

# **Inquiry into Budget Savings (Omnibus) Bill 2016**

## **Australian Unemployed Workers' Union (AUWU) Submission**

**7 September 2016**



## Introduction

1. The Australian Unemployed Workers' Union (AUWU) is a national body representing unemployed and underemployed Australians. The AUWU formed in early 2014 with the primary aim of fighting for the rights and dignity of unemployed workers and has active branches in Melbourne, Sydney, Brisbane, Adelaide, Canberra, Hobart and in many regional areas. The AUWU has in excess of 4,000 members across Australia. The AUWU is run by volunteers.
2. The AUWU welcomes the opportunity to make a submission to Senate Economics Legislation Committee for inquiry and report. With the official ABS rate of jobseekers to job vacancies at 18 to 1 – a rate that has tripled since 2009 – it is imperative that the Government takes immediate action to address this crisis. The AUWU looks forward to working with the Government to this end.
3. The AUWU seeks the opportunity to consult directly with Senate Economics Legislation Committee for inquiry and report. The AUWU feels strongly that having the voices of Newstart recipients heard during this process is essential in order to achieve measured and appropriate policy in this area.
4. The AUWU has grave concerns about many of the measures included in the Budget Savings (Omnibus) Bill 2016. However, this submission will focus only on the measures that the AUWU will most gravely affect Newstart recipients.

## Preliminary Remarks Regarding Bill's Key Assumptions

5. The AUWU would like to declare its deep concern and dismay regarding the many misguided assumptions contained in the Budget Savings (Omnibus) Bill 2016. Below is a brief list of the assumptions made by the Budget Savings (Omnibus) Bill 2016 the AUWU would like to highlight as areas of grave concern.<sup>1</sup>

- i. **Over Confidence in the Centrelink System**

The vast majority of cases the AUWU receive through its hotline involve unemployed workers struggling to deal with Centrelink who routinely break the rules set out by the relevant legislation.<sup>2</sup>

While the AUWU hotline is of course more likely to receive calls from unemployed workers displeased with Centrelink, there is no question that in many cases Centrelink are breaking the legislation. In this context, any government initiative in which Centrelink plays a central role must be formulated with the right amount of checks and balances to ensure good policy. It comes as a great

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<sup>1</sup> Due to the lack of resources of the AUWU, not all issues could be included in this report.

<sup>2</sup> The AUWU is currently pursuing a legal challenge regarding the failure of Centrelink to meet its obligations in regards to compliance reports.

disappointment to the AUWU that Budget Savings (Omnibus) Bill 2016 does not include any awareness of the increasingly dysfunctional and punitive nature of Centrelink. This is particularly relevant regarding the new debt recovery strategies outlined in the Bill.

ii. **Supply-side approach to the labour market**

It is clearly apparent in the Government's 2016 budget that its solution to Australia's ongoing unemployment crisis revolves strongly around the question of 'employability', or in other words, the 'supply-side' of the labour market. The array of cuts outlined in the Budget Savings (Omnibus) Bill 2016 further reinforces the Government's position of using the 'stick' and not the 'carrot' to help the unemployed into work.

The assumption that unemployed people are in the position they are in because of their personal faults, however, is completely at odds with the reality of the Australian labour market. Currently according to the most recent data collected by the Australian Bureau of Statistics and the Department of Employment,<sup>3</sup> there are 18 job seekers competing for every job vacancy. When you consider low-skill jobs – the sort of jobs young unemployed Australians will most realistically be considered for – this rate is even higher. Clearly, it is this dearth of jobs in the Australian labour market that has been the leading cause for Australia's unemployment crisis. The problem is not with the 'supply-side' of the labour market, but rather with the lack of demand for labour from employers.

