



care DIGNITY
respect
change HOPE

Pathways to participation

An Anglicare Australia submission to the:
Social Security Budget Measures Inquiry of
Community Affairs Legislation Committee

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About Anglicare Australia

Anglicare Australia is a network of over 40 independent local, state, national and international organisations that are linked to the Anglican Church and are joined by values of service, innovation, leadership and the faith that every individual has intrinsic value. Our services are delivered to one in 45 Australians, in partnership with them, the communities in which they live, and other like-minded organisations in those areas. In all, over 13,000 staff and more than 7,000 volunteers work with over 420,000 vulnerable Australians every year delivering diverse services, in every region of Australia.

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Table of Contents

An Anglicare Perspective	4
Income adequacy and workforce participation	4
Living on incomes that are too low.....	4
Pathways to employment.....	6
A safety net and fairness	7
Measures.....	7
Conclusion.....	11
Attachments	12

An Anglicare perspective

The Anglicare network consists of member agencies that have grown from Anglican communities around the country which are committed to providing social services and support where they are needed, in a setting free of judgement and conditions, underpinned by an essential Christian precept that values every person.

Anglicare Australia is not alone in holding fast to the view that an affluent society such as ours owes its citizens adequate income security, and in return expects to benefit from a richer and more productive community and workforce. Nor are we alone in reminding all engaged in the public debate that the way we understand the contribution people make to our society reaches well beyond the narrowing notions of profits and wages.

Income adequacy and workforce participation

It is a truth universally acknowledged that the best form of participation is a job. It is an undeniable fact however, that not everyone has or can have a job at any one time, no matter what they do or where they go. And so two streams of debate inform our response to these Budget measures: what is an adequate income and how we can create the most effective pathways into employment?

To many people these may appear to be the same thing. And they are, at least in this context, irrevocably intertwined. But we need to understand them both separately and how they impact on each other in order to fund effective policies and programs or set the correct priorities.

Living on incomes that are too low

In advocating on behalf of the most disadvantaged Australians, Anglicare Australia draws on evidence from the Anglicare network and from pertinent national research.

[*When there's not enough to eat*](#) is a recent national survey on food insecurity among Anglicare emergency relief recipients [Attachment A]. Key findings were:

- that people living on the lowest incomes, such as the Newstart and Youth Allowance, do not eat well and many regularly go without meals despite the deploying of numerous strategies in order to protect themselves and especially their children
- for many people trying to maintain some attachment to the workforce, dealing with inflexible and often unexpected housing, transport, health, education and utilities costs, food becomes the only discretionary expenditure
- that the impact of food insecurity on people's everyday life can be profound and include the loss of social connection, a sense of shame, increased anxiety and physical ill health.

[Going Without: Financial Hardship in Australia](#) is an analysis of household income and expenditure commissioned from the National Centre for Social and Economic Modelling (NATSEM) by Anglicare Australia, UnitingCare Australia, Catholic Social Services Australia and the Salvation Army [Attachment B]. Its key findings in regard to people on the lowest benefits, such as Newstart and Youth Allowance, were:

- that one in six go without meals due to financial constraints
- that one in seven cannot afford to heat their home
- that half continuously live with housing stress, and significantly more of those in private rental housing (see comments on Anglicare Australia's annual *Rental Affordability Snapshot* below)
- that when basic expenditure—such as food, rent and transport—is taken into account, they have on average \$22 a day for relative necessities and discretionary items
- that people with Newstart and Youth Allowance as their main source of income spend 122% of their income; in other words their circumstances are continually becoming more difficult.

Anglicare Australia's annual [Rental Affordability Snapshot](#) is a survey of private rental dwellings on the market across Australia on a weekend each April [Attachment C]. While the number of properties available has increased in past years, the number affordable to people on these low incomes has not. The 2014 survey found that of 63,000 properties surveyed in regional and metropolitan Australia, despite the inclusion of all available allowances and rent assistance, there were only:

- 100 dwellings that were appropriate and affordable for a lone parent on Newstart Allowance
- 25 available for a single person on Newstart
- 12 available for someone living on the Youth Allowance (six in share houses and six alone).

