

Not Looking for Work: The Rise of Non-Jobseekers on Unemployment Benefits

Andrew Baker

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Not Looking for Work: The Rise of Non-Jobseekers on Unemployment Benefits

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All errors are the responsibility of the author.

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Executive Summary

In response to the global financial crisis, the Australian government altered the activity test requirements for those receiving unemployment benefits. As a result, large numbers of people are now on unemployment benefits but not necessarily in the workforce.

In July 2009, the 183,500 people receiving Newstart Allowance (NSA) and Youth Allowance (Other) (YAO) were classified as ‘non-jobseekers’. Non-jobseekers are *not* necessarily required to look for work as a condition of their mutual obligation requirements, despite receiving unemployment benefits. By June 2012, the number of non-jobseekers on unemployment benefits had increased to 300,000—a 62% increase in just three years. At the same time, the number of jobseekers on unemployment benefits decreased by 22% (from 427,500 in July 2009 to 332,000 in June 2012).

Despite these trends, there was negligible movement in the overall number of people being paid unemployment benefits, which increased by around 3% from 611,000 in July 2009 to 632,000 in June 2012.

The main reason for the increase in the number of non-jobseekers on unemployment benefits is that NSA recipients are required to enter into work experience activities (including education and training) after 12 months, and YAO recipients are required to complete Year 12 or its equivalent as a mutual obligation requirement.

This has seen the number of people on unemployment benefits undertaking education and training increase by 138% over the past three years—from 62,250 in July 2009 to 148,500 in June 2012.

If people on welfare do not have to look for work then they will stay on welfare for longer.

For example, the increase in the number of non-jobseekers on YAO has driven the proportion of recipients who have been on the payment for more than one year from 49% in June 2008 to 59% by June 2012. It has also resulted in substantial hidden unemployment on unemployment benefits, and a reduced unemployment rate between 0.2% and 0.5% since July 2009.

This means the government’s claims of being good economic managers following the global financial crisis are overblown, given they pushed out of the workforce tens of thousands of people who would otherwise be unemployed into education and training.

While many of these people are early school leavers undertaking education and training, the problem is that more education and training is not always better for everyone. In fact, sometimes it can make people worse off than being in work.

Rather than hiding the unemployed on unemployment benefits and pushing tens of thousands of jobseekers out of the workforce, the government should have ensured that more people are looking for work all the time, rather than forcing them into more education and training.

The government should ensure that everyone on unemployment benefits who is capable of working is required to look for work in addition to conforming to existing mutual obligation requirements.

Furthermore, the sheer number of non-jobseekers on unemployment benefits warrants further analysis and debate.

Following reforms to Parenting Payment, which pushed more people onto NSA, as of May 2013, of the nearly 760,000 people being paid unemployment benefits, only 400,000 are classified as jobseekers and the remaining 360,000 as non-jobseekers.

In line with a recommendation from the Organisation for Economic Co-operation and Development (OECD), the government needs to review the 360,000 non-jobseekers on unemployment benefits.

List of Abbreviations

ABS	Australian Bureau of Statistics
DEEWR	Department of Education, Employment and Workplace Relations
DES	Disability Employment Services
DSP	Disability Support Pension
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
GFC	Global Financial Crisis
JSA	Job Services Australia
NSA	Newstart Allowance
OECD	Organisation for Economic Co-operation and Development
PPP	Parenting Payment (Partnered)
PPS	Parenting Payment (Single)
YAO	Youth Allowance (Other)
YAS	Youth Allowance (Student)

Introduction

The Labor government is campaigning heavily on Australia's unemployment rate being one of the lowest in the world, largely as the result of its own stimulus package and other policies introduced during and after of the global financial crisis. As former Treasurer Wayne Swan said:

Every Australian can be proud we have one of the lowest unemployment rates in the developed world; half what we see across Europe and dramatically lower than the US.¹

While the claim is in itself accurate, there is value in investigating the reasons behind this low unemployment, which fell to 5% in March 2011.

One disturbing development since July 2009 has been the growing number of people on unemployment benefits but who are technically not unemployed because they are not required to look for work.

During tough economic times, when unemployment can increase rapidly, governments have substantial incentives to mitigate the political impact of high unemployment by shifting people off unemployment benefits and onto other payments, typically disability payments, where there is no requirement to look for work.²

While the total number of people on Disability Support Pension (DSP) increased following the global financial crisis, the overall number of people on DSP has fallen steadily since January 2012, when tougher eligibility requirements came into effect.

Rather than hiding people on DSP, government policies have significantly *increased* the number of unemployment benefit (Newstart Allowance (NSA) and Youth Allowance (Other) (YAO)) recipients by classifying them as 'non-jobseekers' and significantly *decreased* the number of people classified as 'jobseekers'.³

'Non-jobseekers' receive an unemployment benefit and are 'not required to undertake job search'. Typically, they are involved in:

... training, the development of self-employment opportunities, full-time voluntary work, or a combination of voluntary and part-time work which excludes them from jobsearch obligations. They may also be incapacitated or have another temporary exemption from jobsearch.

A 'jobseeker' receives an unemployment benefit 'with job search requirements'.⁴

If people on welfare payments are not required to look for work, they will stay on welfare for longer and omitted from the Australian Bureau of Statistics (ABS) unemployment statistics—meaning these numbers are lower than they should be.

Youth Allowance (Other) and Newstart Allowance

The two main unemployment benefits in Australia are YAO and NSA. The YAO is available to people aged 16 to 21 years and looking for full-time work or undertaking approved activities in line with their mutual obligation requirements. The NSA is for people aged 22 years or older but under the pension eligibility age (currently 65 years for men) and looking for paid work.

The two benefits differ significantly in their payment rates, with YAO fortnightly payments substantially less than NSA. As of April 2013, the YAO payment for a single person with no children aged 18 years and living away from home is \$407.50 a fortnight. The equivalent payment for NSA is \$497 per fortnight. A Rent Assistance payment of up to \$123 a fortnight is payable in addition to NSA/YAO payments for those living in private rental accommodation.⁵

Unlike NSA, YAO payments also include a dependency test, which takes into account whether an individual is financially dependent on their parents (i.e. still living with their parents in the family home) and includes a parental income test, an assets test, and a personal means test.

Government policies have significantly increased the number of unemployment benefit recipients by classifying them as 'non-jobseekers' and significantly decreased the number of people classified as 'jobseekers'.

The dependency test can substantially reduce the value of the fortnightly YAO payment. For example, a single person with no children aged 18 years or older and still living in the family home receives a fortnightly YAO payment of \$268.20—around \$70 a week less than someone who has moved out of home. However, like NSA, the payment rates are much higher for YAO recipients with children, before taking into account other payments such as family tax benefits.

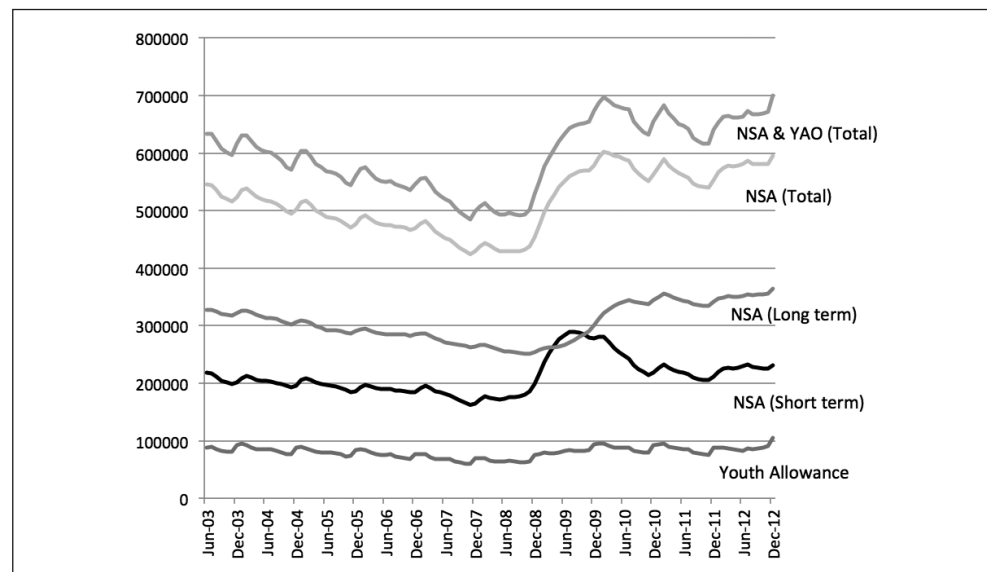
Box 1: Youth Allowance (Other) and Youth Allowance (Student)

The Youth Allowance (Other) (YAO) provides income support for young people aged 16 to 21 years and looking for full-time work or undertaking activities consistent with their mutual obligation requirements. The Youth Allowance (Student) (YAS) provides income support to full-time students aged 18 to 24 and full-time apprentices aged 16 to 24.⁶ Essentially, YAO is an unemployment benefit, while YAS is student income support. As of June 2011, 325,000 people were on YAS and 85,000 on YAO. This report deals exclusively with NSA and YAO, and does not take into account YAS.

