



**Submission to
Senate Standing Committees on
Community Affairs**

**Regarding
Adequacy of Newstart and related payments
and alternative mechanisms to determine the
level of income support payments in Australia**

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Executive Summary

This submission starts by outlining what the Shop, Distributive and Allied Employees' Association (SDA) is and the relevance of Newstart and the future 'Job Seeker Payment' to SDA members.

It firstly highlights how Newstart negatively impacts women over 55 exacerbating their lifelong inequality despite of their contribution to society through work and family, secondly how the retail industry and its workers need governments to focus on training rather than the ineffective Jobactive program; and, thirdly, that workplaces need to adhere to obligations and prevent discrimination and health and safety issues so that work can be sustained and so that people maintain their employment.

It concludes that the planned 'Job Seeker Payment' should:

- be introduced at a rate high enough to enable Australians to seek a job (at least \$75 per week more than Newstart) and prevent trapping them in poverty,
- be linked to an industrial anchor to ensure the payment stays high enough to help Australian's get a job, and
- be redesigned in a way that interacts more effectively with policy on
 - aging especially as it relates to the Age Pension and superannuation,
 - skills especially the Vocational Educational and Training system, and
 - health and welfare especially discrimination and workplace health and safety.

Shop, Distributive and Allied Employees' Association (SDA) and Newstart

1. The Shop, Distributive and Allied Employees' Association (SDA) is one of Australia's largest trade unions with over 210,000 members¹. The SDA has membership in retail, fast food, warehousing, hairdressing, pharmacy, online retailing and modelling.
2. The majority of SDA members are low-income earners, women and young people. Retail and food services are two of the three lowest industries for median weekly earnings.² In 2018, the median weekly earnings of all Australians was \$1066³, some 34% higher than retail workers. Approximately 40% of SDA members are under the age of 25 (approximately 83,000 people) and 60% are women (approximately 131,000).⁴
3. The Fair Work Commission described retail workers (along with hospitality workers) as “more likely to be female, younger (under 25 years), work part-time hours, be employed on a casual basis and be award reliant than employees in other industries. Employees in these industries are also more likely to be low paid.”⁵ The Commission was also “satisfied that a substantial proportion of Fast Food industry employees are ‘low paid’; are more likely to reside in lower income households and are more likely to experience financial difficulties.”⁶
4. The SDA has a long history of advocating on behalf of members. The SDA does this through enterprise bargaining; ensuring Awards and the NES provide a relevant safety net; and through numerous submissions made to parliamentary and government inquiries and other important reviews that relate to their experiences. The SDA has 10 policy principles that guide our engagement in these reviews. For a list of these, see Appendix A.
5. Given the SDA membership profile, members have a heightened reliance on safety nets provided for through the social security system. In that context, SDA contributes to deliberations about carer, childcare, family, job seeker, parental, youth and pensioner payments. The terms of reference for this inquiry – adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia – are clearly linked to our policy principles and the experience of our members, but the terms of reference are extensive. In order to focus our comments for the committee, the SDA chooses

¹ Internal SDA data.

² ABS, “6333.0 - Characteristics of Employment, Australia, August 2018” (<https://www.abs.gov.au/ausstats/abs@.nsf/mf/6333.0> accessed 9/7/2019)

³ ABS, “6333.0 - Characteristics of Employment, Australia, August 2018” (<https://www.abs.gov.au/ausstats/abs@.nsf/mf/6333.0> accessed 9/7/2019)

⁴ Internal SDA data.

⁵ [2017] FWFCW 1001 PN 80

⁶ [2017] FWFCW 1001 PN 1356

to focus this submission on a short list of issues relevant to our members – women’s inequality, training for the future of work, discrimination and workplace health and safety – and our support for the ACTU position that the Newstart rate should be increased.

6. Newstart, as an unemployment benefit, has its roots in a policy response to the Great Depression. The payment was intended to help those without work have dignity and prevent the social impact that occurred from ever happening again. The narrative then, as it is today, was one of a payment to help one get a job. Newstart is not achieving this objective. Instead, the payment is pushing women into poverty and homelessness as they age, not helping workers get the skills needed for the future of work, and forcing vulnerable people into discriminatory and unsafe workplaces.

