

Is a higher rate of JobSeeker a disincentive to work?



Our experience is that this is simply not true.

The vast majority of people want to work. A small cohort legitimately cannot seek or maintain employment but are ineligible for other payment types, while only a tiny group of people 'play the system'.

It is wrong to design a punitive system for the majority based on the behaviour of a small minority. A low rate is actually acting as a barrier to work through hindering the ability of people to present themselves well or maintain readiness to work.

The Claim

A common objection to raising the rate of JobSeeker and associated payments is that an income support payment to cover the essentials is a disincentive to seeking work.

This was most recently raised by the Prime Minister who told the Sydney radio station 2GB (29 June 2020) that the government could not allow the JobSeeker unemployment benefit – effectively doubled for six months until September – “to become an impediment to people going out and doing work, getting extra shifts”. The Prime Minister cited “a lot of anecdotal feedback from small businesses, even large businesses, where some of them are finding it hard to get people to come and take the shifts because they’re on these higher levels of payment”.

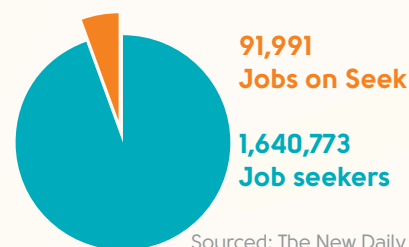
Evidence

People are looking for work

Despite claims that people aren't looking for work, the National Skills Commission reported that only 3% of 2,324 businesses surveyed said they were having – or expected to have – difficulty recruiting staff due to a lack of applicants. In addition, jobs portals Seek and Indeed both report a marked increase in job search and application activity. This is despite the mandatory requirements of mutual obligation, to apply for up to 20 jobs a month, being relaxed during COVID-19.

“I hope to study and to find more permanent work.”

- Hassan, JobSeeker



The jobs just aren't there

For those who are actively looking for work, suitable jobs are in short supply. According to the ANZ measure of job ads, employment ads were down 42% (over 60,000) from February to July 2020. There are 12 Australians on unemployment payments for every 1 vacancy. This does not include those seeking work but not receiving payments which can push the figure up to 18 for every vacancy.

