

Senate Standing Committees on Community Affairs
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Dear Committee

Jesuit Social Services welcomes the opportunity to respond to the Senate inquiry into the *Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia*.

Introduction

Jesuit Social Services has over 40 years' experience working with individuals and communities experiencing disadvantage. The people we work with are often living in disadvantaged areas and may have multiple and complex needs, histories of trauma or abuse, mental ill-health, disability or involvement with the justice system. In supporting people to reach their full potential, including to find meaningful work, we cannot ignore the structural barriers to participation that many people face, including locational disadvantage, a lack of appropriate housing and a social safety net that has been chronically underfunded.

People who receive income support are often among the most vulnerable in our community. A profile of recipients of Newstart or Youth Allowance as of March 2018 found that 24 per cent had disabilities; 19 per cent had culturally and linguistically diverse backgrounds; 13 per cent were sole parents; and a further 13 per cent were Aboriginal or Torres Strait Islanders.¹ Of long-term recipients of Newstart, almost half were aged over 45 years.² This group of people, many of whom experience barriers to social and economic inclusion, will struggle to find work – and indeed may be systematically excluded from it – without effective, tailored support. Part of this support should include a fairer social security system that enables people to maintain an adequate standard of living while they look for employment.

Newstart is simply not enough to live on. We can't expect a person to find and secure a job when they are struggling to survive – when they are forced to skip meals, forgo healthcare and to not use heating in winter because their income is so low.³ There is growing recognition across society that the current rate of Newstart, which has not increased in real terms since 1994, is inadequate. In fact, the payment is so low that it is now widely recognised as constituting a barrier to employment.⁴ Raising the level of income support will help reduce poverty and inequality in Australia, benefiting not just individuals who are struggling but the broader communities in which they live. It is time the Federal Government showed leadership on this issue, which has persisted through government terms on both sides of politics.

¹ Australian Council for Social Service (ACOSS) and Jobs Australia (September 2018) *Faces of unemployment*, https://www.acoss.org.au/wp-content/uploads/2018/09/ACOSS_JA_Faces-of-Unemployment_14-September-2018_web.pdf.

² Ibid.

³ ACOSS, "*I regularly don't eat at all*": Trying to get by on Newstart (July 2019) <https://www.acoss.org.au/wp-content/uploads/2019/07/190729-Survey-of-people-on-Newstart-and-Youth-Allowance.pdf>.

⁴ The Age (7 August 2013) *Employers agree Newstart a barrier for job seekers*, <https://www.smh.com.au/politics/federal/employers-agree-newstart-a-barrier-for-job-seekers-20130806-2rdhz.html>.

More broadly, Jesuit Social Services is concerned at the insidious, increasing demonisation of people accessing income support. This is reflected in measures such as the legislative proposal to drug test welfare recipients; excessive penalties for failure to comply with requirements of employment services initiatives, such as the Community Development Program; and the ongoing trials of cashless welfare measures which see people's payments quarantined to a debit card on a blanket basis in specified locations. People who are struggling in society should be listened to and supported, not subjected to punitive measures.

Addressing entrenched disadvantage

The nature of entrenched disadvantage and social inequality must be better understood and addressed. This includes the need for community-led, place-based responses to address disadvantage within communities and promote early intervention and prevention initiatives across a broad range of services.

Jesuit Social Services' research into locational disadvantage, conducted over the last 20 years, has consistently shown that a small number of communities across the country are experiencing a complex, web-like structure of entrenched disadvantage that limits outcomes and opportunities for residents. This results in a disproportionate incidence of factors such as poor health, unemployment and contact with the justice system.

In Victoria, our [Dropping off the Edge 2015](#) research found that in comparison to the rest of the state, those living in the three per cent most disadvantaged postcodes in the state were:

- twice as likely to have criminal convictions;
- 3 times more likely to be experiencing long term unemployment;
- 2.6 times more likely to have experienced domestic violence; and
- 2.4 times more likely to be on disability support.

Among the 27 most disadvantaged postcodes in Victoria, unemployment and long-term unemployment were among the most dominant shared characteristics, alongside criminal convictions, prison admissions and domestic violence.

Similarly, in New South Wales, just 37 postcodes (6 per cent of the total) accounted for almost 50 per cent of the most disadvantaged rank positions. In New South Wales, DOTE 2015 found that people living in the top 3 per cent most disadvantaged postcodes were 3.6 times as likely to have spent time in prison and more than 3 times as likely to be experiencing long term unemployment compared with the rest of the state.

