



care DIGNITY  
respect  
change HOPE

**Submission to the Senate Community  
Affairs References Committee Inquiry  
into the adequacy of Newstart and related  
payments and alternative mechanisms to  
determine the level of income support  
payments in Australia**

13 September 2019

*[www.anglicare.asn.au](http://www.anglicare.asn.au)*

## About Anglicare Australia

Anglicare Australia is a network of 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 Christian faith that every individual has intrinsic value. With a combined expenditure of \$1.59 billion, a workforce close to 20,000 staff and 9,000 volunteers, the Anglicare Australia Network contributes to more than 50 service areas in the Australian community. In all, 1 in every 20 Australians access Anglicare services throughout the year. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas.

Anglicare Australia has as its Mission “to engage with all Australians to create communities of resilience, hope and justice”. Our first strategic goal charges us with reaching this by “influencing social and economic policy across Australia...informed by research and the practical experience of the Anglicare Australia Network”.

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## Summary

For more than twenty years governments have failed to ensure that social security payments have kept up with the cost of living. The Anglicare Australia Network has for nearly the same amount of time documented how the most vulnerable in our community have borne the brunt of the harm caused by this government inaction, and we have repeatedly called for change<sup>1</sup>. In this, we are far from alone. In fact the situation is now such a crisis the public consensus on the need to raise Newstart and related payments is overwhelming<sup>2</sup>.

Anglicare Australia believes that a fair society is one where everyone can live a dignified life and participate in their community. People need adequate support while they study, while they look for work, while they look after their loved ones, and to support themselves if they have a disability. The evidence shows us that our view is one shared by the overwhelming majority of Australians, who believe that no-one deserves to live in poverty.<sup>3</sup> Yet Newstart and related payments are now so low they actually trap people in poverty.

Recently public debates about the inadequacy of Newstart and related payments have been distracted by the contention that work is the best form of welfare. But welfare exists explicitly to assist people who don't have a job. We must be therefore focused on whether social security payments are enough to live on and properly support a person while they look for work, particularly for people who have barriers to getting back into employment and thus need more time. They are also irrelevant for the many thousands of Australians with a disability who can't work, for students engaged in full-time learning, and people caring for children and other loved ones.

It is past time for the distractions to end, and the Australian parliament to legislate immediate increases to Newstart and related payments, and put in place mechanisms to ensure they never trap people in poverty again. We recommend:

1. An immediate increase to Newstart and related payments of \$96 a week<sup>4</sup> for single people.
2. The creation of an independent Social Security Commission, tasked with regularly reviewing the evidence on the cost of living including housing, and adjusting government income payments accordingly.

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<sup>1</sup> See for example Anglicare Australia (2015) [State of the Family Report – Who is being left behind?](#); and commissioned research from the National Centre for Social and Economic Modelling, (2012) [Going Without: Financial hardship in Australia](#); and (2015) [Living Standard Trends in Australia](#).

<sup>2</sup> Over 80 organisations support the immediate increase of Newstart and their calls have been echoed by the [Business Council of Australia, Reserve Bank of Australia Governor Philip Lowe, KPMG, and local governments](#).

<sup>3</sup> Anglicare Australia (2018) [The real story: What Australians think about poverty and how we shape the debate](#).

<sup>4</sup> Saunders, P., & Bedford, M. (2017) [New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians](#).

## Australia needs a strong safety net

### *Newstart and related payments are not short-term for most*

Australia's social security system is critical infrastructure for maintaining a strong and inclusive society, and its corrosion has had profound consequences. Despite two decades of uninterrupted economic growth, inequality in Australia is now the worst it has been in seventy five-years<sup>5</sup> and more than three million Australians live in poverty including more than 730,000 children<sup>6</sup>.

While people who are able to overwhelmingly want to work<sup>7</sup>, changes in the economy mean that an increasing number are reliant on Newstart or a related payment for long periods of time. With the number of people who are unemployed holding consistently around 700,000 for many years<sup>8</sup>, the proportion of people reliant on Newstart for a year or more has risen steadily<sup>9</sup>. Long-term unemployment is becoming entrenched for people on Newstart, with 64% of Newstart or Youth Allowance recipients receiving unemployment payments for more than a year, 44% for over two years and 15% for more than five years<sup>10</sup>. Policy changes to tighten access to the Disability Support Pension (DSP), which like Newstart is far too low to be able to live a decent life, has also seen a significant increase in the number of people with disability reliant on Newstart or Youth Allowance. As of September 2018, 24% of people on Newstart or Youth Allowance had a disability<sup>11</sup>.