Profound poverty undermines the capacity of people to participate in today's Australia. The impact on children—their self-confidence, engagement in education, sense of connection and belonging, health—is obvious. But it has a similar corrosive effect on parents, on people looking for work or education, on anyone trying to make a go of it. The evidence from our network, as above, is that people who are living on these lowest government benefits, Newstart and the Youth Allowance, are living in poverty, and increasingly so. The consequence is that the presumption of any improvement for them, the likelihood of sustainable and productive employment, is diminished.

There is a broader point to the inadequacy of government pensions and benefits. While the bulk of the Budget measures addressed in this submission relates to people who are nominally employable and their families, others affect aged and disability support pensioners. Most of the research and evidence discussed above also point to poverty and deprivation experienced by people living with disability and—to a lesser extent—those on the Age Pension. The exclusion which comes with poverty can be particularly severe for those already dealing with their own or a family member's disability or their infirmity and old age.

Anglicare Australia and its network members value every one amongst us. We welcome the contribution people make when they can, and recognise that such contributions come in many forms. We also understand that the capacity to participate can be especially precious to those living with disability and infirmity. There are Budget measures in these Bills which will accentuate poverty and exclusion for these people and make their participation more difficult still.

Pathways to employment

The most recent research paper commissioned by Anglicare Australia is [Beyond Supply and Demand: addressing the complexities of workforce exclusion in Australia](#) [Attachment D]. Produced by the Australian Centre for Community Services Research, *Beyond Supply and Demand* looked at evidence of the service delivery factors and approaches in the Anglicare network that provide the best employment pathways for disadvantaged job seekers.

The key finding is that the most effective approach is one which recognises the person—and their goals and ambitions—at the centre of exclusion and acknowledges their circumstances, and the barriers and challenges they face.

It's called a 'life-first' approach.

What that means in practice is that the programs surveyed give some agency to the person at the centre of the service, and recognise their strengths and motivations. They use a case management model based on individual needs, build strong links with local employers and other support services, and provide post-employment support, such as job coaching, mentoring, personal development and peer support.

Beyond Supply and Demand addresses issues at the heart of public debate on the link between income support and getting more people into work. There is a lot of comment in the media suggesting people don't try hard enough. Evidence from this report suggests that real jobs and individual support make the difference.

Most Australians have hopes and ambitions for their future, and many have profound attachments to their families and local communities. People out of work are no different. They want a 'normal' life too; a job and their own home. The pathways to that kind of security is an individual one; something which is not recognised in the Budget measures in this Bill.

Beyond Supply and Demand also provides a clear critique of the 'work-first' approach to employment programs and services, and argues that it is simplistic and counterproductive to presume that simply pushing the most disadvantaged job seekers to apply for jobs and training, whatever their capacity or the relevance of those activities, will result in increased participation.

What is particularly questionable is the presumption that cutting back on income support will, in any effective way, encourage people to find work.

The evidence from our network on the impact of poverty—as discussed above— is that it works against participation at all levels; it works against gaining employment, and it works against the development of the skills needed for people to make a substantial contribution to our social and economic wellbeing. Unfortunately, there are measures in these Bills, discussed in some more detail below, which do work against the ambition of all Australians to make such a contribution.

A safety net and fairness

The narrative that demonizes people on income support, and the nature of welfare itself, has a strong presence in and around key elements of this Budget.

The government argues for the need to cut costs in the short and long term, in order to shape more sustainable fiscal policy. The impact of many decisions encapsulated in these Bills will fall heavily on the least resilient, most disadvantaged and excluded members of society.

Linking the future, Australia's economic wellbeing, to the hardening of our national response to citizens on the margins is destructive. It runs counter to the belief that every one of us has a value. It implies that people who are reliant on the safety net are likely to be undeserving. It suggests we should distrust those who may need support.

