

**ACTU Jobs Summit
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UNEMPLOYMENT AND INEQUALITY

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You wouldn't wish the loss of a job on anyone, but today with unemployment at 5.8%, that means over 670, 000 Australians are without work....their lives changed dramatically, their income drastically reduced.

It's certainly difficult to know at this time what the full impact of this recession will be on employment levels...one analysis or commentary will differ dramatically from the next.

But regardless of what the big picture might be over the next 12 months and more, the big challenge facing the Australian community is how to address the issue of our long term unemployed...those who have been out of work for more than 12 months...and there's more than 300,000 of them. AND...whose chances of finding work have just got much tougher as they have been pushed down the job queues by the tens of thousands who have only recently lost their jobs.

How can they compete? No recent work history, diminishing work skills, living in a job scarce area, maybe family or health issues and a general loss of confidence about their capacity to work...AND all the while having to survive on an extremely low payment from government: the single rate is \$227 a week.

So while initiatives from the Rudd Government to slow the impact of the GFC have been impressive...ranging from cash handouts to the biggest injection of funds into public housing that this country has ever seen, the long term unemployed have been mostly sidelined.

What we all want is to turn that around.

We don't want a rerun of the last major recession in the early 90s where long term unemployment grew...180,000 to 430,000...and many of those who became unemployed during those years never worked again, or took many years (well after the end of the recession) to find work.

What is disheartening today is to look back over how unemployed Australians, especially the long term unemployed have fared over the past 12 months, especially compared with other low income Australians.

- Because many low income Australians have had some good things come their way.
- They were recipients of the much welcomed cash stimulus.
- They have been offered a path out of housing stress with the possibility of getting public housing.
- And this year's Budget gave them an historic increase in their pensions of, for a single pensioner, \$32.50 a week.

But what about those without jobs, depending on the Newstart Allowance, especially if single, without children and living in rented accommodation. How have they fared.

The answer, to put it mildly, is NOT WELL.

Meet Bill: He's single, unemployed and over 50. His income is about \$275 a week...that's his Newstart Allowance with some rent assistance. After paying his rent, which is \$220 a week, Bill lives on \$55.

It's not much...no alcohol, no car, no cigarettes. He spends \$20 a week on food, mostly baked beans from Aldi. Often at the end of a quarter, he has to ask for Emergency Relief to pay his power bill.

Bill's case manager thinks he can't find work because of his age...at least that was the case 12 months ago, even when unemployment was at a record low...3.9%. And remember he's only just over 50.

Now for Bill, as unemployment rises, it's an even tougher task.

But what makes things tougher for Bill is that he missed out on any of the cash payments from either Stimulus Package.

It was obviously too difficult, politically, to give \$1400 or even \$900 to someone like Bill. The unemployed, despite being amongst the poorest Australians didn't make it across the cash stimulus threshold.

But I bet if Bill had got the cash he would have done the right thing with it. So low is his income that he would have spent it...maybe new shoes, some clothes (for job interviews) or maybe even for a time a greater variety in his diet...less of the baked beans!!!!

It's actually very interesting about those cash payments....who they went to and how they were spent.

The Prime Minister was very clear in his direction to those who received the cash payments...he said "spend it, don't save it"

So the speculation, mostly in the media was about how many plasma televisions would exit Harvey Norman or how much of the payment would go on the pokies. There was comment about Christmas bonanzas and that there would be very little left to show from the cash payment after the New Year...one politician speculated about piles of packaging left over from toys made in China.

But it wasn't the case.

Yes, there was a spike in dollars spend on the pokies...but only a slightly higher spike than the previous December...and yes, Harvey Norman did well over Christmas, but ACCESS ECONOMICS figures showed that of the \$8.7 billion that was distributed to low income Australians 80% was saved.

Australians didn't go on a spending spree. Overall they were very cautious with this unexpected bonus.

But let's go back to Bill.

