

30 November 2022

Employment Taskforce

Treasury

Langton Cres

Parkes

ACT 2600

By email: employmentwhitepaper@treasury.gov.au

Dear Employment Taskforce,

Economic Justice Australia (EJA) submission to the Treasury

1. Economic Justice Australia (EJA) is the peak organisation for community legal centres providing specialist advice regarding social security issues and rights. Our members across Australia have provided free and independent information, advice, education and representation in the area of social security for over 30 years.
2. EJA draws on its members' casework experience to identify systemic policy issues and provide expert advice to government on reforms needed to make the social security system more effective and accessible. Our law and policy reform work:
 - Strengthens the effectiveness and integrity of our social security system;
 - Educates the community; and
 - Improves people's lives by reducing poverty and inequality.
3. EJA welcomes the opportunity to make this submission to the Taskforce to inform its examination of the future of Australia's labour market over the medium and long-term following the Jobs and Skills Summit.

Adequate income support is foundational in enabling people to search for employment

4. Our member community legal centres assist people every day whose income support payments do not cover the basic costs of living, undermining their search for appropriate and viable employment opportunities. This includes clients who have been impacted by the multiple crises of Covid-19 and natural disasters, who need a stable sense of financial support to act as a foundation to rebuild from.

Case study – Bruce

Bruce is in his early 60s and has been struggling to live with diabetes on JobSeeker for over a year. He regularly splits his diabetes tablets in half to make them last longer, as he can't afford to buy them every few weeks. His doctor tells him he has to take the full dose or he risks having serious complications, but Bruce is afraid that if he spends that much money he won't have enough left over to buy his weekly groceries. He knows he should listen to his doctor but doesn't see the point in taking medication if he's not going to have anything to eat. His struggle to afford food and medicine means he has little ability to look for work.

5. Increasing working age payments such as Jobseeker payments from \$48 to at least \$73/day would assist people to participate in education, training, caring responsibilities and employment opportunities.
6. Increasing income support through adequate supplementary payments, such as enhanced Rent Assistance, a disability supplement and a single parent supplement, would allow people to address their specific needs. The financial and physical security of adequate base and supplementary payment rates would provide the support that people require to re-enter the workforce.

Particularly vulnerable cohorts of job seekers are even more impacted by rate inadequacy

7. Through the casework of our member centres, we know that working age payments of \$46 a day are not enough to cover food, housing, utilities, healthcare and childcare. Many case studies from our member centres point to the inadequacy of JobSeeker Payment to meet the cost of living, let alone comply with mutual obligations including job searches and attending job and provider interviews. JobSeeker Payment and Parenting Payment recipients with a disability and/or chronic illness have even more costs, including for medications and travel to medical appointments – along with loss of income and/or job opportunities when attending medical appointments, tests and treatment (such as chemotherapy, or counselling). These issues, which are compounded for people in regional, rural and remote areas, can undermine capacity to job search and plunge JobSeeker Payment and ParentsNext recipients into poverty.
8. Cost of living pressures hit vulnerable cohorts particularly hard, such as single-parent families, people with disabilities, older and younger people entering the workforce and remote First Nations communities. These are also the cohorts who require additional support programs to obtain employment and grow their skills in the workforce. Low rates of income support payments further reduce vulnerable cohorts' capacity to engage

productively in employment services and the workforce, and undermine opportunities for education, skills development and workforce participation as they struggle to make ends meet.

Case study – Roy

Roy is in his mid-50s and has not had a full-time job in three years due to a back injury from decades working as a labourer. His JobSeeker payments were not enough for him to rent a room in Sydney, so Roy moved to the South Coast of NSW where he currently lives in a tent within a caravan park – all he can afford after other necessary expenses.

Roy continues to look for work, but there are not many jobs in the area and his options are limited due to his back condition.

The current employment services and support programs are fundamentally inappropriate to their purpose

9. Workforce Australia has now replaced jobactive and it remains to be seen whether the new employment services framework will reverse the undue focus on compliance of the previous system. For example, First Nations people have faced barriers to engaging with employment services due to discrimination, remoteness and health issues, and have also been twice as likely to have their payments suspended while participating in the mainstream jobactive program for ‘non-compliance’ with activity requirements¹.
10. Hopefully Workforce Australia will better provide practical and tailored support for cohorts who most need assistance. EJA supports ACOSS’s proposals for wage subsidies for employers to trial potential employees in regular employment and training relevant to their goals².
11. The shift to online servicing carries significant risks for people relying on income support, as evidenced by the Robodebt scheme. Although MyGov and other apps can certainly be useful and convenient for those able to navigate them, automated decision-making services and online portals create substantial barriers for those who can’t. As described by our member centres, increasing automation of social security claim and reporting processes assumes a level of technological literacy that many clients do not have. For those also unable to use MyGov to claim (often because they cannot upload documents), or report earnings online (often because they have problems reading payslips), the only remaining option may be visiting a Centrelink customer service centre. Many clients in

regional and remote areas face difficulties in accessing transport to their closest centre, which may be over 40kms away.