Unemployment benefits and the global financial crisis

Throughout the relative prosperity during the latter years of the Howard government, the overall number of people on unemployment benefits fell steadily, as did the unemployment rate; however, this trend was broken as the global financial crisis hit and unemployment rose from 3.9% in March 2008 to 6.1% in June 2009.⁷ The steep rise in the number of people receiving unemployment benefits as a result of the global financial crisis is not surprising. Neither is the persistently high number of people on unemployment benefits, given the continuing global impact of the Eurozone debt crisis. The number of unemployment benefits recipients has also continued to increase due to reforms to Parenting Payment Single (PPS) that came into effect in 2013, pushing tens of thousands of people who would otherwise receive PPS onto NSA.

Figure 1: Number of NSA and YAO recipients, 2003–12



Source: DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years).

Note: These data include all people eligible for unemployment benefits, including those who were eligible to receive a payment but did not—for example, those who have had their payments suspended for violating their activity test requirements.

The steep rise in the number of people receiving unemployment benefits as a result of the global financial crisis is not surprising.

What is of particular interest in Figure 1 is the interaction between the short-term and long-term NSA figures. The NSA (short-term) line shows the number of NSA recipients who have been on the payment for fewer than 12 months, and the NSA (long-term) line shows the number of NSA recipients on the payment for 12 months or longer. The impact of the global financial crisis on NSA numbers is reflected in the short-term figures, which is then partially replicated 12 months later in the long-term figures. As people stay on the payment for more than 12 months, they cease to be classified as short-term NSA recipients, and become long-term NSA recipients—hence, the drop-off in the number of short-term NSA recipients and the rise in the number of long-term recipients. Figure 1 clearly shows that the number of people receiving NSA has not recovered to pre-GFC levels.

Box 2: Current data

This report primarily focuses on the period up to June 2012. This is because of the changes to the eligibility for YAO effective in July 2012 (increase in eligible age), as well as changes to eligibility for PPS effective from January 2013. The former increased the number of people on YAO while the latter increased the number of people on NSA. In May 2013, 758,639 people were receiving NSA (653,145) and YAO (105,494); 400,500 were classified as jobseekers and 358,139 as non-jobseekers; and there were 403,589 male recipients and 355,050 female recipients. These numbers do not include those who were eligible for NSA or YAO but did not receive payment. If these figures are included, there were 684,973 people on NSA and 107,974 on YAO, for a total of 792,947.⁸

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Jobseekers versus non-jobseekers

Given that NSA and YAO are unemployment benefits, and by definition an unemployed person is someone who is looking for work, it is reasonable to assume that everyone receiving either allowance would have activity test requirements that include an obligation to look for work.

People who are required to look for work are formally defined as ‘jobseekers’ by the Department of Education, Employment and Workplace Relations (DEEWR).⁹ Typically, these requirements involve applying for a particular number of jobs in a fortnight, or in some cases, a combination of paid employment, volunteering, education and training, and job search.¹⁰ If job search activities are successful, and the jobseeker receives a job offer, they must accept that offer as long as it is ‘not unsuitable’. Unsuitable jobs include military service, criminal activity, sex work, and work that is subject to an industrial dispute.¹¹

Despite NSA and YAO being unemployment benefits, which means they include people out of work and looking for work, some people on unemployment benefits are exempt from job search requirements and defined as ‘non-jobseekers’ by DEEWR. For example, some people may have a serious medical condition or a temporary disability that prevents them from working (paid or unpaid), but they may not be eligible for DSP because of the temporary nature of their disability.¹² Those participating in work-for-the-dole, paid or voluntary part-time work, or education and training are defined as non-jobseekers.

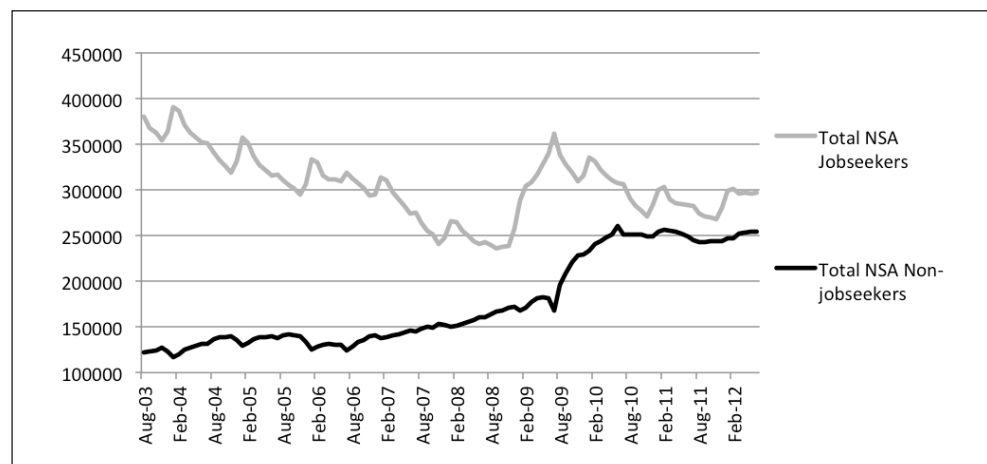
From 1 July 2009, the government changed the definition of jobseeker and non-jobseeker for those receiving an unemployment benefit. Before 1 July 2009, some people engaged in training and job search were classified as being in training rather than as jobseekers looking for work. Other people receiving assistance through job service providers, but not required to look for work, were sometimes classified as jobseekers. From 1 July 2009, a person on NSA or YAO and usually engaged in job search was classified as a jobseeker.¹³

This definitional change, and the date on which it occurred, could be argued as being responsible for the dramatic changes in the number of jobseekers and non-jobseekers on unemployment benefits from July 2009 (see figures 2 and 4). However, if the definitional change was responsible for the marked increase in the number of non-jobseekers, the change would have been even more dramatic—in effect, the change in the number of jobseekers and non-jobseekers would have been represented by corresponding vertical lines in July 2009. This did not happen. In fact, the opposite happened; from June 2009 to July 2009, there was a modest increase in the total number of jobseekers (about 20,000) and a small decrease in the total number of non-jobseekers (about 10,000). This suggests that the definitional change in ‘jobseekers’ and ‘non-jobseekers’ was not directly responsible for the dramatic increase in the number of non-jobseekers from July 2009.¹⁴

The definitional change suggests an alternative explanation for the changes in the number of jobseekers and non-jobseekers on unemployment benefits from July 2009. However, arguments suggesting these changes were solely the result of the definitional change have to prove that government policies that pushed people on NSA and YAO into education and training were ineffectual. This claim is not supported by the evidence—there was an increase in the number of people on unemployment benefits undertaking education and training by 138% over three years, from 62,250 in July 2009 to 148,500 in June 2012.¹⁵

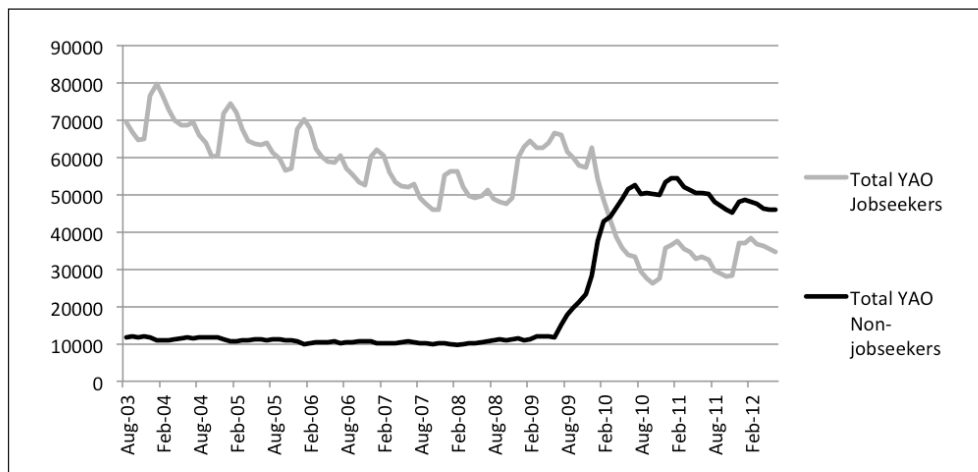
It is worth noting that the spike in the number of jobseekers began around June 2008 at the onset of the global financial crisis; however, the spike in the number of non-jobseekers began in July 2009, with a corresponding fall in the number of jobseekers.

