

Committee Secretary
Senate Standing Committees on Community Affairs
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Parliament House
Canberra ACT 2600
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Re: Submission into the Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia

Dear Committee Secretary,

Positive Life NSW (Positive Life) welcomes the opportunity to provide a submission into the Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia.

Positive Life is the state-wide peer based non-profit organisation that speaks for and on behalf of people living with and affected by HIV (PLHIV) in NSW. We provide leadership and advocacy in advancing the human rights and quality of life of all PLHIV, and to change systems and practices that discriminate against PLHIV, our friends, family and carers in NSW.

Background:

At Positive Life, we believe that the Australian government has responsibility to support equity, fairness and support for all Australians in need of assistance. The gap between living standards of Australians who are not on support allowances compared to those receiving support allowances has grown steadily over the last few decades and continues to climb. This is unacceptable, and something that is well within the power of the Australian federal government to remedy, by increasing the Newstart allowance to a liveable weekly rate and then increasing twice per year in line with wages growth. It is apparent that the policy framework for Newstart is not translating to effective outcomes and objectives for Australians who are most in need, and we perceive this is by design. Notwithstanding, the Senate's inquiry into the adequacy of Newstart and related payments is an apt opportunity to reform the model of Newstart allowance to a more supportive, equitable and fair model.

Positive Life agrees with the report commissioned by the Australia Council of Social Service (ACOSS) delivered by Deloitte Access Economics (Deloitte) in September 2018, that the rationale to increase Newstart allowances is that it hasn't risen in line with national living standards since 1994 due to being indexed to prices rather than wages while living standards are dominated by wages, and wages grow faster than prices over time. As such, Newstart has decreased as a portion of average wages, median wages, the minimum wage, and the age pension.¹ Consequently, even though Newstart "increases" twice a year, it hasn't increased in real terms since 1994, as wages have grown 40% faster than prices, a trend that is set to continue.

¹ Australian Council of Social Services, "Analysis of the impact of raising benefit rates", (2018), accessible at <https://www.acoss.org.au/wp-content/uploads/2018/09/DAE-Analysis-of-the-impact-of-raising-benefit-rates-FINAL-4-September-...-1.pdf>

A. consideration of what constitutes an acceptable standard of living in Australia, including the cost of safe and secure housing:

Around 710,000 Australians are currently on Newstart as at July 2019, with 538,000 of those being “long term” allowances, having received Newstart for 12 months or more. 80.5% of all people on Newstart did not earn an income in the fortnight ending 19 July 2019.²

While the aged care pension has doubled in real terms since 2000, Newstart has barely moved. Newstart is currently \$272.90 for a single person each week, the equivalent of \$38.99 per day. Even when taking into consideration the maximum rent assistance and the energy supplement, a single person with no children only has around \$49.24 per day to live on. For an Australian under 22 years of age, that figure becomes \$41.97 per day including rent assistance.³ These figures are a damning indictment on the Australian federal government – they don’t even come close to meeting basic living standards in today’s Australian cost of living including housing, utility bills, transport, medical, food, and other necessary costs of daily life. Evidence shows that a person on Newstart lives on around 36% of the average Australian wage after tax, and a little more than half of what someone working full-time on minimum wage earns. Positive Life joins dozens of organisations including ACOSS and Council on the Ageing (COTA Australia) in calling for Newstart payments to be increased by at least \$75 per week for a single person, and then adjusted to increase in line with wages moving forward.⁴

Family and Community Services (FACS) assesses a person who receives the Newstart Allowance of having a rental affordability of up to approximately \$200 per week, though this amount fluctuates depending on who is conducting the assessment. Paying this amount of weekly rent while on Newstart leaves approximately \$72.90 per week for living costs including food and utilities. The Federal Government state that Newstart is designed to be a short-term financial solution until the person can secure employment. However, after living costs including food, very little funds remain for transport to interviews (Opal Card), searching for work and applying for vacant positions (mobile phone and internet charges). PLHIV who are on Newstart often rely on charities for interview clothes and other support around travel and telecommunications. Many PLHIV with comorbid health concerns have additional medical costs including medication and other health services, which Newstart does not provide for.

