



Submission for the Select Committee on Poverty in South Australia

Australian Unemployed Workers Union – SA Division

(08) 7078 5152 or 0497 149 406

Poverty across South Australia continues to escalate with the increasingly punitive welfare reforms introduced by Federal Government's since the Howard Governments freeze on raising welfare allowances in keeping with general inflation. Restricting fiscal welfare directly available to recipients corresponds with an increasing amount of funding being provided to a robust Job Active industry as well as employers through employer incentive schemes. This misguided use of public money is failing to address the escalating problem of real poverty experienced by thousands in South Australia people including children.

a) The extent and nature of poverty in South Australia

- The nature of poverty in South Australia includes the emergence of **poverty as a resource** which is utilized by the Job Active welfare industry and by employers participating in Employer Incentive schemes to profit their own organisations. This is highly perverse and sees the perpetuation of human poverty as a real business incentive.
- Substantial sums of public money are being routinely paid to Job Active agencies and to employers instead of adequate welfare being provided directly to welfare recipients. Employer Incentive schemes increase the wealth of businesses but do not guarantee long term, well paid employment for the job seeker. For example, an employer can be paid 10 thousand dollars to take on a job seeker, at the same time the Job Active agency is paid 3 thousand dollars for placing the job seeker into the employment, but the job seeker may only remain in employment for 6 months. Because the Department of Employment does not collect job seeker stability data after 6 months of placement it is unknown whether the cost of placing the job seeker and providing employer incentives is a justified poverty prevention measure or not. The only known factors are that both the Job Provider and the employer benefit through gaining a substantial injection of public funding.
- Job Active agencies, under pressure from Government, are required to perform increasingly invasive compliance checks on welfare recipients, including restricting the amount of money available to welfare recipients as a punishment for non-attendance or any resistance, regardless of the personal circumstances of the welfare recipient.
- Compliance measures are enacted in the face of a known lack of available, gainful, long term employment opportunities, which according to contemporary employment data, simply doesn't exist. Increasingly punitive compliance measures include reducing the amount of money directly available for people who rely on welfare to live on as well as forcing people to participate in compulsory programs which have not proven to help people gain employment, such as work for the dole schemes, as well as education and training courses which are low standard and ineffectual or are unrelated to the available local job
- Basic services provided by Job Agencies are also increasingly ineffectual for many underemployed and unemployed graduates who are emerging into a society with fewer public sector opportunities and an increasingly competitive private jobs market. Resume preparation and job interview training commonly known as *Job Club* are being forced onto people with quite adequate skills and education, who find themselves consistently underemployed in the inadequate jobs market. There are currently case management situations where the job seeker is more highly educated, has more interview experience and is more technologically capable than the providers themselves. This is a phenomenon which results in an increasing lack of agency for the educated job seeker and results in a compounded experience of financial and intellectual poverty.

b) The impact of poverty on health, housing, education, employment, services and other opportunities.

- For people living with chronic long-term unemployment and underemployment the reality of poor living conditions as a barrier to employment is clearly unrecognised by current Government. For example, a person living in caravan accommodation will suffer the weather to such a degree that they will lack adequate sleep and wellbeing in summer given the high temperatures. A caravan or car can reach temperatures above 50 degrees in the heat of the afternoon sun, effectively baking the human inside. Equally extreme are winter temperatures which plummet the can into a freezing ice box. The disconnection between the lived reality of Government policy makers, who exist year in and out experiencing the temperate climes of the average office, and the welfare recipient attempting to avoid dehydration in a 50-degree metal box is profound. The incentive to attend regular job clubs which do little to improve the situation of people living in poverty is non-existent and compounds the already demoralising hardship experience by the recipient. Maintaining your health, employment or ability to participate in education is so much more difficult if your home is inadequate. The housing below is an example of a home which has no heating or air conditioning, no private toilet or bathroom and offers almost no protection from outside noise or potential invasion. These places of accommodation are not conducive to stable living and people who find themselves here are one step away from living on the street and while some end up in these places because of mental or physical disability others begin to suffer from mental and physical illness because of being reduced to such a level of poverty. The cost of this accommodation is very high, often the majority of a Newstart, disability support pension or old age pension payment, leaving little left over for food, travel and clothing. Once you are here the only thing that will get you out of here is money. It is unlikely that even the most eloquent resume writing, and enthusiastic job clubbing will see your way from here into an adequately paid, long term, secure job with good super annulation and a travel allowance. It should be noted that an increasing number of older women and single parents are being reduced to this level of accommodation in the face of inadequate Newstart, child support and jobs creation which will in turn guarantee further generations of poverty-stricken people lacking access to basic living standards.