As the discussion of poverty and pathways to employment above indicates, our social safety net and the associated participation measures can be fair and effective. There are community programs and initiatives in this Budget which are both. There are other initiatives however that are both unfair to the individuals affected and damaging to us all. We discuss some of those measures in more detail below.

Measures

Changes to indexation

[Bill 1, Schedule 3](#) & [Bill 2, Schedule 1](#)

This is a particularly mean initiative which removes the higher of two small options for increasing already very low payments. CPI-only indexation will mean a further increase in the gap between the quality of living standards of those on government benefits and the rest of the country, year by year. Exacerbating issues around inequality, the increasing divide will also put further strains on the social support system and further fragment society. Through maintaining low level benefits while real wages increase, we are effectively contributing to the establishment of an underclass over time from which people will be unable to extricate themselves. Measures such as this call directly into question presumptions around 'equality of opportunity'.

CPI-only indexation will not keep pace with the costs of housing which are already far outstripping government benefits. Increasing housing unaffordability further aggravates the issues of housing stress and the impacts those have on quality of life. Particularly for those on working age payments, and as demonstrated in the findings above, payment levels that are too low can prohibit moving off benefits.

Payments need to be set at an appropriate level that covers the basic costs of living; this includes indexation at a rate which keeps pace with an acceptable living standard. Given the CPI-only indexation measure will further exacerbate issues of inequality, it should be rejected outright with recommendations made to the contrary which include an indexation arrangement for payments that keeps pace with real wages and which allows for a frugal but decent standard of living.

Changes to Disability Support Pension

Bill 1, Schedule 4

Where there is capacity for people to work there should be encouragement for them to do so. However, consideration ought to be given to the additional challenges faced by people living with a disability even where there is capacity to work.

It is likely that there will be a number-however small-who will be moving from the DSP onto Newstart. Significant adjustment is required to live on a greatly reduced income. We have shown above what some of the impacts are for people living on low incomes and to have your income reduced by \$166 a week will be a major challenge. People who are unsuccessful in maintaining their DSP payment as a result of the review should be considered for transitional arrangements or phasing in of new payments given the degree of adjustment required.

Anglicare Australia also has concerns for narrowing of the Program of Support. Assuming that only Disability Employments Services, Job Services Australia and Australian Disability Enterprises have the requisite skills and abilities to work with people to prepare and retrain for participation in the workforce is overly simplistic. Firstly, limiting people's options will make it far more difficult for people to succeed when diversity and choice has been shown to be current best practice. The individualised approaches adopted by the NDIS, Aged Care reforms and the Families and Communities programs are increasingly evident of that. Secondly, community sector services, particularly those involved in the NDIS launch sites, have as much expertise, and often more, in working with people to plan for and commence re-engagement with the workforce. On many occasions Anglicare services have been the conduit through which Job Services Australia agencies have been able to successfully engage and place people in paid positions. Options should be retained to seek a Program of Support through non-government agencies on an individualised case-by-case basis should the individual wish to take them up and that the individual should be made aware that these options are available to them.

Six months without income support each year for unemployed people under 30

Bill 1, Schedule 6 & Bill 2, Schedule 9

The impact of a range of Budget measures on young people is startling.

They seem inspired by a notion that there are very many young people in receipt of the Newstart or Youth Allowance who are perfectly able to win employment or enrol in an education program, but are choosing instead to live comfortably enough on these allowances. While the assertion is often made that it is simply a question of being a lifter or a leaner, and that there is nothing to inhibit people from earning or learning, the reality-in our experience-is somewhat different, as analysis in *Beyond Supply and Demand* (Attachment D) indicates.

Anglicare Australia is confident that the committee will receive well informed and incisive submissions pointing out in detail the impact on the immediate lives of young people and their families of this measure, the long term consequences to their ambitions and achievements, and to the community fabric around them.

We also note there are a number of exemptions to this measure and that this number is growing. We lend our support to the coordinated case that has been made regarding young people who have grown up in

Out-of-Home Care, noting the desperate lack of family and community support they have to draw on, which becomes evident as soon as they pass into nominal adulthood.