Figure 2: Change in NSA jobseekers and non-jobseekers, 2003–12



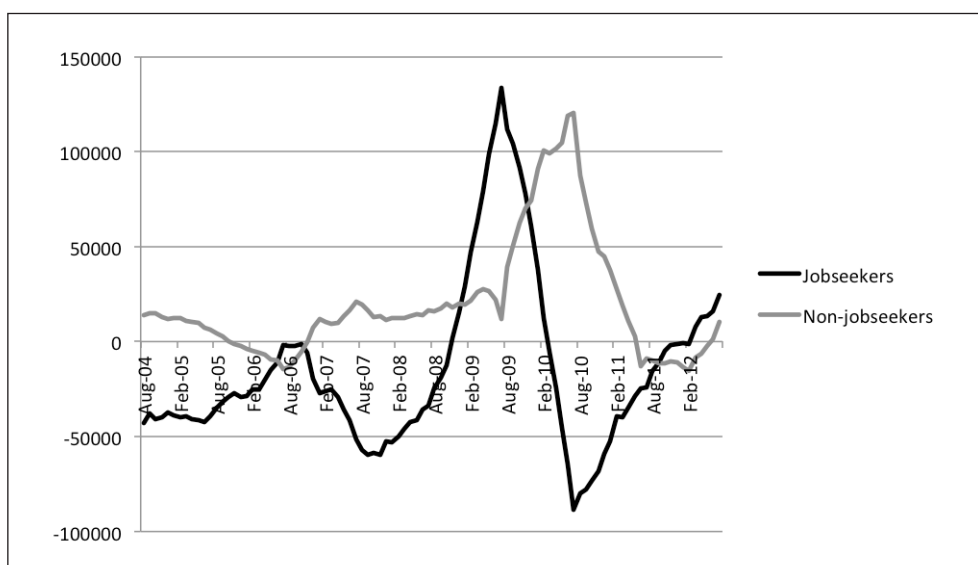
Source: DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years).

Figure 2 shows the change in the number of jobseekers since 2003.¹⁶ It is worth noting that the spike in the number of jobseekers began around June 2008 at the onset of the global financial crisis; however, the spike in the number of non-jobseekers began in July 2009, with a corresponding fall in the number of jobseekers. It is clear that there has been a marked increase in the number of non-jobseekers on NSA and YAO from 2009, as well as a marked decline in the number jobseekers. To understand why this has happened, it is worth looking at where the changes are occurring. Breaking down the data and looking at the changes in the number of jobseekers and non-jobseekers on YAO paints a more dramatic picture of what has happened (see Figure 3).

Figure 3: Change in YAO jobseekers versus non-jobseekers, 2003–12

Source: DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years).

There was a 200% increase in the number of non-jobseekers on YAO from 15,000 in July 2009 to 46,000 in June 2012 and a corresponding 47% decrease in the number of jobseekers on YAO from 66,000 in July 2009 to 35,000 in June 2012. This remarkable increase can be largely explained by a 227% increase in the number of people undertaking education and training over the same period (from 8,800 in July 2009 to 29,000 by June 2012). There was only a relatively modest increase in the number of people classified as ‘incapacitated’ (from 2,600 in July 2009 to 4,000 in June 2012).¹⁷

Figure 4: Change in number of NSA/YAO jobseekers and non-jobseekers from previous year

Source: DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years); author's calculations.

There was a 200% increase in the number of non-jobseekers on YAO from 15,000 in July 2009 to 46,000 in June 2012 and a corresponding 47% decrease in the number of jobseekers on YAO from 66,000 in July 2009 to 35,000 in June 2012.

There is a clear link between the increased number of non-jobseekers and the increased number of people in education and training.

Note the rapid increase in the number of jobseekers in 2008–09 (Figure 4), followed by a dramatic fall and a corresponding increase in the number of non-jobseekers in 2009–10. If the global financial crisis was solely responsible for the increase in the total number of non-jobseekers, then the increases in the number of jobseekers and non-jobseekers would have occurred simultaneously, rather than separately.

Similarly, large increases occurred in the number of people receiving education and training on NSA. There was a 123% increase in the number of people on NSA undertaking education and training (an increase from 53,500 in July 2009 to 119,500 in June 2012); an 88% increase in the number of people on NSA classified as incapacitated (an increase from 31,500 in July 2009 to 59,000 in June 2012); and a relatively modest 31% increase in the number of people engaged in volunteering or part-time work while on the dole (from 25,750 in July 2009 to 33,750 in June 2012). There is a clear link between the increased number of non-jobseekers and the increased number of people in education and training.

Box 3: Exemptions from mutual obligation

A sub-group of non-jobseekers are entirely exempt from activity test or participation requirements. Welfare recipients can qualify for this exemption as a result of a temporary illness, injury or disability, caring responsibilities, or personal circumstances.¹⁸ Since 2007, the number of people with an exemption from all activity test requirements has fluctuated between 60,000 and 75,000, with a spike in 2009 as a result of the global financial crisis.¹⁹ Currently, there are approximately 72,000 people with an exemption, of which approximately 75% are NSA recipients.²⁰ Of this 72,000, around 48,000 were classified as having a 'temporary incapacity'; 10,000 had a 'caring responsibility'; and another 13,000 were exempted due to 'personal circumstances'. Around 55% of the 72,000 exempted were women and more than 7% were Indigenous.

FaHCSIA versus DEEWR versus ABS: Different datasets

This report primarily uses the monthly data on the number of jobseekers and non-jobseekers on unemployment benefits reported in DEEWR's *Labour Market and Related Payments* monthly publication. The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) also publishes jobseeker and non-jobseeker data for those on unemployment benefits in its annual report *Income Support Customers: A Statistical Overview*.

There are a number of differences between the two datasets. For example, they have different rules for extracting data; the DEEWR dataset reports 'average numbers over the reporting period' while the FaHCSIA dataset reports 'point-in-time numbers'.²¹ Another difference is in the definitions of jobseekers and non-jobseekers. DEEWR classifies all recipients with job search requirements as jobseekers, while in the FaHCSIA dataset, 'People receiving assistance under Job Services Australia arrangements are classified as jobseekers'.²²

Other possible reasons outlined by the Organisation for Economic Co-operation and Development (OECD) for these differences include but are not limited to the fact that:

- not all people on unemployment benefits are registered with Job Services Australia
- some people on unemployment benefits are registered with Disability Employment Services and may have job search requirements but are not classified as jobseekers

- some people on YAO engaged in education and training may still have job search requirements despite being engaged in other activities
- FaHCSIA data may also include people not on unemployment benefits (e.g. volunteers) who do not have participation requirements.²³

Table 1: Proportions of NSA jobseekers and non-jobseekers using FaHCSIA and DEEWR data

	FaHCSIA			DEEWR		
	Total NSA customers (%)			Total NSA customers (%)		
	Jobseekers	Incapacitated	Other	Jobseekers	Incapacitated	Other
Jun-02	74	13.9	12.1	-	-	-
Jun-03	76.3	10.5	13.2	-	-	-
Jun-04	50.8	10.6	38.6	72.8	10.6	16.6
Jun-05	46.5	10.4	43.1	69.3	10.5	20.2
Jun-06	52.5	9.1	38.4	70.4	9.2	20.4
Jun-07	47.9	8.6	43.4	65.2	9.0	25.8
Jun-08	44.4	8	47.6	60.0	8.3	31.7
Jun-09	50.6	6.6	42.7	65.2	7.1	27.7
Jun-10	47.7	5.1	47.2	54.1	8.1	37.8
Jun-11	45.8	6.6	47.6	53.2	9.8	37.0
Jun-12	-	-	-	53.9	10.7	35.4

Source: FaHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs), *Income Support Customers* (various issues); DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years).

Note: In this table, non-jobseekers include those defined as ‘incapacitated’ and ‘other’.

Table 1 distinctly shows some differences in the two datasets. Of interest is the change in the proportion of jobseekers and non-jobseekers from 2003 to 2004 in the FaHCSIA dataset, which is not reflected in the 2004 figures from the DEEWR dataset. There is also a marked change in the proportion of jobseekers and non-jobseekers in the DEEWR dataset from 2008 to 2010, which is mirrored to some extent in the FaHCSIA figures. Both datasets show a marked increase in the proportion of jobseekers from 2008 to 2009, which then fell from 2009 to 2010 as people who were once jobseekers became non-jobseekers. Interestingly, similar figures relating to YAO do not show changes in the proportion of jobseekers in the FaHCSIA dataset from 2003 to 2004, but do show dramatic changes from 2009 to 2010 in both YAO datasets.