- Retail spending is a measure of economic prosperity across states. In SA burgeoning low employment coupled with very low welfare payments sees SA retail spending remaining low. The impact of this on townships results in closure of businesses and further job losses.



c) The practical measures that could be implemented to address the impact of poverty

- Raise the level of welfare directly available to the unemployed and the underemployed and reduce the Job Active welfare industry by making it into a volunteer-based industry instead of a compliance-based industry.
- Provide high quality free education and health care services.
- Regulate corporate business so that they are required to provide training as part of standard and skilled employment.

d) Any other relevant matters

- The AUWU have received numerous phone calls about the card from welfare recipients expressing fear and frustration about the possibility of being forced onto the INDUE cashless welfare card and into compulsory income management.

- Some of the issues that have already been reported to the Australian Unemployed Workers Union about the INDUE cashless card:

Contrary to Government propaganda, the Cashless Welfare card is not user friendly. Local and regional communities with high unemployed, single parent and underemployed cohorts support local small business owners by working with them to mutual benefit:

<https://www.theguardian.com/australia-news/2017/may/05/shop-owner-says-cashless-welfare-card-has-left-him-100000-short> . Both small business and individuals forced into income management will be negatively impacted by this card.

- Single parents already suffer rent stress and many spend the majority of their welfare on rent and utilities. The card offers no solution to these rising costs and it prohibits individuals from pooling resources with others to organise cheap alternatives to mainstream retail, including broadly shopping online, organising bulk wholesale purchases and shopping in alternative venues such as farmer direct, community bake sales and markets etc. You cannot purchase second-hand vehicles, tools, white goods etc on a cashless card. Users of the INDUE card are identifiable, stigmatised and further isolated from mainstream community. Being unemployed is shameful to many, as reported through the AUWU's advocacy telephone service. Great efforts are taken by some recipients to disguise the fact of their unemployment, particularly in regional communities where discrimination is noted.
- The small economy becomes impossible under income management, how do you pay the babysitter with an INDUE card? How do you give \$20 to the man up the road who fixes your lawn mower or \$10 to the teenager who mows your lawn if you are unable to access cash? How do you support your children and teenagers to participate in school fetes and local excursions that require lunch money? How do you give your child pocket money and taxi money for an emergency, such as having no safe option to get home from a late party? How do you teach your kids how to handle cash?
- Residents in Ceduna have reported their mortgage payments have become more expensive due to added transaction fees.
- People cannot contribute to share house costs with a cashless card. How can you pay your landlord if they only accept cash?
- There are reports that people on income management are begging, are buying food and then reselling it at lower prices to get access to cash so they cover costs like share-room rent, private studio and caravan rent, getting around town using alternate transport systems (throwing in some cash to help with petrol for a friend who gives them a lift somewhere etc) and providing pocket money for their kids, which effectively makes welfare recipients even poorer than they already are. Compulsory income management stigmatises people and separates them from mainstream society even further, disallowing social mobility and scapegoating poverty.