Share accommodation options are limited for an individual on Newstart, such as Boarding Houses. These are not a good option for PLHIV who are exposed to stigma, discrimination and even violence due to the use of shared facilities such as bathrooms and kitchens.

Crisis accommodation services for PLHIV who experience homelessness is challenging for a person on Newstart. These services can charge up to \$300 per fortnight for residents which includes meals. Although this could be affordable, they are chaotic environments and do not provide the stability required to search, apply for and secure employment.

PLHIV who previously met the criteria for the Disability Support Pension (DSP) are now being denied this benefit and forced to remain on the Newstart Allowance with a three-monthly medical clearance. This means that they cannot work in this period and need the medical clearance renewed every third month. This ongoing situation has a negative impact on PLHIV mental health. Managing long term on Newstart is extremely stressful and challenging and not conducive to obtaining

² Department of Social Services, “Labour Market and Related Payments: July 2019”, (2019), accessible at

https://www.dss.gov.au/sites/default/files/documents/08_2019/labour-market-and-related-payments-july-2019.pdf

³ Australian Council of Social Services, “Analysis of the impact of raising benefit rates”, (2018), accessible at <https://www.acoss.org.au/wp-content/uploads/2018/09/DAE-Analysis-of-the-impact-of-raising-benefit-rates-FINAL-4-September-...-1.pdf>

⁴ Borys, S. (2019). Newstart allowance boost needed, COTA chief says, following tax cuts and deeming rate changes. ABC News, accessible at <https://www.abc.net.au/news/2019-07-15/renewed-calls-to-increase-newstart/11308340>

employment. As mentioned above, PLHIV with comorbid health concerns along with added medical costs are forced to endure extra burdens.

B. the labour market, unemployment and under-employment in Australia, including the structural causes of long-term unemployment and long-term reliance on Newstart:

While Australian unemployment rates are improving overall, as unemployment levels fall, it is those Australians who are least disadvantaged who find and retain work quickly, rather than the more disadvantaged. This is particularly true of older Australians and PLHIV who are ageing who are more likely to be experiencing issues relating to health, disabilities or other social determinants to health. Previously, these older Australians would have been eligible for the DSP, however several reforms in the last few decades have pushed people from higher DSP allowances to lower Newstart allowances.⁵

As indicated above, as at July 2019, 75.8% of all people on Newstart are long-term recipients, that is they've been receiving Newstart for at least 12 months.⁶ Australians over 45 years old make up 38% of the working age population, however they account for 43% of those on Newstart or the Youth Allowance. Additionally, 49% of the long-term recipients of Newstart are aged over 45.⁷ Refusing to increase Newstart allowances on the basis that it is a short-term benefit is counter to the statistics that show that people over the age of 50, and particularly over the age of 60, are regularly staying on Newstart for many years. This is especially relevant for older Australians who attempt to engage in a changing workforce and economy that is shifting away from full-time low skilled work.

While government figures report a drop of 5% in people receiving Newstart and Youth Allowance in 2018-19 compared with the year before, areas of significant inequality and disadvantage throughout the Northern Territory, outback South Australia and Queensland recorded increases in the number of people claiming Newstart or Youth Allowance ranging from 3% to more than 20%.⁸ It is clear that remote Indigenous communities are among the hardest hit by these ineffective policies, where the States with the highest proportion of Newstart recipients relative to their populations are the Northern Territory, Tasmania and South Australia⁹.

These factors are also exacerbated by further barriers to employment such as the absence of affordable, accessible and regular public transport to get to work, job interviews, and training, particularly in regional, rural and remote areas.

H. the adequacy of income support payments in Australia and whether they allow people to maintain an acceptable standard of living in line with community expectations and fulfil job search activities (where relevant) and secure employment and training:

Positive Life strongly believes that the undeniably pitiful rate of Newstart allowance makes it more difficult for people to live healthy, self-determined lives in line with reasonable Australian community expectations. Each day that Newstart is not increased in real terms, is a hypocritical step backwards in the Australian government's purported aims of providing a fair, safe and equitable quality of life for all Australians.

