

INTERVIEW WITH IAN HAMM (FIRST NATIONS FOUNDATION) - 7/10/2020

Connection Matters Radio (CMR):

Over the past several weeks on Connection Matters Radio, I've been speaking with Yorta Yorta man, Ian Hamm, from the First Nations Foundation. Last week, we discussed superannuation for Aboriginal and Torres Strait Islander people and the crucial need for young people to start planning now for their future financial independence. Ian, welcome back to the program.

Ian: Morning, Charles.

CMR: Ian, I'll first touch on the reality of the gap that exists between First Nations people and non-First Nations people that are currently retiring. According to the First Nations Foundation superannuation website, the disparity is pretty startling when it comes to retiring with super support, and it states that 73% of indigenous men, as opposed to 100% of non-indigenous men are retiring with super. And there's a similar, although not as dramatic a gap when it comes to women, with 61% of indigenous women not having super support and 72% for non-indigenous. What are some of the prime factors that have led to this fairly dark stage?

Ian: So Charles, you have to go back quite a long way to see where the genesis of this is. So what you found traditionally is that Aboriginal people have mostly been, in decades prior, have been in transient employment. That is they're in low paying jobs that were only over a limited period of time, and then people having to move on to another job. Or if they wanted to increase their wage, moving on to another job.

The upshot of all that movement means is people were never in the one place with the one super fund long enough to be able to build up an amount of money, or invest in their super, which would give them enough coverage over a long period of time.

The other part of it is too, a lot of people worked in jobs that simply didn't provide superannuation. What you find with a lot of transient, low paid jobs, fruit picking, for example, or where you find people are having to move around interstate, for example, for employment, superannuation just isn't part of the employment package that people were a part of.

So people would be employed casually, or they'd be on a temporary basis. That's why you had this just disparity of those who have super and those who don't. And the other part of that is not withstanding that people have super, you find there is a gap between the Aboriginal communities level of superannuation, and at the non-Aboriginal communities level of superannuation.

So for example, a non-Aboriginal person might have \$150,000 in superannuation, an Aboriginal person will have \$80,000 in superannuation. So while yes, that figure of 71% of Aboriginal men might have super, the amount of super substantially lower than their non-Aboriginal counterparts.

CMR: There are some parallels that can be drawn from what you've just been talking about to the current economy. And we yarned about this a bit yesterday, and that is the gig economy. More and more people, including myself,

are working instead of being full-time employed by an organisation, they're going from gig to gig.

How does that work? And how does that bode for the future of our young Aboriginal and Torres Strait Islander people, more and more of whom by the way, are finding spaces in universities and coming out with quite significant degrees and experiences?

Ian: What this does is change the very dynamic or the notion of what employment is, and that's particularly happened over the past 20 years since the year 2000. People coming out of university, when I finished tertiary education or entered the workforce in the mid '80s, a person of my age at that stage was projected to have seven jobs across five sectors.

Now my son, he's 19, he's in his first year of university, he's projected to have something like 17 jobs across something like 10 sectors, something like that. That's an expression of how much young people move around. You know, the superannuation system was built on the premise that a person stays in the one job for a long time. Hence you had employer provided superannuation.

What this means for young people now is that in superannuation, they actually have to be responsible for their super not their employer. So the government has recently introduced employee transferable superannuation. That is, it follows you around to whatever job you go, and becomes your default super not your employer's superannuation scheme becoming your superannuation.

In a wider sense. What this means for young people in the economy is that lack of surety of employment. There is that lack of surety, that inability to, if you like, project in the very long term.

So housing for example is one of the impacts, is that a bank looks to, what is your security of income over the next 10 years? If we're going to loan you half a million dollars to buy a house. Now with the gig economy, you can't look 10 years into the future because nobody holds a job for 10 years these days.

CMR: So it seems the responsibility really is on the person entering the workforce to initiate their own super and take that with them from either job to job, or gig to gig?

Ian: Exactly, exactly. It leads to inconsistent levels of superannuation contribution. It can lead to times where you just don't have any superannuation contribution because the amount you're earning is inconsistent.

