

Senate Standing Committee on Education Employment and Workplace Relations

QUESTIONS ON NOTICE

Inquiry into the adequacy of Newstart and other allowance payments and other matters

Senator Siewert asked on 17 September 2012, Hansard page 6-7.

Question

Senator SIEWERT: How many are cycling through? You cover insecure and temporary work—and I have a range of questions there—but how many are cycling in and out within secure work? You talk about the 13 and 26 weeks. How many people are going through? We will get to the 60 per cent versus the 62 per cent who are still on Newstart, because that is again very confusing for people. I understand the point-in-time stuff. But how many are cycling on and off? Do you track that?

Senator SIEWERT: So from your longitudinal data can you tell us how many people in a year would be going off and on?

Answer

The Department has analysed movement on and off Newstart payment by examining data regarding all people who were receiving Newstart Allowance at 1 July 2011 and identifying how many additional 'episodes' each individual experienced in the subsequent 12 month period.

All of these people were receiving Newstart Allowance on 1 July 2011 and this is referred to as their initial episode. An additional episode occurs if there is a break in receipt of Newstart Allowance, which is where a person's Newstart Allowance is cancelled for at least one day, and the person then starts receiving Newstart Allowance again. It is noted that the design of the payment means that a person can have a "Nil Rate" of payment and still remain on Newstart (e.g. due to a compliance penalty period or under the rule of being able to have up to six consecutive fortnights on "nil rate" while on short term employment income) and this does not show as a break in receipt of Newstart allowance in the data and analysis.

The results of this analysis are presented in the table below.

Movement on and Off Newstart Payment: 1 July 2011 – 30 June 2012

Total Recipients at 1 July 2011	558,439	(100%)
Initial episode only	454,881	(81.5%)
1 additional episode	90,518	(16.2%)
2 additional episodes	11,408	(2.0%)
3 additional episodes	1,372	(0.2%)
4 or more additional episodes	260	(less than 0.1%)

In summary, there were 558,439 people receiving Newstart on 1 July 2011. Of these, 81.5 per cent did not have a movement off and back onto payment within the twelve month period, so either they left payment and did not return to Newstart or they were on Newstart for the full twelve month period.

The vast majority of the remainder (16.2 % of the total) returned to Newstart once having left and a relatively small number moved off and back onto Newstart more than once during 2011-12.

The analysis also considered whether there was a longer pattern of movement on and off Newstart Allowance payment for an individual recipient. This helps to address questions such as: whether someone who moved on and off payment in 2011-12 had a history of movement on and off; whether movement was more likely after a period on payment; or whether someone with no movement in 2011-12 had previously had no movement on and off payment. This further analysis examined how many of the 558,439 people receiving Newstart on 1 July 2011 also had additional 'episodes' in the *previous* 12 month period, that is, 1 July 2010 to 30 June 2011. Out of the 558,439 people receiving Newstart on 1 July 2011:

- 374,952 people (67%) had only the initial episode and no additional movement on and off Newstart between the two year period 1 July 2010 and 30 June 2012 (which means that they either left payment after 1 July 2011 or remained on payment until June 2012 without movement).
- 70,432 (13%) had only their initial episode in 2010-11 but did have additional episodes of moving off and back onto Newstart in 2011-12.
- 79,929 (14%) had additional episodes in 2010-11 but did not move off and back on to payment again during 2011-12.
- Only 33,126 (6%) moved off and on payment in both 2010/11 and 2011/12.

The data show that only a small proportion (6%) of the people receiving Newstart on 1 July 2011 experienced a pattern of episodic receipt of Newstart over this two year period.