As I said, Bill missed out on both the stimulus payments...the \$1400 and the \$900...and now what's even more disheartening for Bill is that in the recent Federal Budget he missed out yet again.

Most of Australia's pensioners got a rise...an historic rise...in the Budget of \$32.50 a week. It went to aged, disability, carers and veterans affairs pensioners...which is GREAT...they certainly needed it and will be in a position to manage better financially than they were before the economic downturn.

But for others dependent on government for income support, that significant rise in payment was not extended to them.

- The Newstart Allowance stayed where it was on \$227 a week, so did student payments (they're at \$186 a week) and what was even more disappointing was that sole parents didn't get an increase in their pension, even though it has traditionally been linked to those that did get the rise, and even though ACOSS research show that single parent families are some of the poorest families in Australia.
- Single parents stayed on a base payment of \$290 a week.

But back to Bill. What was there for him in the Budget?

The Federal Government's employment focus is on cash injections into the economy for national building and job creation projects...RAIL, CLEAN ENERGY, ROADS, SCHOOLS, HOUSING ...which again is terrific. The employment focus is also on training and tens of thousands of new Productivity Training Places have been created...again a most positive initiative.

Maybe Bill will get one of those jobs, maybe he'll find an appropriate training place (I hope he does), but right now he's left on a single newstart payment of \$227 a week, plus some rent assistance.

The Government argues that the Newstart Allowance is only a temporary payment which says that unemployment is only temporary...short term.

Sadly however for hundreds of thousands of Australians being out of work is not short term. As I said earlier the number of Australians unemployed is now at 670,000...with just about half of those recently unemployed.

...and it's instructive talking to employment services providers about these newly unemployed. Many of them have never been out of work and when they arrive at an employment service they're angry about losing their job and angry about having to be on welfare...on a Centrelink payment. What's worse is that because they haven't had to apply for a job in such a long time, they don't have a clue about how you apply for a job in 2009...and have to learn about ON LINE.

So that's the newly unemployed...struggling with a reality they don't want and don't like...and certainly hoping that in line with the Government's view of unemployment that is will be only SHORT TERM.

But of the 670,000 unemployed, half (or about 300,000) are long term unemployed...out of work for over a year, with about 150,000 of those out of work for two years or more.

To call a newstart allowance short term flies in the face of the facts.

But there were no specific programs or targeting of the long term unemployed in the Federal Budget and there should have been because, as I said before, the experience of the last major recession in the early 90s showed definitively that many of those who became unemployed during that time never worked again.

Someone like Bill wants a job...he's a man in his middle years...he doesn't want a pension.

ACOSS is advocating that for unemployed Australians like Bill a paid work experience be introduced.

A paid work experience program, with a government supported wage that is about twice the Newstart Allowance. Such a program would assist Bill into a work place for up to six months. That work place would most probably be in some level of government or the not for profit sector. It would put him back into a work environment, allow him to develop appropriate 'on the job' skills and importantly give him current work experience and a reference from his employer.

I outlined our paid work experience proposal to a group of long term unemployed, mostly women, at an outer Sydney employment service.

They loved it.

One woman told me her story. Raised two kids, marriage broke up. She needed work. She'd done some basic office training through the employment service but because she didn't have that critical piece of paper that outlined her recent work experience, she just couldn't get an interview. No recent work history, yet as she argued, she had the experience of raising and managing a family. She was reliable, no big nights out and would treat those she dealt with well and courteously.

She liked the idea of 6 months support in a workplace.

Another woman gave me a more disheartening story. She had qualifications that included childcare and fork lift driving, but prospective employers lost interest in a single mother with two young teenagers, and told her she'd always be taking time off to look after them...sickness, school obligations or whatever.

Tackling the challenge of the long term unemployed is probably the biggest single issue of this recession and ACOSS and other organisations will continue to work the Federal Government on ways to make sure that the experience of the 90s recession isn't repeated in the recession of 2009.

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