⁵ Australian Council of Social Services, "Faces of Unemployment", (2018), accessible at https://www.acoss.org.au/wp-content/uploads/2018/09/ACOSS_JA_Faces-of-Unemployment_14-September-2018_web.pdf

⁶ Department of Social Services, "Labour Market and Related Payments: July 2019", (2019), accessible at https://www.dss.gov.au/sites/default/files/documents/08_2019/labour-market-and-related-payments-july-2019.pdf

⁷ Australian Council of Social Services, "Faces of Unemployment", (2018), accessible at https://www.acoss.org.au/wp-content/uploads/2018/09/ACOSS_JA_Faces-of-Unemployment_14-September-2018_web.pdf

⁸ Martin, S. (2019). Everyone on Newstart should be able to get a job, says minister, despite increase in some areas. *The Guardian Australia*, accessible at <https://www.theguardian.com/australia-news/2019/aug/12/number-of-people-on-newstart-rises-in-10-of-areas-despite-national-improvement>

⁹ Australian Council of Social Services, "Analysis of the impact of raising benefit rates", (2018), accessible at <https://www.acoss.org.au/wp-content/uploads/2018/09/DAE-Analysis-of-the-impact-of-raising-benefit-rates-FINAL-4-September-...-1.pdf>

This is particularly important for those individuals who are part of marginalised or intersectionally oppressed populations within Australia, such as PLHIV, Aboriginal and/or Torres Strait Islander people, people from culturally and linguistically diverse cultures, people who identify as LGBTQIA+, sex workers, people who have experienced sexual and/or domestic violence, and people who inject drugs, people living with a mental health condition, among others.

L. the interactions with other payments and services, including the loss of any increased payments through higher rents and costs:

Of the approximately 99% of people on Newstart who receive additional supplements, 51.9% of all recipients receive only \$7.30 per week on average extra via the energy allowance. So rather than living on \$39 a day, they're living on about \$40 a day. For the 28.4% of all recipients who receive rent assistance on top of Newstart, they access an average of \$55.18 per week extra, and for people to access the maximum rate of rent assistance of approximately \$10 per day, they have to spend twice as much in rent to be eligible. Even the 9.5% of all Newstart recipients who receive the energy supplement, rent assistance, and the family benefit tax, their total payments fall short by approximately \$96 per week of the bare minimum required to cover housing, food and transport.¹⁰

Positive Life agrees with the economic assertions made in the ACOSS and Deloitte report, that not only will their proposal for increasing Newstart by \$75 per week for single recipients result in greater prosperity for all Australians, but also greatly improve the fairness of income distribution for the most disadvantaged Australians. As stated in the report, "even allowing for the possibility of some higher income households to benefit, the bulk of the dollars go to the lowest income quintile of households." In dollar terms, the lowest quintile receives six times the amount going to the highest income quintile, while the relative impact of those extra dollars on disposable incomes is the lowest quintile receives twenty-eight times the relative increase to its disposable incomes than does the highest income quintile.¹¹

Positive Life believes that the level of Newstart allowance as it currently stands is woefully insufficient in providing a robust policy framework for achieving the objectives of an equitable and fair quality of life for all Australians, applicable all the way from policy into practice.

Positive Life would like to commend the Senate Community Affairs References Committee in their dedicated and thorough research and consultation process with the aim of reforming the Newstart allowance policy framework to make it as strong as possible for all Australians including those of us living with HIV.

If this submission requires additional information or clarification, we can be contacted on 02 9206 2177 or at ceo@positivelife.org.au

Yours respectfully,


Craig Andrews
Interim co-Chief Executive Officer


Neil Fraser
Interim co-Chief Executive Officer

12 September 2019

¹⁰ Henriques-Gomes, L. (2019). Newstart: what are the facts about the unemployment payment? *The Guardian Australia*, accessible at <https://www.theguardian.com/australia-news/2019/may/15/newstart-what-are-the-facts-about-the-unemployment-payment>

¹¹ Australian Council of Social Services, "Analysis of the impact of raising benefit rates", (2018), accessible at <https://www.acoss.org.au/wp-content/uploads/2018/09/DAE-Analysis-of-the-impact-of-raising-benefit-rates-FINAL-4-September-...-1.pdf>