



**Submission to the Senate Community Affairs
Reference Committee**

**Adequacy of Newstart and related payments
and alternative mechanisms to determine the
level of income support payments in Australia**

13 September 2019

AN AUSTRALIA THAT VALUES AND SUPPORTS ALL CARERS

ABOUT CARERS AUSTRALIA

Carers Australia is the national peak body representing the diversity of Australians who provide unpaid care and support to family members and friends with a:

- disability
- chronic condition
- mental illness or disorder
- drug or alcohol problem
- terminal illness
- or who are frail aged

Carers Australia believes all carers, regardless of their cultural and linguistic differences, age, disability, religion, socioeconomic status, gender identification and geographical location should have the same rights, choices and opportunities as other Australians.

They should be able to enjoy optimum health, social and economic wellbeing and participate in family, social and community life, employment and education.

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CARERS AUSTRALIA'S POSITION

Carers Australia strongly supports calls for the Federal Government to raise the rate of Newstart and the Youth Allowance.

The notion that an unemployment support payment that is well below the poverty line¹ is adequate to meet the essentials of daily living, is difficult to comprehend in a country which has prided itself for so long as “the land of the ‘fair go’”. While this sentiment may not have been embodied in the treatment of all groups of Australians at all times, it has always been a national aspiration. Indeed, the Australian Values Statement, which must be endorsed by everyone applying for Australian citizenship, includes as a core value “compassion for those in need”.²

In a country noted for high energy costs and increasingly high housing costs, even some supplementation for energy costs and rent do little to cover the costs of staying warm or cool, running necessary household appliances and having a roof over one’s head. The affordability of unsubsidised medical needs, education and transport costs further compound the issue.

While unsustainable levels of poverty affect a diverse range of Australians, we are acutely aware that one-in-four people on Newstart has a disability and that disability may be a barrier to finding suitable employment.

We are also aware that many unemployed people on Newstart who are providing care for people with disability, chronic illness, mental illness or who are frail aged, may not meet the strict criteria which would qualify them for the Carer Payment.

The 14th largest economy in the world³ should be able to do better than this for its socio-economically disadvantaged people who are unable to access other sources of income, whether in the short or the long-term.

¹ Newstart is \$277.85 a week. The poverty line in Australia is around \$430 a week for a single person with no children. University of Melbourne, Melbourne Institute: Applied Economics & Social Research, Poverty Lines: Australia March Quarter 2019.
https://melbourneinstitute.unimelb.edu.au/_data/assets/pdf_file/0009/3121686/Poverty-lines-Australia-March-Quarter-2019.pdf

² Australian Government, Department of Home Affairs, Immigration and Citizenship, Australian Values Statement, <https://immi.homeaffairs.gov.au/help-support/meeting-our-requirements/australian-values>

³ World Economic Forum, The Global Competitiveness Report 2018, <http://www3.weforum.org/docs/GCR2018/05FullReport/TheGlobalCompetitivenessReport2018.pdf>

The Government's dismissal of the call to raise the Newstart rate on the grounds that "the best form of welfare is a job"⁴ is totally unacceptable against a background where job vacancies are significantly lower than the number of people on a Newstart payment.

Nor is the statement that Newstart is simply a short-term transition payment until people can find work, an adequate response. An Australian Council of Social Service (ACOSS) report has identified that, in March 2018, 64 per cent of Newstart recipients had been on the payment for more than a year, 44 per cent for over two years and 15 per cent for more than five years.⁵ Among the cohorts who find it particularly hard to find and engage with secure paid work are sole parents, Aboriginal and Torres Strait Islanders and people born in countries where English is not the primary language. The one-in-four people on Newstart who have a disability, but do not qualify for the Disability Support Pension, also struggle to find suitable employment.

One group of people who should also be added to the list of disadvantaged job seekers at risk of long-term unemployment are current and former carers of people with disability, chronic illness, psycho-social disorders and the frail aged.

Many unemployed carers who provide substantial care, but not the constant care which would qualify them for the Carer Payment, are on the Newstart Allowance or the Youth Allowance. They are in a similar position to primary parents of children (including especially sole parents) who have many constraints on their ability to find and keep jobs. They need to work in close proximity to the people who they care for in order to provide support. They need employment which will allow them to take leave at short notice to respond to unexpected caring responsibilities. These special circumstances can limit their employment options and also impact on their capacity to meet Newstart's mandatory job seeking requirements.

Long-term carers who have given up employment to care, face special problems when their caring journey ends. Carers who have contributed the most hours and years of care are least likely to be in a position to transition with ease to the job market. In 2015, over 25 per cent of primary carers surveyed by the Australian Bureau of Statistics (ABS) had been caring for between five and nine years and 28 per cent had been caring for between 10 and 24 years.⁶