To further complicate the situation, there are differences between these two datasets and the official unemployment statistics published by the ABS. If an individual is receiving unemployment benefits, it does not mean they are classified by the ABS as unemployed, and if someone is classified by the ABS as unemployed, it does not mean they are eligible to receive unemployment benefits.

The ABS measures the number of people who did not undertake any paid work, were actively looking for work, and were available to start work.²⁴ This excludes, for example, non-jobseekers who are not required to look for work despite receiving unemployment benefits, but includes others such as people who are unemployed but not eligible to receive benefits because they fail the assets test or because their partner’s income is too high and fail the income test. There are further differences between ABS, DEEWR and FaHCSIA data regarding duration, classification, employment, timing, partners, pensioners, and the waiting period before a person moves onto unemployment benefits.²⁵

Table 2: Proportion of YAO jobseekers and non-jobseekers using FaHCSIA and DEEWR data

	FaHCSIA			DEEWR		
	Total YAO customers (%)			Total YAO customers (%)		
	Jobseekers	Incapacitated	Other	Jobseekers	Incapacitated	Other
Jun-02	59.1	6.4	40.9	-	-	-
Jun-03	62.2	4.6	37.8	-	-	-
Jun-04	57.4	4.6	42.6	85.4	4.8	9.7
Jun-05	53.7	4.6	46.3	85.0	4.9	10.2
Jun-06	56.2	4.1	43.8	84.7	4.6	10.7
Jun-07	53.8	4.4	46.2	83.0	5.0	11.9
Jun-08	51.4	4.1	48.6	82.6	4.7	12.8
Jun-09	56.7	3.2	43.3	84.9	3.7	11.4
Jun-10	29.4	2.4	70.6	39.6	3.9	56.5
Jun-11	30.4	2.8	69.6	39.8	4.2	56.0
Jun-12	-	-	-	43.1	4.9	52.0

Source: FaHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs); DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years).

Note: In this report, non-jobseekers include everyone who is not classified as a jobseeker. In this table, non-jobseekers should be understood to include those defined as 'incapacitated' and 'other'.

The requirement to enter into one of a variety of work experience programs after 12 months on unemployment benefits means many jobseekers have their job search requirements reduced to a point where they are classified as non-jobseekers after 12 months.

Why has this happened?

The similarities and differences between the different NSA and YAO datasets from FaHCSIA and DEEWR suggest that different accounts of what happened are required to explain the behaviour of NSA and YAO recipients. Despite the complexities, it is possible to identify two key policies that have driven the increase in non-jobseekers on unemployment benefits.

The first, which largely affects NSA recipients, is the requirement to participate in work experience activities to help them develop their 'skills and experience work-like environments' after 12 months on unemployment benefits.²⁶ Work experience can include Work for the Dole, Green Corp, part-time study, casual employment, unpaid work experience, voluntary work, Drought Force, and employment or training programs that address barriers to work, including the lack of literacy or numeracy skills, health issues, homelessness, or interpersonal skills.²⁷ Work experience does not necessarily include job search requirements.

The requirement to enter into one of a variety of work experience programs after 12 months on unemployment benefits means many jobseekers have their job search requirements reduced to a point where they are classified as non-jobseekers after 12 months. As shown in Figure 4, there was a large increase in the number of jobseekers in 2008 as a result of the global financial crisis, followed by a large increase in the number of non-jobseekers approximately 12 months later. This increase in non-jobseekers is correlated with a substantial increase in the number and proportion of NSA recipients in undertaking education and training (see Table 3).

Table 3: Number and proportion of NSA recipients in education and training

Date	Total number of NSA recipients in education and training	Proportion of total NSA recipients in education and training (%)
Jul-09	53,418	10.1
Jun-10	95,962	16.9
Jun-11	108,671	20.5
Jun-12	119,526	21.7

Source: DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years).

However, the rapid increase in the number and proportion of non-jobseekers on YAO requires an alternative explanation. This can be explained by the range of initiatives affecting eligibility for YAO, dubbed the *Jobs and Training Compact*, most of which came into effect in July 2009. Of particular interest was the requirement for YAO recipients who had not finished Year 12 or its equivalent (Certificate II) to engage in education and training to reach the minimum level of education. This was coupled with tougher penalties for YAO and NSA recipients who failed to meet workforce participation requirements, like attending a job interview with their employment service provider. Failure to meet these requirements led to penalties equivalent to one work day of their basic rate of payment, and 'intentional and persistent failure' to meet mutual obligation requirements resulted in an eight-week non-payment period.²⁸

Table 4: Number and proportion of YAO recipients in education and training

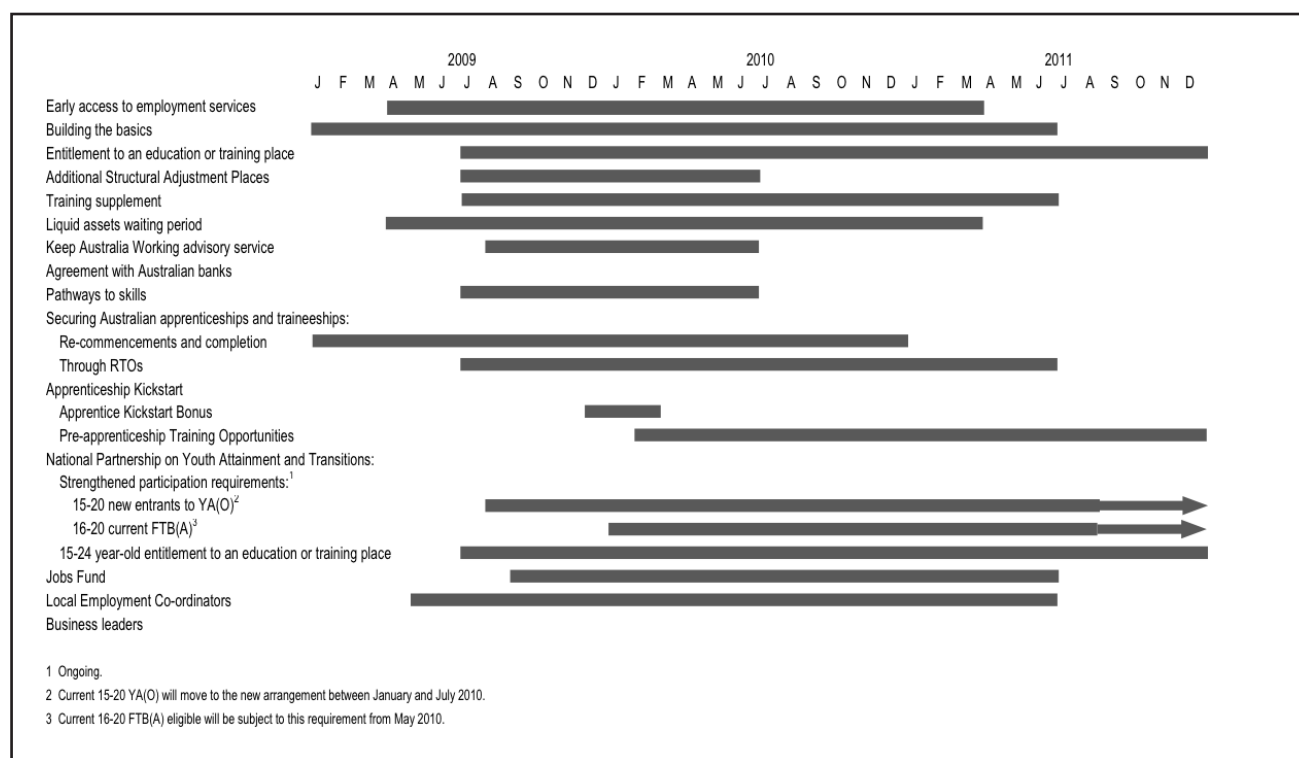
Date	Total number of YAO recipients in education and training	Proportion of total YAO recipients in education and training (%)
Jul-09	8,835	10.9
Jun-10	24,780	29.1
Jun-11	25,416	30.4
Jun-12	28,971	35.9

Source: DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years).

Tougher eligibility and enforcement measures were combined with increased payments for NSA and YAO recipients to undertake an education or training course, through the Training and Learning Bonus, and the training supplement. The Training and Learning Bonus was a \$950 cash payment on top of regular welfare payments for people who commenced an approved course of study between 1 January 2009 and 30 June 2010. The bonus was paid in addition to the existing Education Entry Payment of \$208, for a total cash payment of \$1,158 for commencing an education or training course.²⁹ During the course, some NSA and PP recipients (low skilled unemployed people without a Year 12 or equivalent qualification) were eligible to receive a \$41.60 per fortnight training supplement in addition to the bonus. The effect of the bonus and the supplement was to increase the unearned income of an eligible participant by \$65 per week for those undertaking a six-month course, and \$43 a week for a 12-month course.³⁰ Figure 5 shows the range of employment measures introduced by the government in the aftermath of the global financial crisis to address unemployment in Australia.