In light of the obvious shortage of jobs, it is clear that the Australian government must implement policies that will lead to the creation of more jobs within the economy. Similarly, it is also essential that the Government adapt the social security system to this changing reality in which the average duration of unemployment is 4 years. The AUWU are still awaiting such a policy to be announced. In the place of an urgent Federal job-creation policy and more humane social security measures, the Government has instead decided to persist with its policy of making the dole more and more difficult to live' in order to prevent 'welfare dependency'. This policy has not worked in the past to fix Australia's unemployment crisis and it will not work now.

**The AUWU's position**

6. **Closing carbon tax compensation to new welfare recipients**

The AUWU is deeply distressed at the Government's proposal to "close" the carbon tax compensation to new welfare recipients

According to the Melbourne Institute, the dole is \$393 below the poverty line. Most other social security recipients are also living below the poverty line. Abolishing the carbon tax compensation – which represents a loss of at least \$200 per year for – will place social security recipients further below the poverty line, and ultimately, away from employment. While most social security recipients

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<sup>3</sup> ABS Unemployment figure+ ABS Underemployment figure + Latest ABS figure on Hidden Unemployment / Job Vacancies listed in the Government's vacancy report. Figures available upon request.

will face financial distress as a result of this cut, Newstart recipients are particularly at risk.

The AUWU would like to point out that in light of the abolition of the Income Support Bonus (a loss of around \$220 per year for unemployed), the abolition of the energy supplement will result in Newstart recipients losing more than \$400 a year. Considering that Newstart recipients are already struggling to keep their heads above water, this cut will push many Newstart recipients over the edge and into homelessness, sickness, and despair.

As part of the AUWU's campaign against the Government proposal to abolish the energy supplement, a post was put on its facebook asking our members "What Have You Gone Without Because of Newstart?".

The AUWU received more than 225 responses. A number of the stories received by the AUWU have been reproduced below. More stories can be provided to the inquiry on request.

[REDACTED]

At stages we have gone without food, medical care, dental care, so that our kids can eat. We currently have a car that will cost between \$2000 and \$10000 to fix depending on what the mechanic finds in investigation. The care is a necessity so that I can go to job interviews organised by employment agencies. I don't have a car I can't go to interviews I will get cut of my Newstart

[REDACTED]

have lived like a parasite because I cannot afford to live like a human being. I have slept on couches for \$100 a fortnight, because it's the only affordable housing I could find. I have gone without medical advice and care because bulk billing is being phased out. All but a few items of clothing are more than 2 years old. I don't buy new clothes. I shop at vinnies. I have had to default on bills, rent, and household goods rentals. I don't eat healthy, I eat what I can afford. I have missed out on job opportunities because of the state of my clothing when I hand out resumes. Makeup is an unnecessary expense, but it's highly prized in customer service jobs. No makeup, no job opportunity. I have lost friends because I've had to borrow money and not been able to pay them back, I can't afford to do anything fun with friends or family members, so they stop asking. I don't drink, I don't do drugs, I can't afford those habits. I can't even afford a pair of prescription sunglasses. I live hand to mouth by the skin of my arse. And every time I go to appointments or go to report I have a minor anxiety attack because, what if I get cut off? What if I haven't done something that they didn't tell me to do? What if I lose my benefit? What if they pick me out to accuse me of fraud? What if, what if, what if? If their not going to raise Newstart, then they should put everyone on it on DSP, because 2+ years of this kind of stress, depression, and anxiety has lasting negative effects on peoples mental health.

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[REDACTED]

Mum of 4, on New start. No haircuts, no shoes, no underwear, no dentists, no dermatologist, no car service, no car licence, no school fees, no school items, never afford all medications, only ever buy plain brand groceries. No cinemas, no social life, no family outings, clothing is only second hand. Barely enough for food. Always hungry and tired. Have developed major depression, anxiety and diabetes 2.

[REDACTED]

While on newstart i couldnt afford proper food, as well as rent and electricity and phone. I had a lot of illnesses i didnt see the doctors about because i couldnt afford to. I had a lot of problems trying to earn extra money when i did get a job it killed any amount i got off the government. It is too hard to live on the newstart allowance now. Give it a boost don't cut it.

