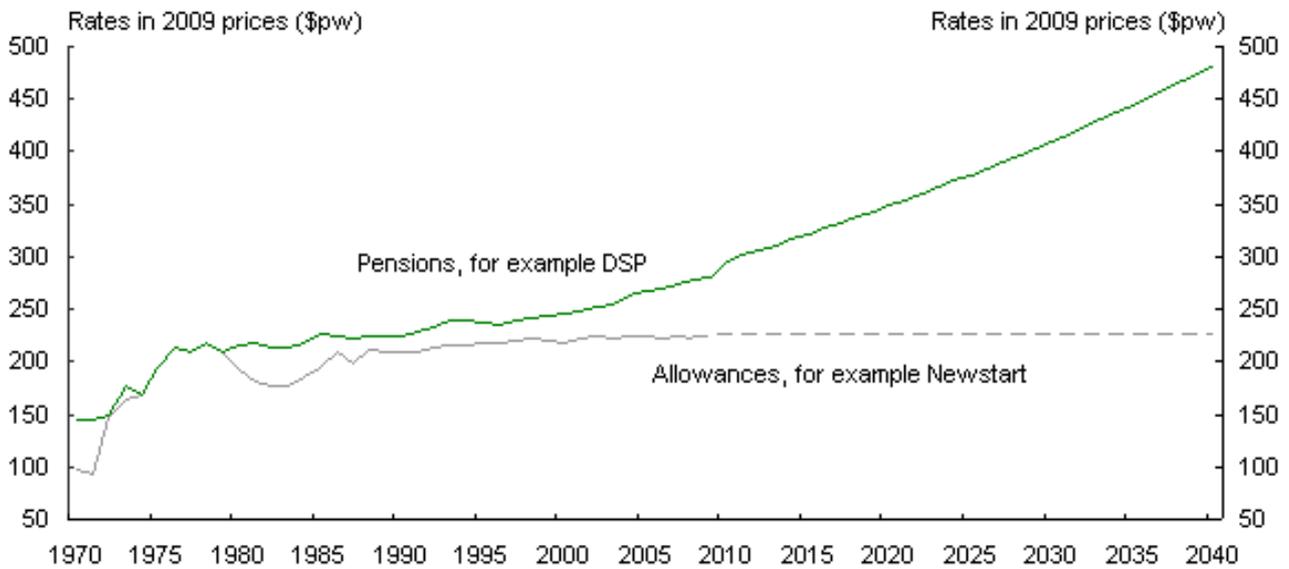
In 2009, in recognition that the Aged Pension was falling behind community living standards, the Government increased the Pension by \$32 but Newstart was not at this time.

In fact, aside from a one-off increase to offset the GST in 2000, which other payment categories also received, the Newstart payment has not increased in real terms since the \$2.95 bump in 1994, even though the price on many of the necessities of life, such as housing, utilities and fresh food have increased at a faster rate than inflation, particularly over the last decade. The graph on the following page demonstrates how Newstart has stagnated, while pensions continue to rise.

¹ Treasury (2008). Architecture of Australia's tax and transfer system. Canberra, Department of Treasury.

² National Welfare Rights Network (2012). Fairness and Support in Uncertain Times: 2012-2013 Federal Budget Statement Priorities.

Graph 1: Pension and allowances over time (\$pw) shown in 2009 prices, projected to 2040^(a)



(a) Projected values assume no policy change.

Source: Department of Treasury (2008) *Architecture of Australia's tax and transfer system*. Chart F1-10

Lowering the safety net

There is growing consensus, as evidenced at the 2011 Tax Forum and in a range of subsequent commentary, that the growing gap in payments is actually having a negative welfare impact and prolonging unemployment. As Jennifer Westacott, Chief Executive of the Business Council of Australia noted;

*"Entrenching [Newstart recipients] into poverty is not a pathway back into employment."*³

People don't want to live on less than half the minimum wage and significantly below the poverty line but they cannot get off Newstart and into jobs until impediments to their employment are tackled. As economist Judith Sloan commented;

*"There are a number of reasons why the unemployed find it difficult to secure jobs. And government policy needs to focus on the impediments that exist, both in terms of the skills and capability of the jobless and the incentives for employers to offer jobs"*⁴

The barriers to work will be broken down by addressing the education and skills of jobseekers and the attitudes of employers, but these complex social and economic problems definitely won't be improved by ensuring that individuals on Newstart are financial insecure, socially isolated and in housing stress.

³ Westacott, J. (2011). *Sharing Prosperity*. Brotherhood of St Laurence Sambell Oration.