More broadly, it would be very helpful for those of us working in this area if the committee could find out from government what outcomes it believes this initiative will deliver, and who the young people are that they are targeting. We remind the committee that outcomes-based funding is one of the goals this government has set, and point again to the evidence from our network of the approaches which do result in better outcomes [*Beyond Supply and Demand*, Attachment D].

Changes to Family Tax Benefit

Bill 1, Schedule 7 & Bill 2, Schedule 10

Family poverty is as complex as the payments which are meant to alleviate it. The Family Tax Benefit (FTB) system is mired with complexity and difficult for anyone outside of it to understand completely. However, families know, generally, exactly how much they will receive and can account for every dollar. It is important then, given the intention to alleviate and prevent poverty-particularly for children-that the changes made do not leave families worse off. There are a number of items within the two schedules relating to FTB that will achieve exactly that outcome, notably:

- freezing the value of payments for two years
- reducing the value of supplements and ceasing indexation
- limiting FTB Part B to families with children under 6 years of age
- for sole parents, replacing FTB B with a lower Sole Parent Supplement.

We have included an extract from the ACOSS briefing paper on the changes to the Family Tax Benefit. These are the recommendations around amendments to particular items and other items to be opposed.

Anglicare Australia endorses these recommendations.

Table 1. ACOSS Budget Bills Brief: Changes to Family Tax Benefit – Impacts and Recommendations

Measure	Impact	Legislation	Recommendation
Limit Family Tax Benefit Part B to families whose youngest child is <6 from July 2015	<p>Single income couples with older children lose the payment entirely (loss of \$58pw including supplement).</p> <p>Sole parents with older children up to 12 receive a smaller supplement of \$14pw per child (<i>see Single Parent Supplement below</i>)</p> <p>Around 630,000 families will be grandfathered at some point until 30 June 2017, after which transitional arrangements will end and approximately 500,000 families will lose eligibility.</p>	Bill No.2 – Schedule 10: Items 9 and consequential amendments to Items 1, 10, 12, 23(2) to (4)	Amend to retain eligibility for families with children between 6 and 13 years and to increase the Sole Parent Supplement (see below). If amendment not secured, the measure should be opposed.
Introduction of new Single Parent Supplement	<p>Supplement of \$14pw per child to be paid to sole parents with children aged 6-12 years.</p> <p>A sole parent with one child aged 6-12 years stands to lose \$37pw overall (gap between FTB Part B and new SPS for one child), despite the fact that costs of children increase as they get</p>	Bill No.2 – Schedule 10: Items 4, 16 and consequential amendments to items 2,3	Amend to extend eligibility to sole parents with children from 6 to 18 years (13-18 if the above amendment is passed), convert from per child to per family payment of \$74 per week (same as

	older.	23(5) and (6), 18, 20 and 22	the FTB Part B rate per family for youngest child under 6). This amendment would mean that no sole parent is worse off from the above Part B changes and that payments don't reduce when youngest child reaches 6 years (given costs of children increase as they age). If the amendment is not passed, the measure (Single Parent Supplement) should be supported.
Freeze Family Tax Benefits from 2014-16 (including max and base rates of Part A and rate of Part B)	Lower family payments, especially for low-income families.	Bill No. 1 – Schedule 7: Items 1-3	Oppose
Reduce FTB Part A supplements (annual payments)	Payments reduced from max of \$726 to \$600 p.a. per FTB Part A child and \$354 down to \$300 per family per annum for each FTB Part B family. Around 1.6 million FTB-A families with around 2.8 million children will receive around \$126 a year less per child in the first year of this measure. Around 1.4 million FTB Part B families will receive around \$54 a year less per family in the first year of this measure.	Bill No.2 – Schedule 10: Items 11, 15, 17 and 19	Oppose
Limit Large Family Supplement to families with four or more children	Families with three children, previously eligible, will miss out with measure to only be paid to 4 th and subsequent children. Around 258,000 families with three children will no longer be eligible for LFS and around 120,000 families with four or more children will not receive LFS for their third child.	Bill No.2 – Schedule 10: Item 13 and 14	- (More research needed on level of disadvantage in large families compared to smaller families and analysis of impacts.)