Newstart contributes to women being pushed into poverty as they age

7. The silos of government policy–workplace, superannuation, housing and social security, including Newstart–are impacting on women disproportionately. The policy settings in and around Newstart create a system working against women as they head towards retirement, especially those women aged between 55 and 67.
8. Despite changing attitudes to parental roles, parents’ employment remains very gendered, with fathers far more likely to be working full-time than mothers.⁷ Women also carry most of the unpaid parenting responsibilities and, as they near retirement, they continue to carry caring responsibilities for their children, grandchildren and parents.
9. The workplace is inequitable for women. Women earn on average just 78% of men’s full-time earnings, hold just 17.1% of CEO roles and 39.1% of management roles and 25.8% of roles as directors on boards, and 30% of employers are unable to demonstrate flexible work policies.⁸ The impact of this inequity throughout their working life is resulting in them working for longer than they used to and with less satisfactory conditions. In 2012, it was shown that Australian women aged 55-64 were the largest driver of the aging of the workforce. They moved from a participation level of 20-24% before the 1990s to reach 55%.⁹

⁷ See data from the Australian Institute of Family Studies (<https://aifs.gov.au/facts-and-figures/work-and-family>) and/or the HILDA Survey at: <https://melbourneinstitute.unimelb.edu.au/hilda/publications/hilda-statistical-reports> and as discussed in “HILDA findings on Australian families’ experience of childcare should be a call-to-arms for government” (<https://theconversation.com/hilda-findings-on-australian-families-experience-of-childcare-should-be-a-call-to-arms-for-government-120417> accessed 9/9/19)

⁸ Workplace Gender Equality Agency, 2017-18 WGEA data, (<https://www.wgea.gov.au/> accessed 8/9/19)

⁹ Chomik, R and Piggott, J “Mature-age labour force participation: Trends, barriers, incentives, and future potential” CEPAR, 2012.

10. This year, Prof Marian Baird quoted the national benchmarking survey of mature workers in Australia as showing that nearly 70 per cent of the women say they feel considerable financial pressure to continue working. Over 300,000 women between the ages of 45 and 64 have multiple jobs in order to meet these needs.¹⁰ The report of the Australian's Women's Working Future Project shows that women in multiple jobs were less likely to feel their jobs were secure.¹¹
11. Women are also losing out due to the structural deficiencies of the of superannuation. Women retire with 47% less superannuation than men. Yet, arguably, they need more superannuation as they live five years longer than men on average. Tax concessions, part-time work, lower earnings, time out of the workforce and the definition of a worker result in women not accruing enough savings for a comfortable retirement. An estimated 220,000 women miss out on \$125 million of superannuation contributions as they do not meet the requirement to earn \$450 per month (before tax) from one employer (as many women work more than one part-time job).¹² If they need to access some of their superannuation to reduce the impact of a lack of employment, their poor retirement income is exacerbated.
12. Women are increasingly at risk of homelessness. Anglicare's 2019 Rental Affordability Snapshot revealed that no properties in any capital city were affordable for a single person on Newstart. Rental stress particularly affects older women and is reflected in their growing rates of homelessness. Older single women are the fastest growing cohort of people experiencing housing stress and homelessness, and most of them have never been homeless before. Even if these women were to receive the age pension (a higher payment) earlier, it is a payment that assumes most Australians will retire as outright home owners and have no rent to pay¹³.
13. In addition to women's lower workplace rights, greater risk of homelessness and the lower super women can expect on retirement and despite the unpaid contribution women make, women are required to fulfil conditionality requirements.

¹⁰ See quoting of CEPAR Chief Investigator Prof Marian Baird on the results of the Mature Workers in Organisations Survey as quoted in Price, Jenna, Sydney Morning Herald "The nightmare that's been waiting to hit Australian women " (<https://www.smh.com.au/lifestyle/gender/the-nightmare-that-s-been-waiting-to-hit-australian-women-20190812-p52gc3.html> accessed 8/9/19)

¹¹ Baird, M, Cooper, R, Hill, E, Probyn, E and Vromen, A, "Women and the Future of Work Report 1 of The Australian Women's Working Futures Project" 2018.