⁴ Sloan, J. "New Start Needs a Boost", *The Drum*, 31 October 2011

Yet the Government refuses to listen to its economic experts or its peak social services bodies. Both Treasurer Wayne Swan and Employment Minister Bill Shorten have categorically rejected an increase, with Mr Shorten saying;

*"In the current economic climate, I believe we have got the balance about right. Particularly when delivering a surplus and continuing our strong economic management is an important part of this balance."*⁵

Nor is it at all clear if allowing Newstart to fall so far below the poverty line is a deliberate policy, or whether it is simply Government inertia at the prospect of correcting a policy flaw. What is clear, however, is that the serious problems that allowance recipients now experience are the legacy of multiple failures to consistently apply increases to the pension base rate and changes to pension indexation to other payment types.

In stark comparison to the surplus obsessed Government, Former Secretary to the Treasury Ken Henry said at the 2009 ACOSS National Conference:

*"The tax-transfer system is the principal means of expressing societal choices about equity. The tax-transfer system is a reflection of the kind of society we aspire to be."*⁶

The time is well overdue to start dismantling the poverty trap for people on allowances.

An adequate minimum income for all Australians

The Greens believe that a socially just, democratic, sustainable society is one that guarantees an adequate income safety net for all Australians and allows people to live with dignity even when facing some of the toughest times of their lives. The complacency of the old parties in leaving people to languish in poverty or trapping them in debt is not acceptable.

This paper examines evidence that clearly demonstrates why Newstart and other allowances are already too low and why, without a policy intervention, they will continue to stagnate and actually decrease rather than improve the capacity of the unemployed to seek paid work.

Current Rates of Pensions and Allowances, with Supplements

Currently, a single unemployed person aged 22 and over is eligible for Newstart Allowance of up to \$244 per week, or \$264 if the person has dependent children or is aged sixty years and over and has been on Newstart for nine months or more.

By contrast, a single Disability Support or Aged Pensioner is entitled to a payment of \$347 per week plus a \$30 pension Supplement. Although there are some supplements available to Newstart recipients, these are never as large as those available to people on other forms of income support.

⁵ Karvelas, P. (2012) "Bill Shorten rules out increase in the dole." [The Australian](#).

⁶ Henry, K. (2009). [How much inequity should we allow?](#) ACOSS National Conference.

All Centrelink recipients who meet the criteria are eligible for rent assistance, and people with children are eligible for the Family Tax benefit, regardless of the type of payment.

On top of this, Pensioners receive an *automatic* \$30 supplement, which is to help offset utilities, phone connection, pharmaceuticals and GST. By comparison, some Newstart recipients (but not all) can *apply for* \$3 to help pay for essential pharmaceuticals or \$4 to offset their telephone connection fee if they have a child under 8. For the very long term unemployed, there are also \$10 supplements available if they participate in an approved program such as Work for the Dole. Some Newstart recipients are able to access a Pension Concession Card but the rest are only eligible for a Low Income Health Care Card, which gives access to discounts on health services, transport expenses and some utilities and groceries, yet still only provides a small portion of the wide range of discounts available to a pension cardholder⁷.

Overall, the gap between allowances and pensions is greater than just the difference between the base rates. The additional burden on Newstart recipients to seek out and apply for supplements, rather than receiving them automatically, means that many unemployed people don't receive the full assistance they are eligible for.

Table 1: Comparison of single rate of Newstart Allowance to Disability Support Pension (DSP)

Weekly Estimate	Newstart	DSP
Newstart Allowance	\$244.85	\$347.65
Pensions Supplement	\$0.00	\$30.10
Rent Assistance (max)	\$60.10	\$60.10
less Rent (metro lowest)	-\$185.00	-\$185.00
Estimated weekly payment after deducting rent	\$119.95	\$252.85
<i>Difference between NSA & DSP totals</i>		\$132.90
Estimated daily amount after deducting rent	\$17.15	\$36.12

Source: Centrelink Online Rate Calculator – 4th April 2012

A single person receiving the maximum rate of Newstart would receive \$35 a day. Factoring in rent assistance but also deducting the rent payments on the cheapest available one-bedroom unit in the metro area⁸, this leaves \$17 a day for all other expenses, including utilities, transport, food, personal

⁷ Department of Human Services (2012). A guide to Australian Government Payments. 20 March - 30 June. Commonwealth of Australia.

⁸ This rental figure was obtained from REIWA.com (4th April) and reflects the calculations presented in Whiteford, P. (2012). "Social Security Reform: The Tax Forum and Beyond." *Economic Papers* 31(1): 24-29.

care, job-seeking costs and doesn't leave much scope to save for major expenses such as car license and registration renewal, replacement of white goods or a health crisis.

Compared to current community living standards, \$17 a day seems pretty stark; when the average weekly expenditure of a lone person under 35 (excluding rent) is \$591 or \$84 a day and the average weekly expenditure of a lone person over 65 (excluding rent) is \$373 or \$53 a day.

This is simply not enough to support people while they get a new start in life and affects their ability to search for work, particularly if they face other barriers such as age, disability or education, as many long term recipients of Newstart do.

Service providers and financial counsellors are telling us that many unemployed people are in fact NOT surviving on \$17 a day; that they are instead turning to emergency relief services, family and friends, credit cards or payday lenders to get by.