However, the rapid increase in the number and proportion of non-jobseekers on YAO requires an alternative explanation. This can be explained by the range of initiatives affecting eligibility for YAO, dubbed the *Jobs and Training Compact*.

Figure 5: Timeline for Jobs and Training Compact measures



Source: DEEWR (Department of Education, Employment and Workplace Relations), *Jobs and Training Compact Evaluation Strategy 2009 to 2011*, Employment Monitoring and Evaluation Branch (Canberra: DEEWR, October 2010).

In short, the claim that more education is always better for everyone is false.

The efficacy of more education and training

Policymakers confronted with the problem of finding jobs for people with low or no employable skills often look to improve these individuals' skills sets with more education and training—in other words, by skilling the unskilled. Additional education and training for the long-term unemployed is politically popular. Governments like it because it allows them to look like they are doing something; the unemployed like it because it avoids having to get a job; and educators like it because it increases demand for their services. While basic literacy and numeracy skills are important, both to the individuals receiving them and to future employers, if people have not acquired these skills by the age they are allowed to leave school, they are unlikely to learn new skills by undertaking more schooling. The question is whether more education and training is the best use of an otherwise unemployed person's time and of taxpayer dollars.

Early school leavers (i.e. those who have completed school to Year 9 or less) have very poor workforce participation rates compared to those who have achieved higher levels of learning.³¹ Furthermore, young people who have finished Year 12 find a job faster than those who do not, which would improve their lifetime incomes as they spend less time out of work.³² This has translated into advocacy for increasing the number of years of compulsory education and for increased Year 12 or equivalent retention rates.

However, the main problem is that some people face marginal diminishing returns from additional education and training. In short, the claim that more education is always better for everyone is false. Generally, completing Year 12 improves lifetime incomes and workforce participation, but for some individuals the costs of staying in school another year exceeds the benefits of getting a job or even looking for a job.³³ For some people, more school, education or training does not always lead to better outcomes—and can sometimes make them worse off.³⁴

In the absence of changes in school practices, mandatory extensions of schooling might be seen as asking a sub-group of non-academically oriented students to do more of what has so far served them badly. This might not have the anticipated positive results for these groups.

— Ralph Lattimore, *Men Not At Work* (2007)

For example, one study found that if high ability students finished Year 12, their earnings increased by 2.2% in the early years of their career, but the full-time earnings of low ability students who stayed on and finished school rather than leaving at Year 10 decreased by 3.2%.³⁵ As the Productivity Commission's Ralph Lattimore states:

If they (early school leavers) have failed to develop adequate numeracy or literacy or have been alienated by school cultures prior to year 11, then the value of further investments are likely to be reduced.³⁶

Outcomes for students of low ability directly affect the outcomes of the government's Jobs and Training Compact, as more early school leavers on unemployment benefits, particularly YAO, are required to complete Year 12 or its vocational equivalent (Certificate II) as a condition of receiving income support payments. Given the dubious nature of the benefits of further skills for some early school leavers (particularly those with low abilities), forcing people to stay in education and training (where they do not have to look for work) for longer could have a negative impact on their lifetime incomes if the additional education and training is unsuccessful in improving their employability.

What does this mean?

At present, there is a general lack of information about the efficacy of the government's measure to increase the amount of education and training that welfare recipients receive. Superficially, it is understandable to think that more education and training, work experience, or other job relevant mutual obligation requirements, and consequently, the increase in the number of non-jobseekers are good things. If people can improve their job-relevant skills sets, it is reasonable to conclude that their likelihood of staying on welfare indefinitely should reduce as their job prospects improve. In effect, it is a win for government, a win for taxpayers, and a win for individual jobseekers. However, things are not working out as neatly as hoped. There are a number of consequences that are not necessarily beneficial to anyone.

For starters, it seems the reforms are a key factor driving the number of long-term welfare recipients on unemployment benefits. The problem is that many people in education and training, or those undertaking other activities, are not required to look for work while on welfare and will stay on welfare for longer. This is reflected in the sustained growth in the number of long-term recipients of YAO, and the number of years some NSA recipients are staying on the payment.

It also means the unemployment rate is artificially lower than it otherwise would be because jobseekers who would otherwise be looking for work, and therefore unemployed, are no longer counted in the unemployment statistics—they are now non-jobseekers who are not looking for work because they are undertaking education and training.

The problem is that many people in education and training, or those undertaking other activities, are not required to look for work while on welfare and will stay on welfare for longer.

Our analysis suggests that subsidised public sector employment programmes are relatively ineffective, whereas job search assistance and related programmes have generally favourable impacts, especially in the short run. Classroom and on-the-job training programmes are not particularly effective in the short run, but have more positive relative impacts after two years.

— David Card, Jochen Kluve, and Andrea Weber³⁷

People who are not required to look for work will stay on welfare for longer.

Increase in long-term welfare dependency

With more people in education and training, more people have been exempted from job search requirements, and as a result, are classified as non-jobseekers. People who are not required to look for work will stay on welfare for longer. While it is difficult to separate the effects of the global financial crisis from changes in government policy, we would still expect to see increases in the proportion of long-term unemployment benefit recipients (people who have been receiving unemployment benefits for more than a year) above and beyond pre-GFC levels.

This is evident in Table 5, where the proportion of long-term recipients on YAO has increased to 59%—well beyond pre-GFC levels of around 51%. However, the same cannot be said for the proportion of long-term NSA recipients, which hovered around 60% from 2004 to 2008, fell to less than 50%, and recovered to just more than 61%. It is clear there was a substantial increase in the proportion of long-term recipients on YAO, and we need to look at NSA in more detail.

Table 5: Long-term NSA/YAO recipients as a proportion of total recipients

Date	Proportion of long-term NSA recipients	Proportion of long-term YAO recipients
Jun-04	0.61	0.52
Jun-05	0.60	0.52
Jun-06	0.60	0.51
Jun-07	0.60	0.50
Jun-08	0.60	0.49
Jun-09	0.49	0.44
Jun-10	0.57	0.53
Jun-11	0.61	0.55
Jun-12	0.61	0.59

Source: DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years).

The FaHCSIA data (Table 6) breaks down the long-term NSA figures into more detail; in 2011, there were fewer short-term NSA recipients (<1 year) than in any previous year.³⁸ There are also increases in the proportions of NSA recipients who have been on the payment for between 1 and <2 years, between 2 and <3 years, and between 3 and <4 years compared to pre-GFC levels. So while there has been relatively little change in the overall proportion of long-term NSA recipients when comparing pre-GFC figures to post-GFC figures, more people are staying on welfare for longer. The relative fall in proportion to those on unemployment benefits for longer than three or more years and the decline can be explained by the influx of new recipients onto NSA in 2008 and 2009.

Table 6: Breakdown of long-term NSA recipients

	< 1 year	1 to < 2 years	2 to < 3 years	3 to < 4 years	4 to < 5 years	5 years and over
Jun-02	41.2	16.6	9.3	8.6	5.5	18.8
Jun-03	39.7	15.1	10.2	6.6	6.9	21.6
Jun-04	39.1	14.7	9.4	7.1	5.0	24.7
Jun-05	39.9	14.4	8.8	6.4	5.2	25.2
Jun-06	38.2	14.6	9.0	6.3	4.8	27.1
Jun-07	38.3	14.0	9.1	6.2	4.7	27.7
Jun-08	39.0	14.3	8.6	6.2	4.5	27.4
Jun-09	50.2	13.5	7.6	4.8	3.5	20.4
Jun-10	40.1	21.8	9.3	5.5	3.6	19.7
Jun-11	37.3	17.4	13.9	6.9	4.3	20.2

Source: FaHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs), *Income Support Customers* (various issues).

While the global financial crisis led to increased short- and long-term unemployment, the impact of government policy changes should not be discounted as a factor in the increasing long-term welfare dependency in Australia. There is similar evidence that work-for-the dole schemes have a negative effect on job search because such schemes may lead to the reduction or cessation of job search by participants, or undermine the type of job search undertaken.³⁹ This does not necessarily mean that work-for-the dole, work experience, or other activity test requirements are a bad thing; rather, people should be looking for work in addition to other mutual obligation activities like work-for-the-dole and education and training. A corollary of this issue is that the large number of long-term unemployment benefit recipients is undermining the public perception about NSA and YAO being short-term payments for people between jobs.

Consequences

A significant campaign is underway to increase the base rate of unemployment benefits by \$50 a week for singles.⁴⁰ Members of Australia's welfare lobby argue that NSA is no longer a short-term payment as it was intended to be, but a long-term payment that some people use for many years. Table 6 shows this is true for some people but not for many others. More than 30% of NSA and YAO recipients move off benefits within three months, and more than 70% within 12 months (see Table 7), despite more than 60% of NSA recipients having been on the payment for more than a year.