[REDACTED]

havent bought brand new clothes in over 5 years. Even now, working part time, i still cant afford new clothes. You can get some good things 2nd hand tho. My son is 13 and he hasn't seen my family since he was 3. That really bugs me. (Im in tassie, theyre on the mainland)

[REDACTED]

Gone without? ....A home in which to live. A good night's sleep. Emotional/psychological health. New clothes.... a decent pair of shoes. Good diet. Nights out with friends. Repairs to the car & insurance. Allied health care. Relationships. Credit. Self-worth. Understanding & empathy...

[REDACTED]

After experiencing a bout of homelessness and couch surfing (as a grandmother i felt like crap) ...I now consider myself one of the lucky ones as I live very cheaply... I pay \$170 a week for site fees for my caravan and pay \$50 p/f on public transport... \$100 p/f on food and only \$20 p/f on utilities which leaves me \$110 p/f to spend in opshops and on layby's (which is my entertainment and wherei buy clothes and other necessities) I like to buy birthday gifts and contribute to the welfare of my very large family... 5kids plus partners 12 grandchildren and others... I don't run a car and ride a pushbike mostly... My lifestyle does not include medical expenses and I would be stumped if it did... And the way I live is certainly not for everyone.... Many people tell me they couldn't live in a caravan especially in a park.... Works for me

But I would like to contribute more... I would like for my efforts to pay off...and as of yet 3yrs on ... No permanent job

I do very much consider myself lucky... I know I would be screwed without my van and the money I get...that I have to jump through hoops for Work for the dole has had me knitting for \$15hrs per week...(just because I am a grandmother doesn't mean I enjoy knitting) I hated it... Then shoveling animal pooh for the same amount of time after I asked for something different Anyway like I say one of the lucky ones

[REDACTED]

After my husband lost his job due to a medical illness, leaving us both relying on new start we very quickly found our bills piling up and withing months were forced to sell both our cars and leave our rental property as we could no longer afford it. We the went through every estate agent in our area looking for a new rental, living from a van we purchased with our returned bond. We were informed by the real estates that there were no rentals available within our price range (newstart). As we did not have any reasonable facilities in our van such as a fridge, toilet, shower, clean drinking water we began loosing a lot of weight due to bouts of food poisoning from poorly stored or cooked food as well as switching between public bathroom water for drinking and washing in and we could not even afford to buy clothes that fit from secondhand stores. As this whole time we were still caring for our two dogs ( who at this point were really struggling with homeless life) we were consistently moved along by the local authorities. my husband and I were forced into a position where we have had to. Travel across two states to move back in with my parents with no prospect of being able to afford our own place while ever we rely on newstart to provide for us.

[REDACTED]

Where do I even begin to answer this!! Originally, applied for DSP, as Doc told me too, after a fall in the house, xrays and ct scans showered osteoarthritis in lower spine and well as some disks starting to bulge. I was then "offered" Newstart to keep me going due to having NO income, while waiting for a yay or a nay on the DSP!!..Then the bs started. They KNOW im riddled with osteoarthritis (neck, lower spine, both knees and NOW both hips) and yet they seem to think Im able to work 15hrs a week, despite me using a walking stick to get around when needed to. Most days are spent couch bound and screaming from the constant pain, pain killers dont work, only just a band aid fix!! Rent is at \$560 a fortnight, Newstart is \$670 with rent assistance, leaves me with \$110. Youngest son was just put on Youth Allowance after almost a years battle to get it...red tape after red tape...hurdle after hurdle. Cant afford to feed us, cant even afford my meds for pain as well as depression/anxiety/panic attacks. Utility bills are now being paid for by my son as well as sometimes food. He's been made to attend a 'provider' also, and now managed to find a course ONLINE to study at home, seeing that he's my Carer also! The fortnightly "disability services provider" appts are a damn JOKE, you get talked down to, no compassion, some of these bitches are stone cold emotionally. new clothes??..dont knw what that is...cant afford them,..same with shoes...Had to turn down hot water so it just sits on over warm but its still hot enough to have a shower without needing to use the cold...At night, NO LIGHTS ON whatsoever...candles only!! to keep the elec bill down...and it goes on and on and on...meanwhile these fuckers think they can dangle a measly amount of money in front of us so we can be controlled by them. We need an increase not a deduction...or believe crime will definitely INCREASE majorly...