Divergence due to different rates of Indexation

Allowances and Pensions are indexed differently and the result is a growing divergence between the two payments. Since 1997, the Pension has been indexed according to the highest of either the Male Total Average Weekly Earnings (MTAWE) or the Consumer Price Index (CPI) to better reflect real change in community living standards as well as price changes. By comparison, allowances are only indexed in line with inflation using the CPI. Since then, the gap between the two payments has increased dramatically. Combining the impact of the divergence in indexation and the increase to the base pension rate in 2009 results in the current payment for the unemployed being 65% of the total payments to an aged or disability pensioner, compared to 91% in 1997. This gap will continue to grow if nothing is done to restore relativities between allowances and pensions. By 2040, Newstart will be less than half the pension.

The CPI alone is an inadequate indexation measure

Indexation based on the CPI alone means that in real terms, Newstart has stagnated even though community living standards have definitely increased over the last 30 years, as evidenced by the pressure to change the indexation of pensions to reflect changes in wages rather than changes in prices.

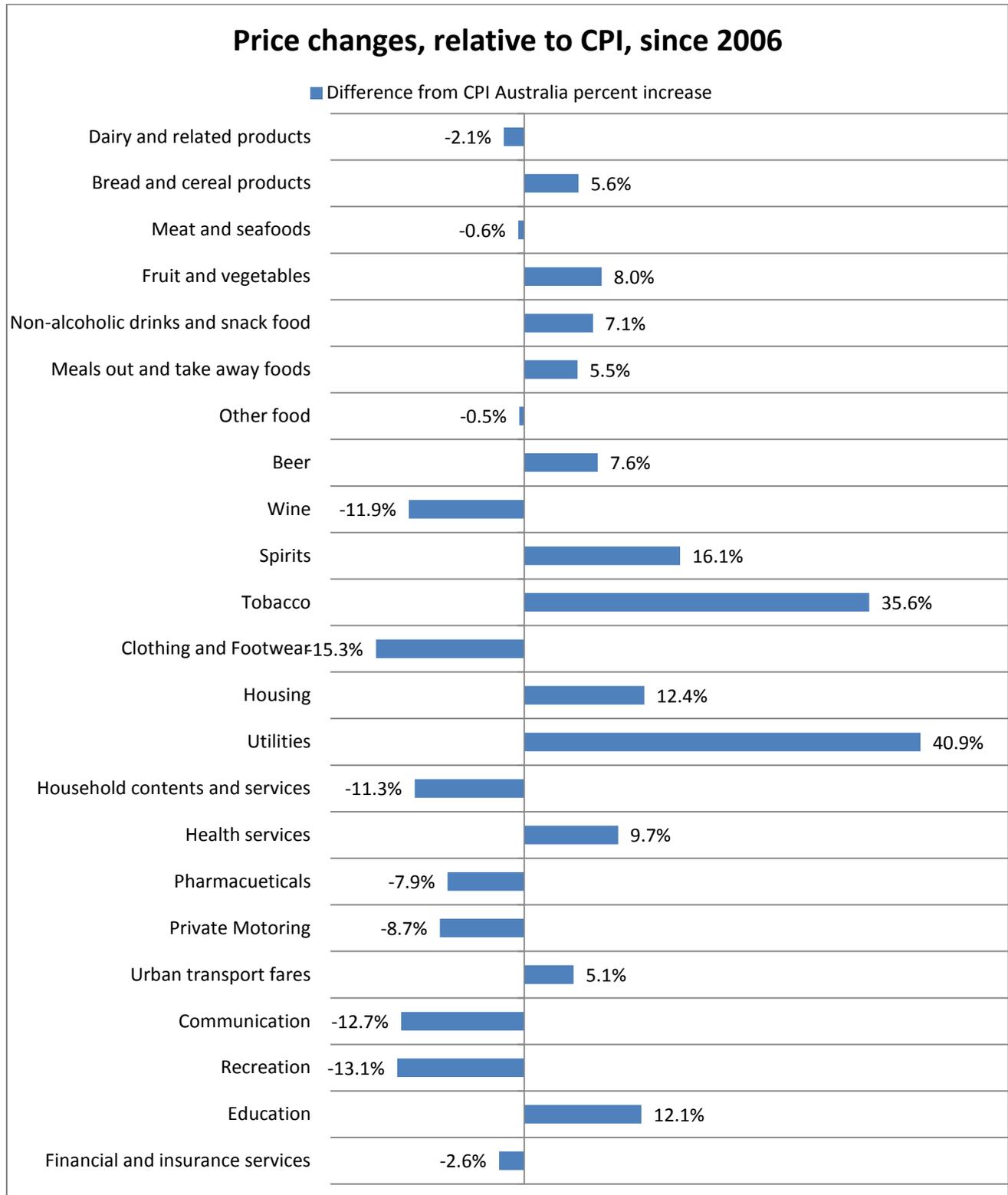
This stagnation is intensified when CPI increase fails to adequately compensate the basic cost increases experienced by low income households. The CPI gives a calculation of an average bundle of goods, but research such as the Relative Price Index, which uses the Household Expenditure Survey to track cost of living across different income groups, shows that the lowest quintile of households does not consume the same mix of goods as the average household.⁹