You can be in one job for a year where you're earning X number of dollars. And so at the moment, 9.5% of that goes into super. And the next 12 months you could be earning Y amount of dollars, which is significantly lower, so the 9.5% going in is substantially less in cash terms than it was the year before.

So there's an inconsistency in what goes into superannuation as well, which means, I guess, in the bigger sense that that has an effect on your annual dividend which is reinvested into your super, which ultimately has an effect on the superannuation that you collect when you go to retire.

CMR: So what should young people, or even older people, look to do as a first course of action, if they're looking to stay or enter into the gig economy?

Ian: The first thing you do in terms of super is in your very first job identify a

superannuation fund that will give you the best return over the longest time. Now they're usually the not-for-profit ones, or the industry super funds. I'm not plugging those in particular, but they over time have been shown to have the best return on superannuation.

And then always make sure that you are aware of what your superannuation fund is. You have the identification numbers for it. So every time you go to a job, you go onto a payroll, you have those details to give to your employer. So part of your income goes to your super.

If you can afford to put additional money into a super, you should do it, because that builds up over time. The more money you put into it, the younger you are, the more it will build and multiply over time. The more you'll have for your retirement years.

CMR: Ian, we'll have to leave off on the superannuation topic right now, although there's obviously much more that can be spoken about. We do want to spend a couple of minutes talking about the budget that was handed down by Josh Frydenberg last night.

There's already been criticism levied against the budget from various sectors, including the National Aboriginal and Torres Strait Islander Legal Service, which has come out to say that a failure to provide additional funding for legal assistance services, along with the recent cuts to JobKeeper and JobSeeker payments, will see Aboriginal and Torres Strait Islander people, and I quote here, "Entrenched in poverty, and further dragged into the criminal legal system."

Ian, what are some of your observations of the budget that was handed down?

Ian: My first observation is this is a budget that's a response to an immediate problem. So I'm not surprised that they didn't have a lot in there for, if you like,

social programs, or those which relieve long-term disadvantage, such as that faced by Aboriginal people.

I hope that the government's overall budget strategies, that the budget next year in May, delivers a lot more to the very programs which have been identified as not being properly resourced, such as JobKeeper and JobSeeker, such as programs to support Aboriginal people not to come into contact with the criminal justice system.

I'm hoping the May budget next year does that. If it doesn't, it would fail to actually resource the reframed Closing the Gap framework, which was launched with much fanfare only a couple of months ago.

CMR: Ian, are there any positives at all from your perspective that came out of the budget, for our people that is?

Ian: I think there is some indirect positives for us. So the focus on getting young people into employment, given the disproportionate population bubble we have of young people who are Aboriginal, I think possibly there. I also think the focus on supporting small businesses Aboriginal people have got into the economy.

But having said that, for both of those you need specific focus within those bigger budget targets, specifically directed at the Aboriginal population, if you're actually going to make or build advantage for our people to participate in the economy. Just simply saying, "Aboriginal people are part of the general wider pool," that has been shown time and again to fail to address the specific needs of Aboriginal people who are trying to get into the economy.

CMR: And you mentioned before Closing the Gap. Ken Wyatt, the Federal Minister for Aboriginal Affairs announced \$46.5 million over four years would be allocated to support Aboriginal and Torres Strait Islander community controlled

organisations to build capacity towards Closing the Gap. What are your thoughts on that?

Ian: As I said, Charles, I hope that's just a precursor to a significant budget strategy in the May budget next year, because \$46.5 million over four years, which is \$11 million a year for the entire Aboriginal sector is not a lot of money.

In fact, it's going to probably have a very minimal impact when you think capacity is not only at the service delivery end, it's at the administrative and the governance ends of our organisational sectors, as they expand in the services they need to deliver in an increasingly complex world.

It's not a lot of money. I hope it's a precursor to a much, much greater injection of funds, not only for the capacity of Aboriginal organisations in the May budget next year, but the whole Closing the Gap framework. And I'm talking hundreds of millions of dollars over the budget forecasts.

CMR: Ian, I've already noted to call you in May next year, and discuss the budget then, and see if any of your hopes and aspirations have actually come true. Thanks so much, indeed, for joining me on Connection Matters Radio. I am sure without a shadow of a doubt, we'll be speaking again soon.

Ian: Always a pleasure, Charles.

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