¹² Women in Super, "THE FACTS ABOUT WOMEN AND SUPER" (<https://www.womeninsuper.com.au/content/the-facts-about-women-and-super/gjumzs> accessed 8/9/19)

¹³ Anglicare Australia *Rental Affordability Snapshot* April 2019 (<https://www.anglicare.asn.au/our-work/research-reports/the-rental-affordability-snapshot> accessed 8/9/19)

14. As stated in ACTU policy, “Forcing the unemployed to undertake unpaid work distorts the labour market by displacing actual paid jobs, and there is no evidence that it leads to ongoing employment. Moreover, it restricts jobseekers from attending other job search activities such as interviews or training. Where jobseekers are performing productive work for an enterprise, Congress affirms that the worker must be paid at least the minimum wage for their work. Congress particularly condemns the practice of jobseekers undertaking unpaid work placements in for-profit businesses.”¹⁴
15. If the purpose of Newstart is dignity and safety while a person is not working and providing enough resources to allow a person to get a new job, it is failing for women in this age bracket because the low rate and conditionality requirements are pushing them into poverty and homelessness as they prepare for a retirement.

Jobactive is ineffective and renewed focus on VET and skills is needed

16. In April this year, the Joyce Report highlighted that “shifting demographics, technological advancements and increased pressure from overseas-based competitors have shaped the composition of the labour market, including an ongoing structural shift away from employment in primary production and manufacturing towards a more service-based labour market.” In the report, the Hon. Stephen Joyce also noted that while predictions vary, approximately 14 per cent of current jobs are at high risk of automation, and another 32 per cent are likely to be affected by significant modifications, changing how jobs are carried out.¹⁵ Further, the OECD predicts that 14 per cent of jobs may be ‘completely automated’ and thirty-two per cent will ‘change significantly’. Yet it also warns that many adults do not have the rights skills for the jobs of the future – 6 out of 10 lack basic ICT skills or have no computer experience. This despite the number of ‘highly-skilled jobs increasing by 25 per cent over the last two decades.’¹⁶
17. With a turnover of nearly \$27.5 billion, retail is a large employer with significant skill needs. Nearly 1.3 million people, over 10 per cent of the total workforce are retail workers. Our industry is changing. In warehousing and retail, there is a need to reduce turnover and retain

¹⁴ ACTU, Social wage and social inclusion policy 2018 (<https://www.actu.org.au/our-work/actu-congress/actu-congress-2018/actu-policies> accessed 9/9/19)

¹⁵ Joyce, S, “Strengthening Skills Expert Review of Australia’s Vocational Education and Training System” Australian Government, April 2019 (<https://www.pmc.gov.au/resource-centre/domestic-policy/vet-review/strengthening-skills-expert-review-australias-vocational-education-and-training-system> accessed 8/9/19)

¹⁶ Slomin A, *Artificial Intelligence and the Future of Work*, John Curtin Research Centre Policy Report No. 4, 2019.

staff who understand the industry. The retail industry needs our staff skilled to respond to the future of retail through digitization of machinery, the use of AI, and data analytics. Warehousing needs to be managed differently, merchandise needs to be planned so that it is on season and on trend, and online shopping needs to mature as a retailer. In personal services, technological advances are seeing medicalized services in beauty salons, changes to products and methods in hairdressing, and floristry requiring increasingly diverse skills of workers.

18. Research and development within the education system is needed so that the retail industry training is cutting edge and creates a sustainable place to work through transitions to new technologies and ways of working. Governments, employers and unions need to work together to ensure workplace training and apprentices are meeting our economic needs. TAFE needs support and RTOs, especially those deigned for highly specialist skills, should be supported to develop workers for a modern workplace. There needs to be a new vision for vocational education in Australia as a modern and desirable alternative to University. Australian's need a stronger skills sector which will help working lives start effectively and respond to the need for new skills throughout careers.
19. Currently, part of the approach to resolving the future needs of work is that Newstart recipients are generally required to participate in Jobactive to receive income support, and this is intended to help them meet labour market expectations. However, as outlined in 2019 by the Senate Education and Employment References Committee, Jobactive is "failing those it is intended to serve". While the report focussed on the technical operation of Jobactive, it also highlights that Australia has a strong and dynamic labour market. In quoting a submission from the National Employment Services Association (NESA), the committee highlighted that "economic and social observers alike predict the technological revolution will increase in momentum. As such, those already displaced, face greater barriers to securing work; with less skilled workers likely to experience the most significant displacement and risk of long-term unemployment as technology continues to change the nature of work."¹⁷ In order to prevent a growing number of people being displaced from their work and being on unemployment benefits, the Government needs to shift focus from Jobactive programs such as PaTH (Prepare, Trial, Hire), Work for the Dole and ParentsNext towards a focus on skills needed for the future of work.