Instead, these households are experiencing relatively high price rises in housing, food and utilities; prices that are not being adequately offset by CPI increases because the rising cost of basic living is

⁹ Dufty, G. and I. Macmillan (2011). The Relative Price Index: The CPI and the implications of changing cost pressures on various household groups. Melbourne, St Vincent de Paul Society Policy and Research Unit.

balanced out in the index by decreasing costs of items such as furniture and holidays, components that do not feature heavily in the low income earners budget. The chart below demonstrates the impact of this offsetting within the CPI measure.

Table 2: Price Changes, relative to CPI, since 2006



Source: *The Relative Price Index, St Vincent de Paul Society Policy and Research Unit.*

Incentives to return to work

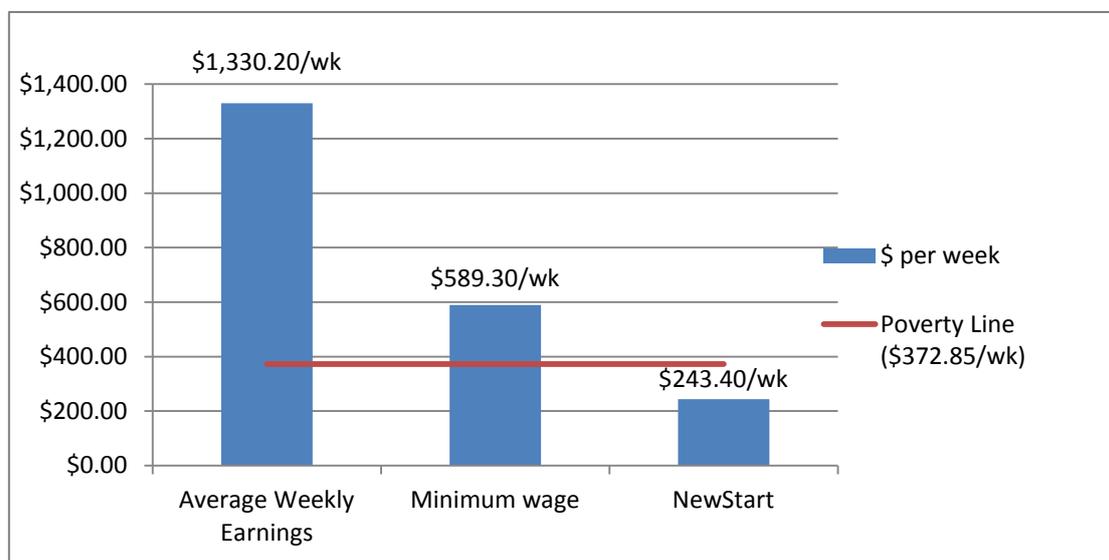
At present the Newstart rate is 45% of the minimum wage (after tax). It has declined 10% over the past fifteen years from 54% in 1997¹⁰. If the goal of keeping Newstart payments low is to incentivise the recipient to seek out employment, then it is fair to ask how well increasing the gap between the minimum wage and the Newstart allowance has worked in encouraging workforce participation. So far, there is no evidence that the declining relative value of Newstart coincides with a decline in long-term unemployment. Even economically conservative voices such as Judith Sloan and Jessica Brown of the Centre for Independent Studies agree that the current low level of Newstart acts as a barrier to job seeking rather than an incentive and needs to be urgently addressed¹¹.

The OECD has expressed similar concern that the unemployment benefit in Australia is now so low that it “raises issues about its effectiveness” as a source of financial support to Australians while they seek employment or undertake training.¹²

Applying absolute poverty measures to Newstart

The Melbourne Institute of Applied Economic and Social Research have defined the Australian poverty line for a single person living on their own as \$372.85 per week.¹³ The Newstart base payment is more than \$130 below this line, and Youth Allowance is another \$43 below that.

Table 3: Average weekly full-time adult ordinary time earnings (seasonally adjusted)¹⁴, minimum wage¹⁵ and Newstart as compared to the Poverty Line



¹⁰ Whiteford, P. (2012). "Social Security Reform: The Tax Forum and Beyond." *Economic Papers* 31(1): 24-29.

¹¹ See: Sloan, J. (2011) "Newstart needs a boost." *The Drum Opinion*. and Brown, J. (2012). Newstart. *CIS notes*. Centre for Independent Studies.

¹² OECD (2010). *OECD Economic Surveys: Australia 2010*, OECD Publishing.