Placed-based approaches

There is growing recognition that place-based approaches are an appropriate response to addressing entrenched locational disadvantage.⁵ Place-based approaches aim to empower communities to develop and deliver local solutions over the long term by bringing together members of the community, community organisations, businesses, government and public services like schools and health centres.

Place-based approaches focus on the causes rather than the consequences of entrenched disadvantage, embracing prevention and early intervention in an effort to resolve issues before they escalate.

⁵ Queensland Council of Social Service (2019) Place-based approaches for community change: QCOSS' guide and toolkit. Retrieved from: <https://www.qcoss.org.au/publication/place-based-approaches-for-community-change-qcoss-guide-and-toolkit/>.

Individuals and groups work together to design and implement innovative solutions to complex social issues specific to their community, drawing on local strengths and opportunities.

Without a sustained, collaborative, long-term commitment across the government, community and business sectors, there is a significant risk that some of Victoria's most severely disadvantaged communities will continue to 'drop off the edge'. The web of disadvantage can be broken effectively by a multi-layered, cooperative and coordinated strategy that is owned and driven by the community. This strategy should be:

- **Targeted** – Concentrated to specific areas of the most severe disadvantage (selected by use of a nationally agreed, transparent and shared evidence base).
- **Tailored** – Meet needs as identified by residents within these communities and respond to the unique mix of issues they face.
- **Integrated** – Recognising that the web of multiple and interconnected causes of disadvantage cannot be addressed with compartmentalised solutions.
- **Cooperative** – Responses are founded on new systemic, coordinated ways of working that draw together different levels of government and departmental portfolios, integrated community initiatives and social impact investment.
- **A long-term horizon** – A long-term commitment of 20 years to address complex, entrenched disadvantage in identified communities.
- **Community owned and driven** – Community leaders drive the agenda, recognising the strength within communities and work with them to build capacity, generate action, attract external resources, and maintain direction and energy.
- **Engaged at the individual, community and national levels** – Recognising the complex interplay of the individual, their family circumstances, their community, and the broader social, economic and ecological environment in causing and addressing disadvantage.

Critically, place-based approaches must encompass interventions from birth across the life span, such as early childhood, school, mental health, justice and crime prevention. They should be led by, and build the capacities and resources of, local communities.

To help make this strategy a reality and break the cycle of disadvantage, Jesuit Social Services is seeking to establish a national centre for place-based approaches. This centre will:

- Function as an ongoing dedicated resource for research into locational disadvantage.
- Undertake research with vulnerable communities to design, test and evaluate their place-based projects and programs.
- Advocate for impactful place-based approaches to solve locational disadvantage.
- Empower local communities and the organisations that work in them to understand and solve their own problems.

Recommendations to the Federal Government:

- **Fund the establishment of a national centre for place-based approaches that would act as a key hub for policy, advocacy, research and evaluation, and identify and promote models of best practice in implementing place-based strategies.**

A fairer income support system

There has been ongoing, significant underinvestment in the social safety net and a lack of coordinated measures to lift the most disadvantaged out of poverty. This is starkly represented by the stagnant rate of Newstart Allowance, Youth Allowance and related payments. The most vulnerable in our society will not succeed without broad and intensive support. Nor will they succeed if the welfare system punishes them for not being in work. The reality is that people relying on low levels of government income support are living in poverty. An October 2018 report by the Australian Council of Social Service (ACOSS) in partnership with the University of New South Wales (UNSW) found that 53 per cent of people below the poverty line were in households that rely on social security as their main source of income, including Youth Allowance, Newstart and Parenting Payment.⁶

Of particular concern is the number of people being moved onto Newstart from other, higher rates of income support, including sole parents and people with a disability who may face significant barriers to employment. It is estimated that around one in four people on Newstart have an illness or disability, but are not eligible for the higher rate of Disability Support Pension (DSP).⁷ As documented by groups such as Disabled People's Organisations Australia, a tightening of eligibility requirements for the DSP over several years has forced many people onto the lower rate of Newstart payments.⁸ People with a disability may face additional barriers to finding and keeping a job or may not be able to work full-time. They may also have additional expenses associated with disability that compound the challenges of living on the rate of Newstart payments.⁹

The policy of transferring sole parents accessing the Parenting Payment onto the lower rate of Newstart when their youngest child turns eight has effectively pushed many people – predominantly single mothers – into financial hardship. As documented by ACOSS and UNSW, the transfer of 80,000 sole parents onto Newstart in 2013 was “associated with an increase in the rate of poverty among unemployed sole parents from 35% in 2013 to 59% two years later”.¹⁰ Almost one third of all people in sole parent families are living in poverty.¹¹ Currently, a sole parent on Newstart would receive around \$300 per week – just over \$40 a day. This is grossly inadequate. Hardship among sole parent families was an issue raised by a number of submitters to a recent parliamentary inquiry into welfare and disadvantage, including the National Council of Single Mothers and their Children.¹² The inquiry report recommended that the government consider changing the point at which single parents accessing income support are forced to move onto Newstart Allowance.¹³

⁶ Davidson, P., Saunders, P., Bradbury, B. and Wong, M. (2018) *Poverty in Australia, 2018*. ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS.