- AUWU have first-hand information that organised crime gangs in Victoria are strategising around how they can recruit a labour force to achieve criminal goals from the pool of unemployed on income management who need access to cash. It is likely this is already happening in SA.
- The only people with access to cash in welfare demographics will be elderly pensioners and disability pensioners who will be made vulnerable targets for criminals.
- Cashless welfare, in a society where the welfare payments don't lift people over the poverty line, forces people to use mainstream shopping outlets that are just too expensive for limited budgets.
- Emergency situations requiring cash will be impossible to manage for those on forced income management. For example, in fire prone areas where people are required to leave their homes and seek shelter elsewhere, cash is a necessary resource.
- Using drink machines and food dispensers, buying take away food in country towns, putting money in parking meters, obtaining small amounts of anything, requires cash.
- People in welfare demographics will not be able to “chip in” or help each other financially from fortnight to fortnight.
- INDUE are not a bank and may not provide the privacy and security measures that banks provide. Our data may be open to organisations who collect data to profile and target consumers. The Government may not be able to guarantee our privacy because INDUE are not a Government organisation, regardless of assurances and agreements put forward by current Government. This lack of privacy is already an ongoing issue with Job Network Providers who are reported to be repeatedly breaching the privacy rights of their clients.
- There are reports of people manufacturing bootleg alcohol because they can no longer buy alcohol. The cashless card has already created a back-yard market in liqueur and gambling in exchange for resalable goods.
- The card encourages black market labour hire and the exploitation of individuals because more people will be compelled to accept cash work that pays below the minimum wage to access cash.
- For underemployed people who declare income when they manage to find work, the card presents several logistical problems. What mechanism will the Government / Tax department employ to check that recipients are correctly declaring income? This is already a huge issue with Robodebt failures which continue across the country.
- Underemployed people travel far and wide to obtain work, sit interviews and network for gigs. The cashless card is prohibitive to mobility because not every business in Australia accepts the card. People on the card run the risk of being stranded with no access to cash if they need to move around seeking jobs.

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The final paragraph of the correspondence from Michaelia Cash in Nov 2017 indicates that Australia wide Employer Incentive schemes work to provide unstable employment to a job seeker for only 3 months at the cost of 10,000 per person to Gov.

This means that Gov hand public money to already successful business, generating private profit, to no long term advantage for the job seeker who is once again unemployed after only 3 months.

Reports from long term unemployed people who have been used by private business to leverage large sums of money from the government indicate that the experience is demeaning on several levels: the jobs they are given are not skilled jobs and they feel exploited by the employer. One job seeker who has now dropped out of the welfare system altogether and relies solely on his aged pensioner mother to support him explained that he was routinely taken on by businesses for short periods of time, over a period of 4 years, to perform menial tasks such as repeatedly sweeping a factory floor even when it was completely clean, for beneath the minimum wage, which did not help him develop skills to enable him to move into stable employment or work to alleviate his ongoing poverty. After a short period of time he would be dismissed and find himself back on unemployment benefits. This was a known lurk which employees at one of the businesses would talk about, warning the job seeker of their imminent dismissal and anticipating the arrival of the next job seeker and the incumbent 10,000 for the pocket of the employer. The experience was demoralising and had a profoundly negative effect on the job seeker who lost trust in both welfare services and employers and is now fully dependent on his mothers pension. Both now live in poverty.

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AUWU



Senator the Hon Michaelia Cash
Minister for Employment
Minister for Women
Minister Assisting the Prime Minister for the Public Service

Reference: MC17-048486

The Hon Darren Chester MP
Member for Gippsland
Minister for Infrastructure and Transport
PO Box 486
SALE VIC 3853

Dear Mr Chester: *Darren*

This letter is in response to your letter of 10 October 2017 on behalf of members of the Australian Unemployed Workers Union concerning employment in Gippsland.

In response to the request for statistics on full-time jobs, *jobactive* providers in Gippsland created around 3,250 full-time vacancies on the JobSearch website between 1 July 2015 and 30 September 2017. Over the same period, there have been around 2,820 job placements into full-time positions in Gippsland. *TT*

In response to the question on how many people who obtain employment through employer incentive payments are still employed after one year of work, the Department of Employment surveys people who have participated in *jobactive* nine months after they get a job. Results indicate that 91.4 per cent of workers with a wage subsidy are employed three months after commencing in a job placement. *||*

Yours sincerely

Michaelia Cash

Senator the Hon Michaelia Cash
1/11/2017