¹³ Melbourne Institute of Applied Economic and Social Research (2011). *Poverty Lines: Australia, September Quarter*. Melbourne, University of Melbourne.

¹⁴ ABS (2012). *Average Weekly Earnings, Australia, Nov 2011*. *Cat. No. 6302.0*. Canberra.

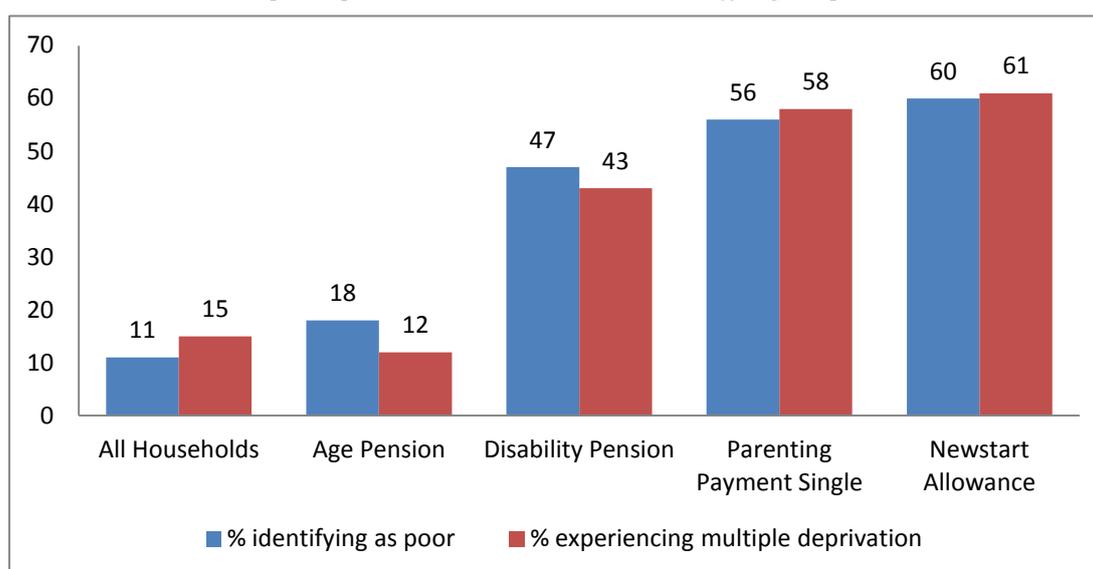
¹⁵ Fair Work Ombudsman. (2011). "National minimum wage." Retrieved 11 April 2012, from Online.

Multiple Deprivation

Another way of discussing poverty is to use a “multiple deprivation” assessment. Multiple deprivation is a direct measure of poverty; rather than assessing income it measures whether people can access ‘the essentials of life’ (eg: a substantial meal once a day, yearly dental check up, warm clothes). A household experiences ‘multiple deprivation’ when they cannot afford three or more of these essentials.

According to ACOSS's 2012 *Who is Missing Out? Material deprivation and income support payments* report, 61% of households whose main income source was Newstart experience multiple deprivation compared with 12% of aged pensioners and 43% of DSP recipients. For example 50% do not have \$500 in emergency savings; 40% report being unable to pay a utility bill in the last 12 months; 44% lack access to dental treatment when needed and 19% of children living in households dependent on Newstart do not have up-to-date school books.¹⁶

Table 4: Multiple deprivation and households identifying as ‘poor’ in 2010



Source: PEMA survey, Saunders & Wong (forthcoming) in *Who is missing Out?* ACOSS (2012)

Housing Stress

Across the board, long waiting lists for social housing, rising private rental rates and low vacancies has lead to increased housing stress. While rent assistance is a valued supplement for private renters, it has not been adequately indexed against changes to housing costs, and so over time, the cost of housing has begun to consume a larger portion of income.