⁷ ACOSS, *Raise the Rate of Newstart fact check*, https://www.acoss.org.au/media-releases/?media_release=raise-the-rate-of-newstart-fact-check.

⁸ Disabled People's Organisations Australia (3 April 2019) Royal Commission to bring justice for people with disability, <https://dpoa.org.au/royal-commission-bring-justice-people-disability/>.

⁹ People with Disability Australia, <https://pwd.org.au/our-work/elections/election-archive/federal-election-2019/social-security-and-income-support/>.

¹⁰ Davidson, P., Saunders, P., Bradbury, B. and Wong, M. (2018) *Poverty in Australia, 2018*. ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, p. 15.

¹¹ Ibid, p. 44.

¹² Parliament of the Commonwealth of Australia, House of Representatives Select Committee on Intergenerational Welfare Dependence (February 2019) *Living on the Edge*,

https://parlinfo.aph.gov.au/parlInfo/download/committees/reportrep/024242/toc_pdf/LivingontheEdge.pdf;fileType=application%2Fpdf.

¹³ Ibid.

Additionally, it should be recognised that cost of living pressures may be more acute in some geographic locations, including for people experiencing disadvantage in remote communities. In the Northern Territory, for example, the Northern Territory Council of Social Service (NTCOSS) has documented cost of living pressures in certain regional or remote communities over recent years, finding that many low-income households are facing food cost of living pressures, as well as high prices for fuel and other items.¹⁴ NTCOSS found that the same basket of healthy food costs 60 per cent more on average in a remote community store than a major supermarket and that this gap has been on the rise since 2012.

Raising the rate of Newstart and related payments would enable people to afford essentials such as food, housing, transportation and healthcare. The ethical imperative to raise the rate is clear – people must be supported to live in dignity while they look to enter or re-enter the workforce. As an immediate first step, Jesuit Social Services is calling on the Federal Government to raise the single rate of Newstart, Youth Allowance and related payments by a minimum of \$75 per week, as called for by ACOSS. We also support the establishment of an independent social security commission to guide Parliament on future changes to income support rates and to monitor indexation settings to help ensure people have access to adequate support. The prevailing policy settings, which see cost-cutting measures that impact the provision of crucial income support, need urgent repair.

Recommendations to the Federal Government:

- **Increase the single rate of Newstart, Youth Allowance and related payments by a minimum of \$75 per week.**
- **Establish an independent social security commission to guide Parliament on future changes to income support rates and monitor indexation settings.**

Safe, secure and affordable housing

The availability of safe, secure and stable housing is a major issue for many in our community, and particularly for people with mental illness, multiple and complex needs and young people who may be transitioning from out-of-home care or the justice system. Our experience tells us that the provision of public, social and affordable housing helps build safer and more cohesive communities, and that long-term housing can help set a firm foundation for improving well-being and enhancing personal agency – fundamental attributes that make finding and keeping a job more likely.

For people receiving government income support, affording rent is a significant challenge. For people on Newstart, it is almost impossible. Anglicare Australia's tenth Rental Affordability Snapshot, which surveyed over 69,000 private rental listings across Australia on a particular weekend in March 2019, found that only two properties across Australia were affordable for a person on Newstart or Youth Allowance.¹⁵ For a person on the higher rate of Disability Support Pension, only 317 homes across Australia were affordable.

¹⁴ NTCOSS (July 2019) Cost of Living Report, Issue 24, <https://mk0ntcoss2rx2i6x3dbk.kinstacdn.com/wp-content/uploads/2019/07/NTCOSS-Col-Report-No.24-July2019-Food-Costs.pdf>.

¹⁵ To measure affordability, Anglicare Australia uses the benchmark that rent should be no more than 30 per cent of a household budget for it "not to cause financial stress and hardship". Anglicare Australia, *Rental Affordability Snapshot*, National Report / April 2019, <https://www.anglicare.asn.au/docs/default-source/default-document-library/final---rental-affordability-snapshot-a302da309d6962baacc1ff0000899bca.pdf?sfvrsn=4>.