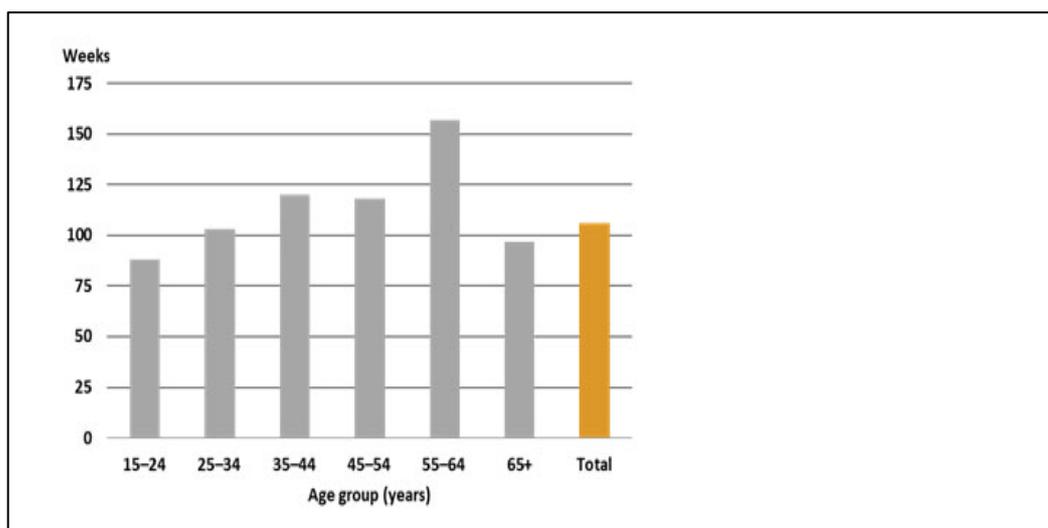
⁵ ACOSS, Faces of Unemployment, September 2018, p.4 https://www.acoss.org.au/wp-content/uploads/2018/09/ACOSS_JA_Faces-of-Unemployment_14-September-2018_web.pdf

⁶ Australian Bureau of Statistics (ABS), Survey of Disability, Ageing and Carers (SDAC), 2015 <https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/4430.02015?OpenDocument>

This is because many carers will be particularly ill equipped to find employment after years out of the workforce. They often have a severely attenuated and interrupted work history and no current referees. In many cases their previous qualifications for different kinds of work have lapsed. The jobs they previously had may not exist anymore or have radically declined in number. They may need financial assistance to acquire the basics required for applying for a job, including an appropriate wardrobe and transport costs. It is likely to be a very long time since they went to a job interview (if ever). They will likely need substantial training in new workplace technologies, software and practices.

Bearing in mind that 45 per cent of primary carers are between the ages of 40 and 65, these former carers will also share the fate of other older jobseekers who encounter particular barriers to their employability.⁷ These include discrimination from potential employers due to their age, perception that they are nearing retirement, or are likely to have age related health issues that prevent participation in the workplace.

Median duration of job search for the long term unemployed by age, Jun 2018⁸



It is not surprising then, that carers generally remain dependent on income support for a very long time after their caring role has diminished or ceased. According to the 2017 Valuation Report for the Australian Priority Investment Approach to Welfare, around two thirds of those on Carer Payment who are projected to exit from the Payment over the next

⁷ The Benevolent Society (2017), The Drivers of ageism. https://d3n8a8pro7vhmx.cloudfront.net/benevolent/pages/393/attachments/original/1538977350/Ageism_Full_Report_Final.pdf?1538977350

⁸ Australian Parliamentary Library, Vandenbroek P., Long-term unemployment statistics: a quick guide. https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp1819/Quick_Guides/LTUnemployed

⁸ Department of Social Services

10 years will move on to another income support payment, and a substantial proportion of them will move onto a working age payment.⁹

⁹ Department of Social Services, *Australian Priority Investment Approach to Welfare - 2017 Valuation Report*, pages 102-3, <https://www.dss.gov.au/review-of-australias-welfare-system/2017-valuation-report>

RECOMMENDATIONS

Carers Australia supports the recommendations of the Australian Council of Social Service (ACOSS) to this Inquiry, with respect to raising the rate for Newstart and rent assistance and indexation arrangements.

Recommendations 1-3

- 1. Maximum rates of Newstart, Youth Allowance and related payments ('Allowance Payments') for all single people, including single parents, should be raised by a minimum of at least \$75 per week with indexation. This urgent catch up increase to the base rate should commence as soon as possible and apply to:**
 - Newstart Allowance (including the single parent rate)
 - Youth Allowance (away-from-home rates)
 - Austudy Payment;
 - Abstudy Payment;
 - Sickness Allowance;
 - Special Benefit
 - Widow Allowance
 - Crisis Payment.
- 2. The above Allowance Payments (for both singles and couples) should be indexed twice per year to movements in a standard Australian Bureau of Statistics measure of wage levels (before tax), as well as movements in the Consumer Price Index.**
- 3. Maximum rates of Rent Assistance should be increased by 30% (currently a \$21 per week increase, in the case of a single adult without children). Current indexation arrangements (6 monthly CPI indexation) should be reviewed as part of a broader review of the supplement to ensure it reflects movements in rents and is responsive to local housing market conditions.**

We also support the ACOSS recommendation to establish an independent Social Security Commission to provide expert advice to Parliament on the settings for securing an adequate level of support to meet the necessities of a decent life for the most vulnerable and disadvantaged Australians. Such determinations should be above partisan politics.

Recommendation 4

A Social Security Commission should be established by legislation to provide independent expert advice to the Parliament about the setting of social security payment rates (including income support, family payments, and other supplements), covering adequacy, means test settings, indexation, and accessibility (including waiting periods

Carers Australia is on the record as opposing the compulsory introduction of cashless debit cards for those on income support¹⁰.

Recommendation 5

Social security payments should be paid (as they traditionally have) as cash entitlements without restriction on how people spend the money unless they volunteer to divert funds for a particular purpose (such as paying rent).

¹⁰ Carers Australia Submission to the Senate Standing Committee on Community Affairs, Inquiry into the *Social Security Legislation Amendment Bill 2015*.