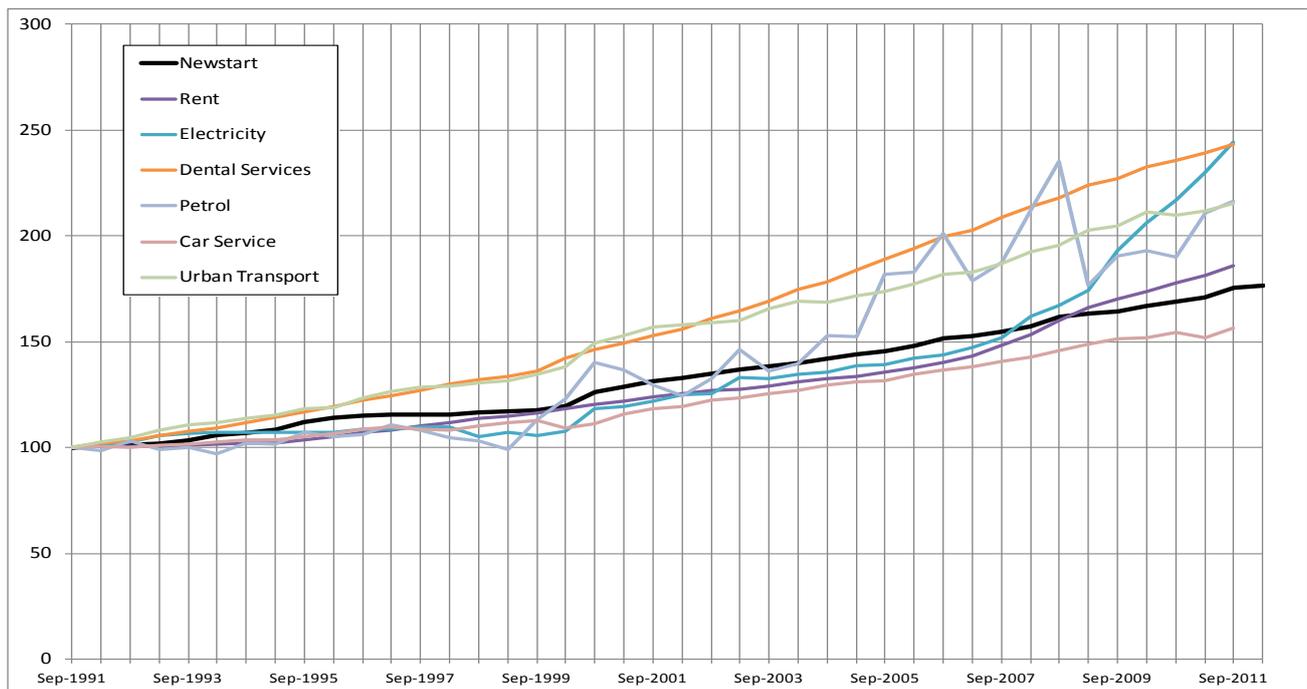
Spending above 30% of income on housing is considered to be a sign of housing stress; this is the case for 446,000 Newstart recipients, some of whom are spending 50% or even 80% of their weekly

¹⁶ Davidson, P. (2012). *Who is Missing Out? Material Deprivation and income support payments*, ACOSS.

payments in rent.¹⁷ The Anglicare 2011 Housing Affordability report showed that less than 1% of housing would be considered affordable by low income earners in capital cities¹⁸. Unemployed people are twice as likely as pensioners to experience difficulty meeting their rent and one in three Youth Allowance recipients are living in 'housing stress.'

This chart shows how rent prices, as well as other essentials such as public transport and utilities have increased in price above the Newstart indexation rate, which is linked to CPI.

Graph 2: Indexed Growth from Sept 1991 to Sept 2011 of Newstart Allowance¹⁹ and Selected CPI Items²⁰, (Index = September 1991)



Source: Parliamentary Library

Food Insecurity

The community services sector reports that half of all people needing emergency food relief are on Newstart.²¹ Even for those people who are able to cover the cost of food, eating healthy, nutritionally balanced meals on Newstart is extremely difficult. The ability to purchase a minimum standard of healthy food is vital in preventing manifold health conditions including diabetes, obesity and heart disease. However, research carried out in 2008 showed that over an 18 year period the cost of healthy foods has increased more than unhealthy foods relative to inflation. Certain

¹⁷ 446,000 represents 40% of the NSA recipients who are private renters. From National Welfare Rights Network (2012). Fairness and Support in Uncertain Times: 2012-2013 Federal Budget Statement Priorities.

¹⁸ Affordability in this context means that the renter is paying no more than 30% of their total income for housing. From Anglicare Australia (2011). Annual Rental Affordability Snapshot.

¹⁹ FaHCSIA (2011) "Chapter 5: Rates & payment methods." Guide to Social Security Law.

²⁰ ABS (2011). Consumer Price Index, Australia. Cat No. 6401.0 Canberra.

²¹ Millard, G. (2012) "No future on a stingy welfare scheme." The Drum Opinion.

healthy staples - bread, eggs and some meats - have risen 20% above inflation, while unhealthy foods like soft drinks, edible fats and oils and cakes and biscuits have dropped below inflation.²²

Liquid assets waiting period – eroding the savings safety net

Claimants of Newstart, Youth Allowance, Parenting Payments and Sickness Allowance are also subject to the Liquid Assets Waiting Period (LAWP) for up to 13 weeks if their liquid assets and savings are above the low \$2,500 threshold for singles and \$5,000 for couples or single parents. The waiting period is one week for each \$500 over the threshold amount. These figures have also not been indexed since 1997 – if they were, they would be \$8,000 for a single person. The Welfare Rights Network is very critical of the LAWP arguing that they harshly punish low-income individuals who have tried to provide themselves with a financial buffer and causes vulnerability because the ability to save once in receipt of an allowance is restricted and there is little (if any) capacity to meet unexpected emergency or infrastructure costs²³. The Australian Greens were able to persuade the Government to increase these thresholds in 2008, as one of a suite of measures introduced to help protect people during the global financial crisis, but the Government has subsequently wound back this measure.