[REDACTED]

I buy nothing - every dollar goes directly back into food utilities and rent - yes that's right ... Straight back into the system . My sons new lunchbox was stolen at school and my heart almost broke seeing his disappointment -

[REDACTED]

I don't visit the doctor when I should. I don't buy enough healthy food and I don't go away on holiday as much as I'd like but generally I live within my means and at least I'm not in debt. I have several jobs and while they disadvantage me, in the long run I'm better off. I apply to volunteer at events I want to attend and am usually accepted so I only have to pay food as I use my travel voucher and stay with family. My biggest struggle is paying for the upkeep of my dogs. They are my sanity and keep me from suffering from deep depression.

[REDACTED]

I have now been unemployed for nearly 2 yrs. I have been unable to afford any health products, haircuts, clothes, shoes, to go anywhere, software to keep up and study.

## 7. Debt recovery

The Coalition has proposed a number of polices aimed at ensuring the “integrity” of welfare. The Coalition has forecast that roughly \$2 billion in savings will be made as a result of these measures.

The AUWU is gravely concerned that this measure will lead to aggressive debt recovery which will push unemployed Australians – already living \$393 below the poverty line – into severe economic and psychological distress. Already, the Coalition has introduced more aggressive debt recovery policies which have had a negative effect on the finances and mental health of unemployed workers. Below is case study on the experiences of one of our members. More stories can be provided to the inquiry on request.

[REDACTED]

I was a student and I was mistakenly paid the Student Start Up Bonus. One year later, I had a debt to Centrelink of over \$1,000. I called up Centrelink to organised a payment plan. The standard repayment was 15% of my Newstart – roughly \$80 – which I could not afford. I then negotiated to replay \$10 per week. However, I discovered months later, that my Newstart was being once again reduced substantially which was making it impossible for me to survive. This caused great hardship for me. I called Centrelink (4 hours waiting on the phone) to ask them what was happening. I was informed that my repayment had reverted back to the standard 15%. I was informed that every three months my payment plan would revert back to the standard 15% repayment level. I could not believe my ears.

I have since had to make sure I call centrelink every three months to make sure I can repay this debt. If I miss one of these calls – and have to pay the standard \$80 repayment – I may not be able to pay rent and could be forced to be homeless. It has cause great psychological distress for me to have this hovering over me. It will continue to be like this for at least another few years.

Rather than making these debt collection strategies more aggressive, it is clear that Government the government should immediately relax these measures. The AUWU is deeply concerned about the practical implications of these new debt recovery strategies and would like to point out in the strongest possible terms that this policy will lead to the further impoverishment of social security recipients.

**8. Psychiatric confinement**

The Budget Savings (Omnibus) Bill's proposal to cut Australian's off social security when they enter psychiatric care is typical of the cruel and punitive approach taken by this government to Australia's most vulnerable people. The AUWU is deeply concerned that this proposal will force mentally ill Australians deeper into poverty and into despair.

**9. Employment income**

The AUWU has deep concerns regarding the Budget Savings (Omnibus) Bill's proposal to remove the income test exemption from a variety of social security recipients. This will lead to many Australians receiving a lower entitlement, pushing them further below the poverty line.

**10. Interest Charge**

The AUWU has deep concerns regarding the Budget Savings (Omnibus) Bill's proposal to place an interest charge on the debts of former social security recipients. Much like people who are receiving social security, many ex-social security recipients are in deep financial distress. The proposal to impose an interest charge on these people – regardless of the financial situation – will lead to many Australians being pushed deeper into poverty.