Table 7: Expected percentage of people exiting income support

	2012–13	2013–14	2014–15	2015–16	2016–17
Within three months					
Newstart Allowance	32	30	30	30	30
Youth Allowance	33	34	34	35	35
Within 12 months					
Newstart Allowance	75	74	75	75	75
Youth Allowance	71	70	70	69	69

Source: DEEWR (Department of Education, Employment and Workplace Relations), *2013–14 Portfolio Budget Statement*, Table 2.3.5A, Program 3.5 Key Performance Indicators, 86.

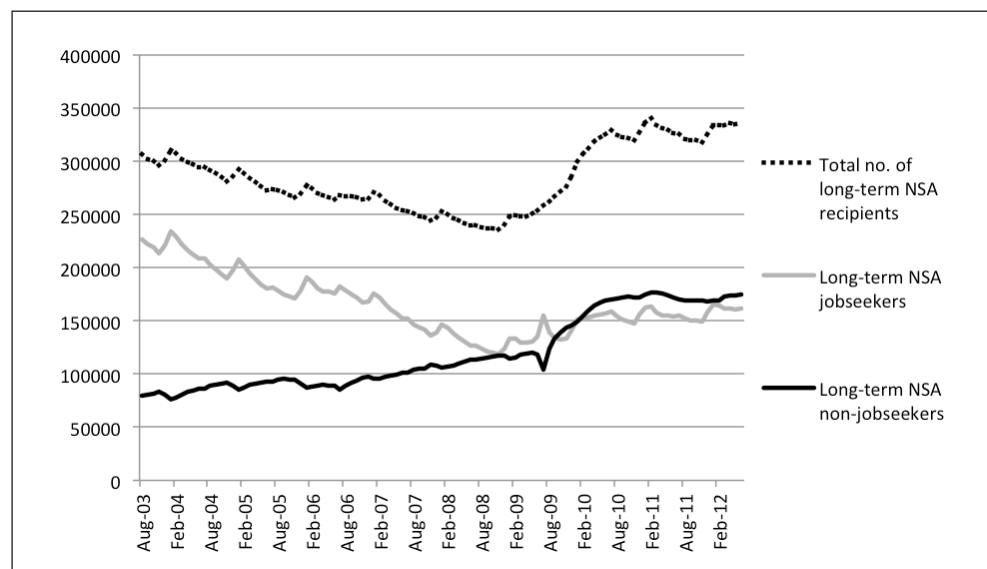
Note: These indicators take into account recent legislative changes—for example, the recent reforms to Parenting Payment.

The large number of long-term unemployment benefit recipients is undermining the public perception about NSA and YAO being short-term payments for people between jobs.

Given the relatively low rate of payment for NSA (approximately \$35 per day) compared to the Age Pension (around \$56 per day), NSA can act as a long-term poverty trap because some short-term discretionary items become long-term essential items (e.g. car registration and insurance, haircuts and dry cleaning). As a result, some organisations, including the Business Council of Australia, argue that the low rate of NSA acts as a barrier to work, which in turn keeps more people on the payment for longer.⁴¹

While long-term dependency on unemployment benefits has increased, leading to calls to increase the base rate of NSA and YAO, changes in government policy have played an important role in driving the increased number of long-term recipients of unemployment benefit (particularly YAO), not the relatively low rate of payment of unemployment benefits.⁴² Therefore, claims from the welfare lobby and other organisations for increasing the base rate of NSA because of the large number of long-term recipients on NSA are overblown. One of the key reasons for more people on unemployment benefits for longer periods is that many of them do not have to look for work.

Figure 6: Long-term NSA recipients, jobseekers and non-jobseekers



Source: DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years).

Changes in government policy have played an important role in driving the increased number of long-term recipients of unemployment benefit (particularly YAO), not the relatively low rate of payment of unemployment benefits.

Hidden unemployment following the global financial crisis?

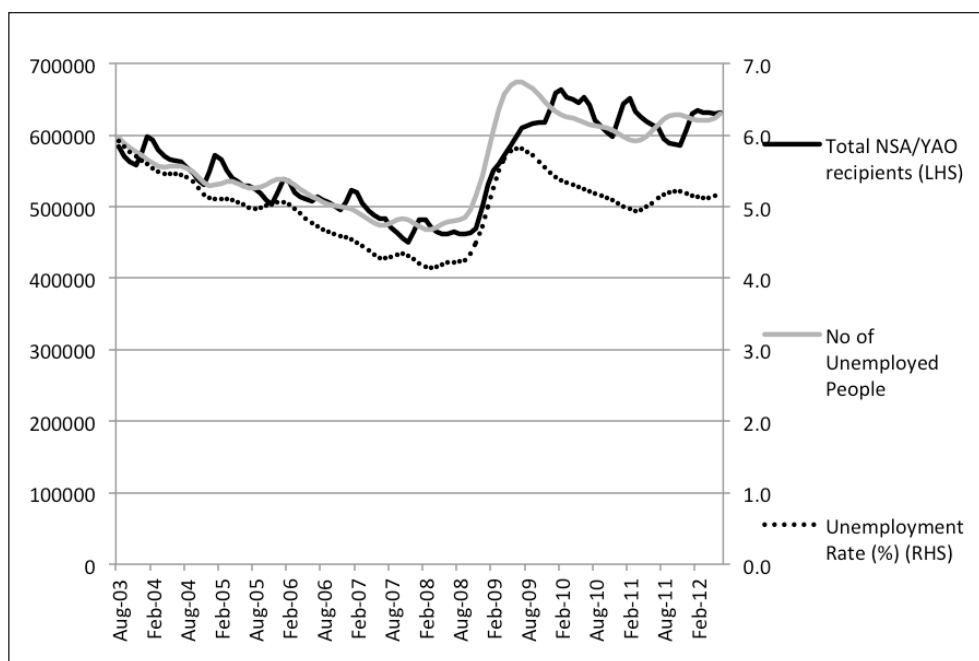
With more people on unemployment benefits not looking for work, there is good reason to expect a degree of hidden unemployment in the Australian economy, that is, people who would be classified as unemployed in the labour force data are not included because they are not looking for work.⁴³

There are some issues arising from comparing ABS unemployment data and the DEEWR unemployment benefits statistics. First, the ABS data reflect a much broader group of unemployed people because eligibility for NSA and YAO is income and asset restricted. This means some more well-off people who do not meet the income or assets tests are counted as unemployed but excluded from NSA or YAO statistics.

Second, some people on NSA or YAO earn an income while on unemployment benefits, and therefore, may be either unemployed, underemployed or not in the

workforce at all. If they belong to either of the latter two categories, they would not be included in the unemployment figures.⁴⁴ The different definitions of unemployment between DEEWR and ABS somewhat explains the relationship between the number of people on unemployment benefits, the number of unemployed people, and the unemployment rate.

Figure 7: NSA and YAO recipients (RHS), unemployed persons (RHS), and unemployment rate (trend) (LHS), 2003–12



Source: DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years); ABS (Australian Bureau of Statistics), *Labour Force, Australia, March 2013*, Cat. No. 6202.0, Table 01.

Note: Total NSA/YAO figures only include those who received a payment.

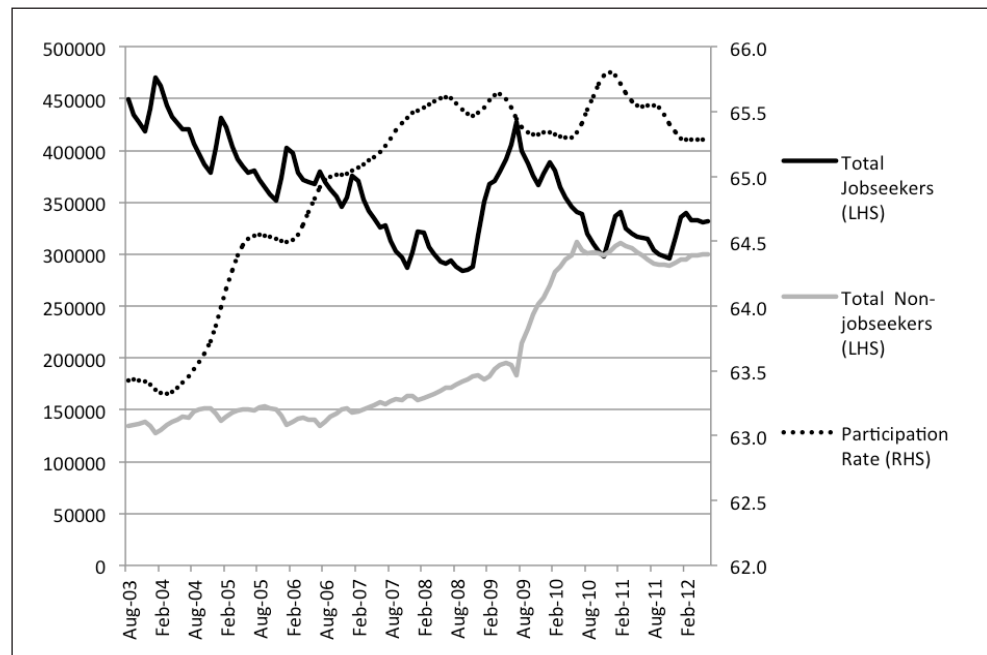
As seen in Figure 6, despite their different cohorts, the total number of NSA and YAO recipients and the total number of unemployed people are similar pre- and post-GFC. However, post-GFC, there has been increasing divergence between the number of unemployed people and the number of people on unemployment benefits, and the unemployment rate.