Impact of long term unemployment (greater than 6 months)

Many of the people who find themselves on Newstart are able to survive on 'the basics' at first because they can also draw on their existing supplies, and the pre-payments they had already made on large expenses such health insurance and car registration but over time this stops being the case.

Hidden costs of long term unemployment – economic

- Running down household supplies with limited scope to replace them;
- Lapsed health and home insurance;
- Wearing out clothes and shoes;
- Increased likelihood of encountering a crisis e.g. a major appliance failure or serious illness;
- No holidays away from home;
- Inability to maintain car registration and insurance and to keep it road worthy;
- Unable to afford upkeep for pets – forced to give them away.

Hidden costs of long term unemployment – health and wellbeing

- Poor physical health as a result of poor nutrition and meal skipping;
- Increased likelihood of anxiety and mental illness from both constant financial worries and from social exclusion;
- Neglect of dental health;
- Skipping or sharing pharmaceuticals.

²² Burns, C. and G. Sacks (2008). "Longitudinal study of Consumer Price Index (CPI) trends in core and non-core foods in Australia." *Australian New Zealand Journal of Public Health* 32(5).

²³ National Welfare Rights Network (2012). Fairness and Support in Uncertain Times: 2012-2013 Federal Budget Statement Priorities.

Allowances have become so low, compared to the even the most frugal and basic budgets, that the individuals subsisting on them experience constant financial stress.

It is still not clear what purpose is served by exposing people to financial stress while they seek work. Any rate lower than the minimum wage, combined with the job-seeker requirements that must be met before payments are received, should achieve the goal of ensuring unemployed workers are incentivised to move off Newstart if they can.

Yet, it is also clear that there are a number of people who get 'stuck' on Newstart for extended periods of time, who will continue to be trapped in poverty if there is no change in the way that Government responds to unemployment, especially with regards to the provision of job seeker support services for particularly disadvantaged groups.

The length of time spent on Newstart

A core assumption underpinning the provision of Newstart is that most recipients are not on it long enough to experience 'grinding poverty' but while Newstart may have been intended to only provide very short term assistance to the unemployed, Department of Education, Employment and Workplace Relations (DEEWR) data demonstrates that for 60% of people living Newstart or the Youth Allowance equivalent in August of 2011, their 'temporary' reliance on Newstart had already lasted for more than twelve months.²⁴

Table 5: Duration of income support by current payment type (number of recipients)

Payment	Time spent on income support			
	< 1 year	1 to <2 years	2 to < 5 years	5+ years
Newstart	188,417 (37%)	86,865 (17%)	131,698 (26%)	105,712 (21%)
Youth Allowance (other)	33,616 (42%)	17,822 (22%)	27,753 (35%)	156 (0.2%)

Source: DEEWR Extract – as at 26 Aug 2011 – Centrelink Administrative Data. EW0708_12

Why are some people on Newstart for so long? Barriers to employment

While some people are able to find work relatively quickly and without the aid of employment services, those who are left behind are more likely to be drawn from more disadvantaged groups.

Examining the profile of Newstart recipients and the barriers to employment that they experience as a result of their personal circumstances helps to explain why 60% of Newstart recipients end up on the payment for over 12 months.

²⁴ DEEWR (2011). Supplementary Estimates Question on Notice EW0708_12. Senate Standing Committee on Education, Employment and Workplace Relations. Canberra.

Characteristics of Newstart recipients

Far from the 'dole bludger' stereotype, of fit young men who simply refuse to work, Newstart recipients are more likely to be older workers, to have a partial disability or mental illness, to face communication or language barriers or lack marketable skills and have low level of formal education²⁵. In reality:

- One in two have not completed year 12;
- One in three is aged over 45;
- One in seven has a disability that means they can only work part-time;
- One in ten is indigenous;
- One in fifteen is a sole parent.

Age barriers

Older workers find it difficult to re-enter the workforce once unemployed, and their average time spent on Newstart is 70 weeks, double that of their younger peers.

On top of the barriers older workers face if they are no longer able to perform particular physical tasks or if the industry in which they previously worked in has contracted, they also confront serious age discrimination. Age discrimination in the workforce has become a serious issue in Australia with the Human Rights Commissioner reporting at an Estimates Hearing in Feb 2012 that 70% of the complaints on age discrimination relate to employment²⁶.

Disability (including mental illness) barriers

A significant number of job seekers have some form of disability. Due to successive Government overhauls of the Disability Pension eligibility rules, many find themselves assessed as having a 'partial capacity to work' and must search for work of 15 hours a week and apply for at least three jobs a week.

But like older workers, workers with a partial disability face substantial discrimination in the job market and also face significantly more barriers maintaining employment. Many workplaces are not equipped to provide flexibility in duties or appropriate support to disabled workers.