12. Vulnerable job seekers risk being unfairly subject to non-payment penalties due to non-compliance, which further undermines job-seeking efforts. Our member centres report an overrepresentation of vulnerable groups among clients who have had payment suspended, including people from culturally and linguistically diverse backgrounds, people experiencing homelessness, people with a disability and people recently released from prison. As these groups are already marginalised, the impact of payment suspensions is ultimately multiplied.

Case study – Anne

Anne's JobSeeker Payment was automatically suspended because she was sick and unable to attend an appointment with her employment service provider. She contacted the provider immediately, but they refused to lift the suspension or accept her medical certificate for non-attendance. Anne desperately needed to have her suspension lifted as it was the end of the pay fortnight and she had no money for food or other essentials, so she decided to travel to the job agency office to sort it out. However, Anne's budget was so tight that she did not have any money to top up her Opal card. Anne was desperate and she decided to catch the train anyway. She was caught at Liverpool station and fined over \$400.

Upon arrival at the provider, they initially refused to see Anne and told her to come back the next day. Anne knew that if she left, she risked getting another fine and she wouldn't be able to buy any food until her payments were reinstated. Ann contacted a member centre in New South Wales and a lawyer was able to organise another appointment that afternoon and the suspension was lifted. However, the money did not clear in time to add credit to her Opal card and she received a further \$200 fine on the way home. Anne now has a debt of over \$600, with no savings to draw from. Ann says she'll have to cut back from 2 meals a day to just 1 meal a day for the next few months in order to pay it off.

13. Our member centres see numerous jobseekers with disability who should be on Disability Support Pension (DSP), but face barriers to accessing DSP due to the complex claim requirements. Unsurprisingly, people among this cohort can struggle to meet their mutual obligations for JobSeeker Payment.

Case study – John

A member centre in Victoria assisted John, a 58-year-old man with chronic renal failure, back pain, anxiety and depression, and osteoarthritis. John applied for the DSP and was notified 6 months later that his application was unsuccessful, and that to qualify for DSP he would need to participate in a program of Support for 18 months. He immediately applied for a review of the decision, as he had medical

evidence that he was unable to work. While waiting for the review, John was required to participate in the Program of Support with an employment service provider, who referred John for a part-time job that involved manual labour, including moving heavy objects and physical exertion. John attempted the job and collapsed while at work. He was hospitalised for 2 weeks with chronic renal failure.

More than 18 months from first applying for DSP, John was notified that his request for review of the decision to refuse him DSP had been unsuccessful, partly due to his medical evidence no longer reflecting his current and worse state of health. Unable to meet the criteria for the Program of Support and with his application rejected, John continues to live on JobSeeker Payment and has been forced to take early release of his superannuation to meet the cost of his regular medication and costs associated with treatment. He is behind on his mortgage payments and has no employment prospects due to his medical conditions.

14. The October 2022 budget provided incentives for Age Pensioners to re-join the workforce if they wish, but no initiatives targeting older job seekers who are yet to reach Age Pension age. Ultimately, to address the exclusion of older workers from the workforce, employer subsidies are needed to create opportunities for older job seekers to re-enter the workforce, and to address the age discrimination that is a barrier for so many.
15. ParentsNext is the compulsory program for most Parenting Payment recipients who have a child between 9 months and 6 years of age and haven't worked for 6 months. We would support a genuine pre-employment program that builds on the skills and aspirations of parents, the kind of program that parents would be attracted to participating in voluntarily. Our member centres see the impacts of the current compulsory punitive program on people caring for babies and young children and the additional financial and mental stress on families.

Case study – Tina

A member centre in Queensland assisted Tina, a single mother on Parenting Payment who was also in receipt of Mobility Allowance (due to her own physical disability) and Carer Allowance (in recognition of the care she provided for her son, who has a severe disability). Tina was advised that she would need to compulsorily participate in ParentsNext. She refused to sign a participation plan, explaining that the proposed plan did not take into account her own and her child's disabilities. Tina contacted our member centre when her payments were cancelled on the grounds that she had refused to sign a participation plan.

Recommendations

Economic Justice Australia endorses the following recommendations made in the ACOSS report³:

- a) *Take urgent administrative action to reduce the number of payment suspensions applied automatically to participants in employment programs.*
- b) *Review unemployment payment activity requirements and the Targeted Compliance Framework in consultation with people directly affected, peak bodies and experts, to reorient the system away from the present compliance-heavy and profoundly harmful approach towards practical employment assistance that connects them with the right job and training suited to their individual circumstances.*
- c) *Increase the maximum rates of unemployment and related income support payments from \$48 to at least \$73 a day (the same level as the pension plus pension supplement) and indexing them to wages as well as prices.*
- d) *Ensure supplementary payments meet specific needs, including increasing Commonwealth Rent Assistance by 50%, providing a Disability and Illness Supplement of at least \$50 a week as well as a Single Parent Supplement that recognises the costs of single parenthood.*

Further, EJA welcomes the recent announcement of the new independent Economic Inclusion Advisory Panel with the package of industrial relations reforms anticipated to be passed soon, and is keen to ensure that its annual pre-budget advice to government is heeded. In addition to advising on the adequate rate of social security payments, the Advisory Panel should review the income support payment structure for people of working age - to simplify it, ensure that people with similar needs receive similar levels of support, and to ease transitions between unemployment, employment, caring, education and training.

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