¹⁷ Australian Senate Education and Employment References Committee *Jobactive: failing those it is intended to serve February 2019*
https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/JobActive/2018/Report accessed 9/9/19)

20. Workers welcome programs that support their skills development. SDA NSW Branch is a partner with the Sydney campus of the University of Newcastle. Through this partnership, retail workers have enrolled in training that is not within the funded qualifications framework. There is high demand in this program for leadership training. SDA NSW Branch also surveyed members. 1 in 3 respondents were considering further study, 20% are seeking leadership and management skills, and over 45% of respondents are seeking skills that would be helpful for a career in retail (Management, Leadership, HR, Business, Finance or IT skills). However, nearly 20% of them were not yet sure what they'd like to study. It is incumbent upon governments and employers to set the scene that encourages these workers to engage in training that will meet the future needs of work. When that future comes, we all seek that there be low reliance on job seeker payments.

Workplaces need to sustain work and make returning easier

21. SDA sees first-hand the impacts on workers of discrimination and workplace injuries. These issues impact not only on members working life, but all aspects of life including family, financial, physical and mental. Good workplaces adhere to social and legal obligations and can prevent workers from disengaging. SDA has supported workers that have been deemed unable to undertake the inherent requirements of their role and believes there should be good environments where former Newstart recipients can effectively reengage with work.
22. There is strong evidence that workplaces are discriminatory to Australians with a disability and older workers. In 2015, SDA undertook a survey regarding discrimination. Over 65% of respondents had experienced discrimination, 84% believe older workers and workers with a disability face barriers when they look for, or are in, a job and 77% believe employment discrimination has an impact on gaining and keeping a job. SDA has also observed a disturbing trend of using Work Health and Safety (WHS) legislation to undermine and exclude workers older workers and those with a disability. Their privacy is also breached when asked for unnecessary health and medical details.
23. Workplaces need to better accommodate these workers with less bullying and harassment, better superannuation, tax changes and more effective workers compensation. When things do go wrong, complaint processes need to be less legalistic and easier to navigate so that workers are awarded a remedy and workplaces change. If we change the workplace, labour participation rates for people with disability and older workers could rise.

24. The workplace also needs to be safer. Recently, 2000 retail workers responded to an ACTU survey. 20% of respondents had a psychological injury or illness due to work. Over 1000 workers in retail said the key issues were workload and lack of recognition or reward.¹⁸ Previously, a poll of 6,000 retail workers found 88 per cent had been verbally abused in the past 12 months, while 15 per cent were physically attacked and 11 per cent sexually harassed.¹⁹ Between 2010–11 and 2014–15, around 91% of workers' compensation claims involving a mental health condition were linked to work-related stress or mental stress.²⁰
25. Together with the National Retail Association (NRA) and the Australian Retailers Association (ARA), SDA is tackling a customer abuse epidemic in retail and fast food outlets through a National Customer Abuse & Violence Industry Roundtable, an iCare respect and resilience trial, and working to include more effective training in funded training packages. In Victoria, the ARA are undertaking a WorkWell project to help to prevent mental injury and promote mentally healthy Victorian Workplaces.
26. Until the culture of work changes to a good psychosocial safety climate, depression, psychological distress, and engagement will result in sickness absence and presenteeism.²¹ These are early warning signs for disengagement with work. SDA has observed progression from employment, to payments (be that Disability Support Pension or Newstart) that was caused by poor workplace cultures.

The rate should be increased, indexed and have better linkages with other programs

27. Given our members experience and the move in 2020 to a 'JobSeeker Payment', SDA seeks to highlight interactions between areas of policy. There does need to be a different way to administer payments for those nearing retirement, an effective response to the changing world of work and a culture conducive to vulnerable people working.
28. Ultimately, though, job seekers need payments set at and to remain at a level that enables them to get a job. To get a job, one needs a roof over their head, clothes on their back, food in their mouths and to be able to get to and from interviews and jobs. As costs of living rise, so too should the quantum of payments for jobseekers.