Termination of pensioner education supplements

Bill 2, Schedule 6 and 7

This is another Budget measure which rather pointlessly takes away an existing encouragement for people making do on a pension, or perhaps a part pension, to take on the extra challenge of study, and to improve themselves and their circumstances.

It is worth considering the implications here in the context of the proposed new HECS arrangements, which will make the burden of debt significantly higher than that faced by anyone who has finished their study, and significantly higher than the more affluent and advantaged would face.

There are some underlying inequalities in our society which the measures in this Budget substantially accentuate. In essence, this one does not save a lot of money, it hits people living on low incomes, and the outcome can only be to ensure fewer pensioners continue to study and those that do will face increased economic hardship.

Shifting people under 25 from Newstart to the lower Youth Allowance.

Bill 2, Schedule 8

Modelling of the Budget impact on this cohort (NATSEM Independent Modelling of 2014-15 Federal Budget) shows an income cut of \$2,871. For people already spending the bulk of their income on basics such as housing, transport, food and clothing, this will create very real hardship.

Most of us spend about a third of our disposable income on what passes for basics, a third on relative necessities such as child care, phones and computers, and a third on distortionary items such as holidays, drinks, games and outings. On that basis, this income cut of almost \$2,871 to the annual discretionary expenditure a person living on Newstart would be at least a \$25,000 cut to an average MP. It would be the equivalent of a \$47,000 cut for someone on the Treasurer's salary.

Except of course, things will be tougher again for this cohort, as almost two thirds of their income already goes on the basics alone.

Changing the retirement age

Bill 2, Schedule 11

The decision by government to reflect our changing life expectation and move the retirement age incrementally to 70 is understandable. However, there are complex issues that need to be addressed if this move is to be supported. Furthermore, taking the initiative now but delaying its implementation-as is proposed-may simply allow us all to avoid these complexities until it's too late to address them.

It would help if the committee explored both the department's and the government's take on equity here. For example, it should be possible to understand in some detail what kind of work the least affluent and less superannuated will be doing over the next 10 or 15 years; and whether or not they would be the ones to be more disadvantaged by the change in retirement age.

At the most obvious level, growth areas of employment for people with fairly low skills or education include aged and community care, cleaning and retail work. This is all work which has cumulative deleterious effects on the body. For many people who do work in these industries, it is hard to hold down a position even past 60.

There has been significant discussion in the public sphere about the need to keep older people actively engaged in the workforce, with one of the well-established challenges being workplace discrimination. By pushing out the retirement age for those for whom their existing work is unsustainable-and often painful-we may be sentencing them to increased poverty, frailty and demoralisation.

A broader analysis here would also be helpful. Government would be well aware of links between ill health, poverty and social isolation among people with a history of low paid, insecure work and/or unemployment. While the Age Pension, and for some the Disability Support Pension (DSP), is not a solution to these problems, it often provides some added security and improved wellbeing.

To simply push out the retirement age without working through its impact on the most disadvantaged members of our community is neither thoughtful nor constructive.

Conclusion

Our affluent society has a civic responsibility to ensure all people have access to an adequate income. Its absence works against participation at all levels: gaining employment; development of skills and capacity to make a significant contribution; it works against our collective economic wellbeing. Evidence from our network shows the impacts of poverty and that living on allowances, the lowest of government benefits, and to a lesser extent pensions, can have lasting impacts on individuals and families, resulting in diminished capacity for active participation. The government agenda for fiscal restraint here runs counter to its other agenda of workforce participation, with the combined impact of these Bills more greatly undermining the second than any gains made in the first can justify.

Attachments

Please find the following attached separately to this submission:

Attachment A—*When there's not enough to eat: State of the Family Report 2012 Vol. 2*

Attachment B—*Going Without: Financial hardship in Australia*

Attachment C—*Anglicare Australia Rental Affordability Snapshot 2014*

Attachment D—*Beyond Supply and Demand: addressing the complexities of workforce exclusion in Australia*