Anglicare Australia's Jobs Availability Snapshot<sup>12</sup> shows that jobs simply aren't available or suitable for everyone that needs them, particularly for people with significant barriers to finding work. Our Snapshot shows that across Australia, there are typically at least four people competing for each low skilled, entry level job, and in some regions it is significantly higher. While major reform to employment services and investment in direct jobs creation are crucial to help the many people missing out on work, so is the Government providing an adequate so that people have the security and stability to undertake retraining and other steps to help them into the workforce over the long-term.

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<sup>5</sup> Sheil, C., and Stilwell, F. (2016) [The Wealth of the nation: Current data on the distribution of wealth in Australia](#).

<sup>6</sup> ACOSS and UNSW (2018) [Poverty in Australia 2018](#).

<sup>7</sup> Commonwealth of Australia (2018) [I Want to Work: Employment Services 2020 Report](#).

<sup>8</sup> Commonwealth of Australia data found at the [Labour Market Information Portal](#).

<sup>9</sup> Whiteford, P. (2019) [Are most people on Newstart unemployment benefit for a short or a long time](#).

<sup>10</sup> Australian Council of Social Services and Jobs Australia (2018) [Faces of Unemployment](#).

<sup>11</sup> Ibid

<sup>12</sup> Anglicare Australia (2018) [Jobs Availability Snapshot](#).

### ***Youth Allowance, Parenting Payments and the Disability Support Pension***

While much recent public debate has centred on Newstart, Anglicare Australia knows that related payments such as Youth Allowance and the DSP are also inadequate. There is nothing transitional about Youth Allowance, it is supposed to support people to engage with long-term study and retraining; yet Youth Allowance is set even lower than Newstart. A 2017 survey by Anglicare and the National Union of Students<sup>13</sup> found that students from the lowest income backgrounds without family resources to draw on and solely reliant on Youth Allowance were most likely to report severe financial stress. For those students engaged in employment, having to work many hours to survive has a significant impact on both their study and their overall wellbeing. The results once again demonstrate that government income support payments are far too low to cover the cost of living. This is consistent with the findings of Anglicare Australia's Rental Affordability Snapshot for the last 10 years – that there is virtually impossible for people on Youth Allowance to find affordable housing in the private rental market.<sup>14</sup>

Self-evidently, parenting is also not a short-term past-time. While the Parenting Payment is more than Newstart, it comes nowhere near the true cost of providing children with a good start in life and leaves single parents particularly vulnerable. As our research showed when we surveyed Emergency Relief clients, single parents are highly likely to be skipping meals and other essentials to try and feed their children enough and nutritious food<sup>15</sup>.

It should also be unnecessary to point out that for the vast majority, disability is not a passing phase, and people who qualify for the DSP need financial security and stability to be able to maintain health and wellbeing, and move from surviving to living. While the DSP is higher than Newstart, Parenting Payment and Youth Allowance, it is still far too low and leaves people with disability forced to manage in precarious and deeply stressful circumstances. People with disability face extra costs to navigate a world that is still profoundly unaccommodating and typically face higher costs to access services the rest of us take for granted. Not only should DSP be raised immediately, the recent callous tightening and restricting of access to DSP that has left thousands of people with disability forced onto Newstart should also be immediately reversed.

### ***Government income payments don't cover the cost of renting a home***

The cost of housing in Australia powerfully demonstrates how inadequate all government income payments have become. State and federal governments have allowed public housing stocks to dwindle, and instead compelled people on low incomes to rely on the private rental market. This has happened in a period where Australia has some of the most expensive housing in the world, and the result is that people on government incomes are entirely priced out of the rental market. Commonwealth Rent Assistance, as a way of topping up

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<sup>13</sup> Anglicare Australia and National Union of Students (2017) [Student Housing Survey](#).

<sup>14</sup> Anglicare Australia (2019) [Rental Affordability Snapshot](#).

<sup>15</sup> Anglicare Australia (2012) [State of the Family – When there's not enough to eat](#).

government income payments, has also failed to ameliorate the situation, and has simply become an overly complex and inadequate mechanism to address the housing crisis for people on government incomes.