One explanation for the low unemployment rate during the global financial crisis is the decrease in the aggregate monthly hours worked by Australians, so instead of losing their jobs people reduced the number of hours they worked, while retaining their jobs. ABS data show that during the global financial crisis (September 2008 to September 2009), the aggregate full-time hours of Australian workers fell by 38.8 million hours, while the number of part-time hours worked increased by 9.9 million hours.⁴⁵

However, from July 2009 onwards, Australia experienced a mini-recovery. As the economy enjoyed the tail end of the mining boom, there was strong growth in the number of employed people (more than 220,000) combined with reduced number of unemployed people (by around 60,000). This fall was preceded by a reduced participation rate, from a high of 65.6 in June 2008, falling to 65.3 in September 2009, rising to 65.8 by December 2010, and falling again to 65.3 in July 2012.

One explanation for the low unemployment rate during the global financial crisis is there was a decrease in the aggregate monthly hours worked by Australians, so instead of losing their jobs people reduced the number of hours they worked, while retaining their jobs.

Figure 8: Jobseekers, non-jobseekers and the participation rate, 2003–12



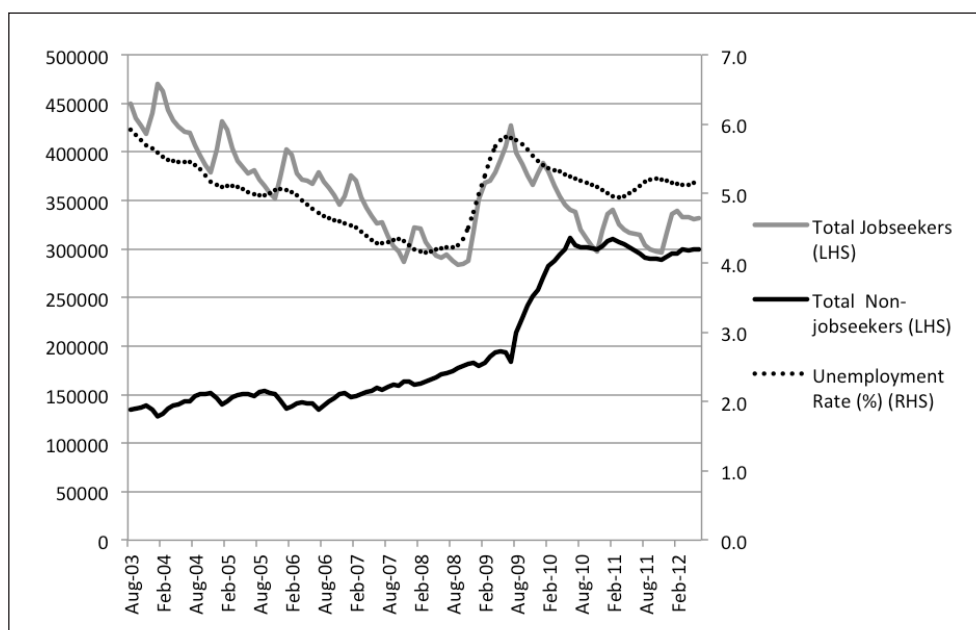
Source: DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years); ABS (Australian Bureau of Statistics).

Disentangling the effect of government policy changes and their impact on the number of unemployed people, the number of jobseekers and non-jobseekers on unemployment benefits, the unemployment rate, and the participation rate is difficult given the range of variables affecting the data. However, there is a clear correlation between the change in the number of people on unemployment benefits and the unemployment rate, but establishing causation is much more difficult. Figure 9 shows the strong relationship between the unemployment rate and the number of jobseekers on unemployment benefits, a relationship that seemed to diverge after July 2009, when there was a marked uptick in the number of non-jobseekers on unemployment benefits, which in turn would have affected the unemployment rate because they are not necessarily required to look for work.

In 2011, the effect of slower employment growth on unemployment was moderated by a decline in the labour force participation rate, the proportion of the population in work or wanting to work. Had this decline in the labour force participation rate not occurred, the rate of unemployment at the end of 2011 would have been 6% instead of 5.3%.

— Professor Jeff Borland, University of Melbourne⁴⁶

Figure 9: NSA and YAO jobseekers, non-jobseekers and the unemployment rate (trend)



Source: DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years); ABS (Australian Bureau of Statistics), *Labour Force, Australia, March 2013*, Cat. No. 6202.0, Table 01.

Given the sheer number of people classified as non-jobseekers on unemployment benefits, it is worth estimating the potential impact of an increase in the number of people on unemployment benefits who would otherwise be unemployed.

The number of people classified as non-jobseekers increased by approximately 115,000 from July 2009 to June 2012. There was an increase in the number of ‘incapacitated’ people on unemployment benefits, accounting for around 30,000 of this increase. Conservatively, because there were anywhere between 30,000 and 60,000 non-jobseekers on unemployment benefits who were not looking for work and not included in the unemployment rate, the unemployment rate would have reduced by 0.2% and 0.5% between July 2009 and June 2012.⁴⁷

Other factors

This report focuses on the rise in the number of non-jobseekers on unemployment benefits as a result of government policy to try to raise awareness and increase public attention towards the large numbers ‘non-jobseekers’ receiving unemployment benefits. This has affected the overall number of people on unemployment benefits, the number of people on unemployment benefits in the long term, and the unemployment rate.

However, other factors have added to this already complex situation and it is difficult to disentangle them.

Hysteresis is one of those factors. Following a short-term increase in unemployment rates there tends to be sustained increase in the unemployment rate.

Conservatively, because there were anywhere between 30,000 and 60,000 non-jobseekers on unemployment benefits who were not looking for work and not included in the unemployment rate, the unemployment rate would have reduced by 0.2% and 0.5% between July 2009 and June 2012.

While there are many additional factors affecting the growing number of non-jobseekers and long-term welfare recipients, the rapid rise in the number of non-jobseekers on welfare should be attributed to government reforms that came into effect from 1 July 2009.

It can be the result of people who already have jobs and negotiate higher salaries with their employers as the economy recovers, reducing the capacity of these employers to hire new people.⁴⁸ This is exacerbated by people staying unemployed for longer and becoming less employable over time, atrophying employable skills sets and prolonging unemployment spells.⁴⁹

Furthermore, evidence of hiring policies shows active discrimination in some US companies against the long-term unemployed, and in some cases, against those who are simply unemployed.⁵⁰

It could be argued that NSA and YAO are no longer strictly unemployment payments because reforms to other payments like PP and DSP have seen people who would otherwise be on those payments move onto NSA and YAO.

For example, tougher eligibility requirements for PP that came into effect in 2006 that saw more people on PP move onto NSA, and reforms to DSP saw more people stay on NSA for longer.⁵¹ Similar reforms to PP effective from the beginning of 2013 have seen more than 80,000 PP recipients move onto NSA.⁵² Reforms to DSP introduced in 2011 and 2012 also kept more people with a partial capacity to work on NSA for longer.⁵³

In effect, NSA has evolved into a general safety net or default payment for people who do not qualify for other payments—along the lines of an ad hoc or de facto universal payment.

While there is a trend in Australia towards a universal payment like in the United Kingdom, NSA is still primarily a payment for those looking for a job and have at least a partial capacity to work.

People who are incapable of working because of a disability can receive DSP. Parents of young children receive PP and family tax benefits, carers of people with disability or the elderly receive Carer Payment, and the elderly receive the Age Pension.

Although Australia is on the path to universal payment, we are not there yet; having large numbers of non-jobseekers on unemployment benefits cannot be dismissed as part of this trend.

Another possible factor affecting the number of non-jobseekers is the large and growing proportion of NSA recipients classified as ‘mature age’ (aged 55 and over) with different activity tests and mutual obligation requirements.