Single Parent barriers

As a result of 'Welfare to Work' changes under the previous Coalition government and the subsequent tightening of the eligibility criteria for Parenting Payments, there are now around 90,000 single parents on the Newstart allowance.

²⁵ ACOSS (2011). Beyond Stereotypes: Myths and Facts About Social Security Recipients of Working Age. ACOSS.

²⁶ Human Rights Commission (2012). Additional Estimates Transcript 14 Feb. Senate Standing Committee on Legal and Constitutional Affairs. Canberra.

Despite the stereotyping, less than 3% of these single parents are young mothers under twenty²⁷. Most arrive at single parenthood after a relationship breakdown and a third have experienced domestic violence.

They must start searching for work when their youngest child turns eight, but still have to balance working with caring for their child. Obtaining secure work with flexibility and family friendly conditions is difficult.

Education barriers

All of the barriers described above are compounded by low levels of formal education, which makes it extremely difficult to obtain anything other than an entry level job. Yet these jobs are no longer in abundance. Where they do exist, these jobs are more likely to be in customer service or food handling while jobs in manufacturing and agriculture have declined, so older workers in particular still need some re-skilling before they can take them up.

Entry level jobs in mining are often clustered geographically and it has already been established that it is difficult for a job seeker to afford to make major life changes. For someone in regional Victoria, their capacity to pursue an entry level job in WA's North West is low, as both the cost and risk associated with trying to move to a new area while living on Newstart is high.

Newstart recipients are not likely to form part of a highly mobile workforce because of their low savings base and the difficulty they have in maintaining the basics such as their car.

Insecure work barriers

There are also hidden disadvantages to re-entering the workforce if the work is not secure. These should not be considered the sole reason that people find it difficult to access work but do contribute to the risks associated with accepting insecure work and act as barriers to accepting just 'any old' job. These include:

- **Difficulty in moving on and off Centrelink Payments (when jobs are offered on only temporary/casual basis):** Job seekers can only earn \$31/week before their payments are reduced and their eligibility for those payments ends after 12 weeks of earning over \$450/week. The process for re-gaining those benefits if the work subsequently dries up requires a complete re-application and assessment. Combined with a low savings base, it is a risk to start a temporary job that will only leave you stranded a few months later with neither pay cheque nor access to social security payments. This could be addressed with a streamlined system that allows people to move in and out of the payment system more efficiently. Centrelink have begun to move in this direction with the Working Credit scheme, but it currently only applies if the recipient is out of the Centrelink payment system for less than 12 weeks.

²⁷ National Welfare Rights Network (2012). Fairness and Support in Uncertain Times: 2012-2013 Federal Budget Statement Priorities.

- **Social Housing:** For people who are able to access public housing, once their income begins to increase, they will no longer be eligible for that housing and will be asked to leave. Given how difficult it is to access the housing market as a private renter on a low income, and the long waitlists for social housing, it is a risk to accept insecure work when also it affects access to housing and could leave you homeless.
- **High Marginal Tax Rate:** Occurs when the tax rate interacts with the taper rate of the social security system and results in effective marginal tax rates that are far greater than those paid by wealthier Australians. This is a disincentive to economic participation below a certain threshold. The Government has recognised this and made adjustments to the age pension 'income free' areas, that allows pensioners to earn up to \$75 without impacting their payments, and plans to increase the threshold for youth allowance and some parenting payments but again, this policy has not been applied in a consistent way across all payments.

Addressing the Barriers to Work, not punishing the unemployed

Newstart recipients need services that are going to actually help them into work and out of systemic poverty, not simply monitor how well they are meeting the work-for-the-dole requirements. It is critical that these services are operating as well as possible to ensure people are being properly assisted to find work.

Many jobseekers, they receive little to no assistance with the task of looking for work, until they are classified as long-term unemployed, at which point they are likely to have developed a range of additional problems such as poor physical and mental health.

Policy under both a Coalition and Labor Government has focused on moving working age people off income support and into work as an end in itself, rather than addressing the underlying conditions that reduce capacity to obtain and keep a job. In combination with the previous Coalition Government's workplace relations agenda and income support reforms, employment services have taken the low road to tackling welfare dependency – winding back income support entitlements and pushing disadvantaged job seekers into whatever employment is available.

There has been little, if any effort to evaluate the effect of these policies on job seeker well being, rather than short term employment outcomes. A focus on social inclusion through employment ignores the daily reality of Australia's most vulnerable citizens, including disabled workers who find it difficult to find workplaces that can accommodate their needs. The lack of concern for job seeker well being is reflected in the lack of monitoring and evaluation of what happens to job seekers when they are breached or suspended from all payments.

Failures in the Job Services Australia Network compound the challenges already faced by jobseekers surviving on the low rate of Newstart Allowance. Improving employment service providers' ability to work intensively with disadvantaged job seekers and to ensuring that they can access a range of support services to assist them in overcoming barriers to work is essential.

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