For ten years, Anglicare Australia's Rental Affordability Snapshot has shown that renting a home in the private rental market in Australia is completely unaffordable for people on government incomes. In this year's Snapshot, for single people on Newstart only two properties of more than 69, 000 surveyed nationwide were affordable and appropriate. The situation was just as dire for people receiving the Parenting Payment, Youth Allowance, people on the DSP, and pensioners. It is only the personal resourcefulness and sacrifice of people on government incomes that is keeping a roof over their head; but the rising number of homeless Australians shows just how unjust and unsustainable such sacrifices are.

The effects on insecure housing and poverty are profoundly damaging. Families struggle to feed themselves and heat and cool their homes, adults go hungry in an effort to feed their children<sup>16</sup>, and young people miss out on formative extra-curricular and recreational activities. Evictions force families to move which disrupts job seeking and community support, and forces children to change schools, losing stability, friends and social connection. About fifteen percent of older Australians are renters, and they tend to be economically disadvantaged.<sup>17</sup> Many have no asset base and little or no savings, and there has been a sharp rise in the number of people over 55 on Newstart.<sup>18</sup> As a result, more older renters are in housing stress compared to the general population.<sup>19</sup> Anglicare Australia supports the announced government review into retirement incomes where trends should be recognised and addressed via reform to the Aged Pension, in addition to increases to Newstart and related payments.

Government investment to create an additional 500,000 homes through social housing<sup>20</sup> is essential to address Australia's housing crisis, but in the meantime people on government incomes cannot wait. Newstart and related payments must be lifted to cover the cost of renting.

### ***Ensuring Government Payments are regularly reviewed***

Twenty years of inaction is more than enough to show that the existing system of relying on governments to regularly review social security payments and ensure that they keep pace with the cost of living has failed. To put an end to this injustice, the level of government income payments such as Newstart should be set independently, just as the minimum wage and politicians' wages are determined.

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<sup>16</sup> Anglicare Australia (2012) [State of the Family Report – When there is not enough to eat, volume 2](#)

<sup>17</sup> Productivity Commission (2015) [Housing Decisions of Older Australians](#).

<sup>18</sup> See, for example: [Number of older Australians on Newstart growing by 10,000 a year](#).

<sup>19</sup> Productivity Commission (2015) [Housing Decisions of Older Australians](#)

<sup>20</sup> See the [Everybody's Home](#) campaign.

Anglicare Australia recommends the creation of an independent Social Security Commission that would regularly gather and analyse evidence to recommend and set appropriate levels of government income payments<sup>21</sup>. This reform measure would help ensure no Australian reliant on Newstart or other income payments is consigned to poverty, and our research shows Australians strongly support it<sup>22</sup>.

## Conclusion

Poverty is a major factor in family breakdown, a source of trauma, and a barrier to children and young people living in stable and loving homes, and stops thousands of people achieving their best lives. Receiving Newstart and Youth Allowance now presents the biggest risk to living in poverty in this country. Trapping millions of Australians in poverty weakens communities and undermines economic wellbeing for all. Newstart and related payments were designed to provide a safety net Australians to maintain their capacity to contribute to their families and communities. They are all now so low they fail to perform their core function, and they must be raised immediately.

The New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians report by UNSW's Social Policy Research Centre<sup>23</sup> provides comprehensive and contemporary information on the basic costs of living. It is on this basis Anglicare Australia calls for an immediate increase of \$96 a week for singles to Newstart and related payments.

Anglicare Australia once again calls for the creation of an independent Social Security Commission. It is incumbent on the parliament now to create such a mechanism so that it can ensure we do not fail Australians for so long again. To become the society we know Australians expect<sup>24</sup>, we need to take real action to ensure everyone has a fair and decent quality of life and a liveable income.

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<sup>21</sup> Anglicare Australia (2019) [Submission to the House of Representatives Standing Committee on Social Policy and Legal Affairs: Social Security Commission Bill 2018](#).

<sup>22</sup> The Australia Institute (2013) [Survey results. Anglicare Australia welfare payment levels](#).

<sup>23</sup> Saunders, P., & Bedford, M. (2017) [New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians](#).

<sup>24</sup> Survey research conducted for Anglicare Australia's 2018 State of the Family Report: [The real story: What Australians think about poverty and how we shape the debate](#).