At June 2012, there were nearly 100,000 ‘mature age’ NSA recipients, and around half of this group had been unemployed for more than two years.⁵⁴ Unlike other jobseekers, mature age jobseekers can meet their activity test requirements ‘if they undertake at least 30 hours per fortnight of approved voluntary work, paid work (including self-employment) or a combination of the two’.⁵⁵

In effect, the easier activity test requirements for mature age jobseekers serve as a concession for the tougher job market they face, but at the cost of discouraging older people from re-entering the workforce.⁵⁶ There is a danger that this concession keeps more people on welfare for longer.

While there are many additional factors affecting the growing number of non-jobseekers and long-term welfare recipients, the rapid rise in the number of non-jobseekers on welfare should be attributed to government reforms that came into effect from 1 July 2009, pushing many welfare recipients into education and training.

Recommendations

Although it is a good thing to ensure that welfare recipients are kept busy through mutual obligation activities—education, training, or work-for-the-dole—they will remain on welfare for longer if they are not required to look for work while undertaking these activities. There needs to be a reduction in the number of non-jobseekers receiving unemployment benefits. Meeting activity test requirements that do not

include job search is no longer enough. Everyone on unemployment benefits who has at least a partial capacity to work should be looking for work in addition to fulfilling existing activity test requirements.

For example, when people who have been on unemployment benefits for longer than 12 months enter their mandatory work experience phase, they should still be required to apply for at least four jobs per fortnight, in addition to their work experience obligations. This will ensure that all people on unemployment benefits are actually unemployed and that people in education and training are looking for opportunities to supplement their income through work. There needs to be a general requirement that all people on unemployment benefits should be required to look for work, including those in education or training, perhaps with temporary exemptions for those who cannot work but are not eligible for DSP.⁵⁷

The data on non-jobseekers are a confusing mess. Given that hundreds of thousands of people on unemployment benefits are classified as non-jobseekers, this is one area in dire need of review and reform to ensure greater clarity. The OECD has called for reform in the collection of jobseeker and non-jobseeker statistics:

A better statistical overview should be developed, distinguishing benefit recipients in terms of their participation requirement status and provider-registration and suspension status (some benefit recipients are not registered with a provider, and some are registered with a provider but are suspended from the provider's active caseload).⁵⁸

Greater clarity regarding participation requirements would help inform the policymaking process with the aim of improving welfare-to-work outcomes. At the very least, the large numbers of non-jobseekers on unemployment benefits warrant government review.

Conclusion

An OECD report aiming to provide greater analysis and attention to this issue states: 'The non-jobseeker population on an unemployment benefit is so large that it needs more analysis and attention.'⁵⁹ This report attempts to provide greater analysis and attention to this issue.

The remarkable growth in the number of non-jobseekers on unemployment benefits since July 2009 was the result of government policy changes purportedly aimed at skilling the unskilled, but which had the additional effect of taking tens of thousands of people out of the workforce.

This no doubt had some impact on Australia's low unemployment rate in the aftermath of the global financial crisis. Without taking into account the impact of the growing number of non-jobseekers on unemployment benefits, it is not possible to accurately assess the government's economic record after the global financial crisis.

At the very least, there are now significant numbers of people on unemployment benefits who are no longer considered to be unemployed. In effect, the unemployed are being hidden on unemployment benefits, and this has reduced the unemployment rate in Australia since 2009 by anywhere between 0.2% and 0.5%.

While we may think it is good to have more people, particularly early school leavers, in education and training, this is not necessarily prudent. The claim that more education is always better for everyone is false; for some people, more time spent in education rather than working can make them worse off than they otherwise would be.

There are many factors affecting the number of people on unemployment benefits and the length of time they spend on unemployment benefits, but the large numbers of non-jobseekers on unemployment benefits are a problem that has received little attention to date.

There needs to be a general requirement that all people on unemployment benefits should be required to look for work, including those in education or training, perhaps with temporary exemptions for those who cannot work but are not eligible for DSP.

There is a need to ensure that everyone on unemployment benefits with at least a partial capacity to work is looking for work in addition to fulfilling their normal mutual obligation requirements.

It would no doubt come as a surprise to many that hundreds of thousands of people who are notionally unemployed, receiving unemployment benefits, and meeting mutual obligation requirements are classified as ‘non-jobseekers’. There needs to be an overarching government review of the growing number of non-jobseekers on unemployment benefits, and what these people are doing on unemployment benefits.

The current Labor government often points to its record on unemployment as evidence of its good economic management during and after the global financial crisis. Given the substantial increase in the number of non-jobseekers on unemployment benefits following changes in government policy, the government’s claims as good economic managers should be treated with much scepticism.

Endnotes

- 1 Wayne Swan, Second Reading Speech, *Appropriation Bill (No. 1) 2012–13* (8 May 2012).
- 2 This is particularly evident in the United States. For details see Chana Joffe-Walt, *Unfit for Work: The Startling Rise of Disability in America*, Planet Money (National Public Radio, 2013).
- 3 It can be argued that having non-jobseekers on unemployment benefits is more transparent, and therefore, better than having unemployed people on disability benefits. However, given the lack of public awareness on the large numbers of people on unemployment benefits and exempt from job search requirements, the benefits of this transparency are negligible at present.
- 4 DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, 2013). See the explanatory notes, glossary and appendix for more details on the definitions of ‘jobseeker’ and ‘non-jobseeker’.
- 5 See www.dhs.gov.au for details on payment rates.
- 6 DHS (Department of Human Services), Youth Allowance, website.
- 7 ABS (Australian Bureau of Statistics), *Labour Force, Australia, May 2013*, Cat. No. 6202.0.
- 8 DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments*, as above, tables 2 and 3.
- 9 See the glossary of *Labour Market and Related Payments* (as above) for definitions of terms. The explanatory notes outline in greater detail the changes to the definition of ‘job seekers’ over time.
- 10 FaHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs), *Guide to Social Security Law*, ‘3.2.9.10 Activity Testing for NSA/YAO Jobseekers—Suitable Activities—Overview’ (Canberra: FaHCSIA, 2013).
- 11 FaHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs), *Guide to Social Security Law*, ‘3.2.8.60 Unsuitable Work’ (Canberra: FaHCSIA, 2013).
- 12 In Australia, it is possible to have a disability and not be eligible for the disability pension. The DSP is for people who have a permanent disability and assessed as being incapable of working at least 15 hours a week within two years. People who are incapable of working at least 15 hours a week but expected to recover within two years are not eligible for DSP and will receive NSA or YAO instead.
- 13 See the glossary, explanatory notes and appendix of DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* for details on the definitional differences between ‘jobseeker’ and ‘non-jobseeker’.

- 14 Moreover, if the definitional change was responsible for all the changes in the number of jobseekers and non-jobseekers on NSA or YAO, it would mean that the existing requirements for NSA recipients to undertake work experience activities after 12 months on benefits, and for YAO recipients to undertake education and training, were not effective in increasing the number of non-jobseekers despite this being the specific intention of these policies.
- 15 DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, various years).
- 16 There is a modest upward trend in the number of non-jobseekers from July 2006 to June 2009. This can be attributed to the Howard government's 2006 welfare reforms that toughened the eligibility criteria for DSP, meaning that more people with mild disability were on NSA instead of DSP. Given their disability, they were likely to have been excluded from job search requirements.
- 17 DEEWR (Department of Education, Employment and Workplace Relations), *Labour Market and Related Payments: A Monthly Profile* (Canberra: DEEWR, 2013).
- 18 FaHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs), *Guide to Social Security Law*, '3.2.11 Activity Test for NSA/YA Job Seekers—exemptions' (Canberra: FaHCSIA, 2013).
- 19 DEEWR (Department of Education, Employment and Workplace Relations), DEEWR Question No. EW0167_11, Senate Standing Committee on Education Employment and Workplace Relations, Questions on Notice, Budget Estimates 2010–2011.
- 20 As above, DEEWR Question No. EW1130_12, Senate Standing Committee on Education Employment and Workplace Relations, Questions on Notice, Additional Budget Estimates 2011–2012, states that approximately 77% of all income support recipients with an exemption from activity tests or participation requirements were on NSA. Data are for August 2012.
- 21 FaHCSIA (Department of Families, Housing, Community Services and Indigenous Affairs), *Income Support Customers: A Statistical Overview* (Canberra: FaHCSIA, 2011), 41.
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About the Author

Andrew Baker is a Research Fellow at The Centre for Independent Studies. Before joining the CIS, Andrew worked in a policy research and advisory capacity for several members of the Australian Senate. He has a master's degree in Public Policy and Management from the University of Melbourne and a BA (Hons) in Philosophy from Monash University.



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PO Box 92, St Leonards, NSW 1590 Australia • p: +61 2 9438 4377 f: +61 2 9439 7310 e: cis@cis.org.au