¹⁸ ACTU Data

¹⁹ Internal SDA Data

²⁰ Safe Work Australia Data

²¹ Safe Work Australia (<https://www.safeworkaustralia.gov.au/doc/psychosocial-safety-climate-and-better-productivity-australian-workplaces-costs-productivity> accessed 9/9/19)

29. SDA supports the position of the ACTU, ACOSS, AiGroup and the BCA that the rate of Newstart increase by at least \$75 per week. As stated at the most recent ACTU Congress, “Lifting the rate of unemployment benefits would bring down poverty levels and reduce inequality in Australia. ... Australians who are actively seeking employment should be supported in their efforts through the provision of affordable, quality community services and a decent social security safety net. We call upon the Government to increase the Allowance by at least \$75 a week, with the goal to increase the rate above the poverty line by increasing it ultimately by \$160 a week.”
30. SDA also views an increase in the rate in the context of benefits for the wider economy. SDA shares the view of the ACTU that a reversal of the penalty rate cuts and the introduction of a living wage would increase aggregate demand.
31. While Newstart is indexed to inflation (CPI), this is not adequate to ensure the payment continues to be set at a level that ensures the jobseeker has the resources to enable them to get a job. A cost of living or industrial anchor would be more appropriate to ensure that job seeker payments remain purposeful. SDA supports an industrial anchor being used to ensure that job seeker payments are identifiably linked to changes in wages. Indexation should be set so that jobseekers experience direct benefits from being involved in the workforce. This would prevent the payment from being a disincentive to work.

Conclusion and Recommendations

32. Newstart does not operate in isolation, and nor will the new JobSeeker Payment. The Job Seeker Payment should be greater, indexed and better focussed on helping transition to a job or retirement. To achieve this, the planned ‘Job Seeker Payment’ should:
 - 32.1. be introduced at a rate high enough to enable Australians to seek a job (at least \$75 per week) and prevent trapping them in poverty,
 - 32.2. be linked to an industrial anchor to ensure the payment stays high enough to help Australian’s get a job, and
 - 32.3. be redesigned in a way that interacts more effectively with policy on:
 - 32.3.1. aging especially as it relates to the Age Pension and superannuation,
 - 32.3.2. skills especially the Vocational Educational and Training system, and
 - 32.3.3. health and welfare including discrimination and workplace health and safety.

Appendix 1: Rationale for SDA policy positions

SDA policy is driven by providing value to our members whose work is regulated by a broken industrial framework. We seek an economic system that supports, protects and advances the interests of working people in this country.

Our predecessors built the conciliation and arbitration system which provided the foundations to our nations prosperity over a century ago, it is now our responsibility to build a system for the next generation.

Since the introduction of the Fair Work Act 2009 and subsequent radical changes to the financial and digital context inequality has grown and economic and political power has concentrated in the hands of a few.

We believe that fundamental not incremental change is needed. In contributing to policy, we seek to drive a new system that acknowledges the change that has occurred and will withstand the emerging world of work.

We engage in topics that help us drive this agenda and are guided by ten principles that we believe will create value for our members. Those principles are:

1. Address Inequality & Enshrine Fairness.
Minimum expectations must be set and adhered to.
2. Equity & Empowerment.
All workers must be supported to progress so that no-one is left behind.
3. Mobility & Security.
A socially successful economy must provide opportunity for all, regardless of their background. Systems must be built in a way that support success and adaptation in a rapidly changing world of work.
4. Delivering Prosperity and Growth For All.
A foundation for prosperity and economic growth must be achieved.
5. Protection in Work & Beyond.
Workplaces and the community must be healthy and safe for all workers and their families during and beyond their working lives.
6. Workers Capital & Superannuation.
Workers capital and superannuation must be an industrial right for all workers and treated as deferred earnings designed for dignity and justice in retirement.
7. A Strong Independent Umpire.
A strong, independent, cost effective and accessible industrial umpire and regulator must be central to the future system of work in Australia.
8. Protection & Support for Our Future.
Protecting and supporting our future requires a strong and vibrant retail industry and supply chain providing jobs with fair and just remuneration and contributing to the economy including through skilled workers.
9. Work & Community.
Work is a fundamental human activity that provides for personal, social and economic development. Work as it operates in community must build and protect a balance between life at work and life so that workers can contribute to society through the wider community.
10. Institutional Support for Collective Agents
Institutional support must provide for collective agents (registered organisations) so that they are recognised, enshrined and explicitly supported as central to the effective functioning of the system.

Details of specific policy positions can be discussed by contacting:

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