While people receiving certain social security payments, such as Newstart, may be eligible for Commonwealth Rent Assistance, the current level of this crucial support is too low. Government data shows that 57.4 per cent of young people aged 24 years or under receiving Rent Assistance are in housing affordability stress – meaning more than 30 per cent of their gross income goes to rental payments.¹⁶ According to the Australian Housing and Urban Research Institute, this large proportion of young people experiencing housing affordability stress is likely a reflection of the lower rate of Newstart and Youth Allowance payments.¹⁷ Jesuit Social Services calls for the rate of Rent Assistance to be immediately raised to reflect increases in rents, and for the ongoing rate and indexation of this payment to be reviewed. We note that ACOSS has called for an increase to Rent Assistance by 30 per cent, or \$20 per week, for a single person on Newstart.

Jesuit Social Services supports the *Everybody's Home* campaign, led by the Council to Homeless Persons and Homelessness Australia. This includes the following actions:

- **More low-cost properties: 500,000 new social and affordable rental homes to meet the demand for affordable housing.**
- **Increase Commonwealth Rent Assistance for the thousands of Australians in chronic rental stress.**
- **Commit to a plan to end homelessness by 2030, including to halve homelessness in five years.**

Supporting people into work

For people who have had limited learning or job opportunities and face a range of barriers to inclusion, the employment and wider human services system needs to broaden its focus from the narrow aim of securing short-term employment outcomes and, instead, support people on a journey to social inclusion that can be measured against a wider range of social markers. We hold that the worth of a person is not limited to their employment status and that civic participation can and should be measured in more nuanced ways. For some people experiencing significant disadvantage, engaging them in meaningful activities in a safe environment is a worthy goal.

Intensive, flexible and individualised training and support may be needed to support people looking to enter or re-enter the workforce who face significant barriers to do so. Jesuit Social Services' programs are centered on the understanding that the most effective support for disadvantaged people occurs through building a relationship with a person and taking the time to understand their capabilities, strengths, hopes and aspirations. Weight of evidence clearly shows that the Federal employment services system, with its

¹⁶ Australian Housing and Urban Research Institute (7 March 2019) *Why are young people receiving CRA experiencing Housing Affordability Stress?* <https://www.ahuri.edu.au/policy/ahuri-briefs/why-are-young-people-on-commonwealth-rent-assistance-experiencing-housing-affordability-stress>.

¹⁷ Ibid.

focus on compliance and meeting narrowly prescribed outcomes, is failing disadvantaged people looking to secure work. A recent government-commissioned report on the jobactive system noted there was one consultant to 148 people seeking work and that one in five people had been in the system for more than five years.¹⁸

As noted in our submission to the Senate Education and Employment References Committee's inquiry into jobactive in 2018,¹⁹ providers of support should focus on building foundational learning skills and participation in prevocational training that offer clear pathways to inclusion for disadvantaged and marginalised people. With current jobactive contracts extended until June 2022 while a government trial of a new model takes place in two regions, Jesuit Social Services believes that any new system must enable the time and resources to be invested in those who are most disadvantaged, with additional post-placement support and mentoring for individuals, as well as support for prospective employers.

The Jobs Victoria Employment Network (JVEN) is an example of an employment services scheme, implemented at the local level, that is working well. JVEN is specifically targeted at assisting people facing significant barriers to employment, with services delivered by specialists such as Jesuit Social Services. The scheme enables resources to be invested into developing and enhancing people's vocational skills and work readiness in order to secure a suitable position with an employer. JVEN has enabled organisations such as Jesuit Social Services to work closely with individuals to address issues affecting their ability to secure employment — their skills, work readiness, and understanding of Australian workplace cultures — and to maintain employment once a job is secured.

We also know from our experience delivering pre-accredited training in Victoria that it provides an

Case study: Fletcher

Struggling to find work while scraping by on Newstart Allowance, Fletcher found himself in a tough place.

"Being unemployed sort of does that to you," he says.

"I am usually a confident person but after being unemployed for a while it was weighing down on me... I was stuck in that system of trying to find jobs but nothing was really working."

Fletcher got in touch with Jesuit Social Services' Jobs Victorian Employment Network (JVEN) program and his outlook on life soon brightened.

"Having that contact with the employment program really showed me what I'm capable of doing," he says.

Jesuit Social Services staff worked closely with Fletcher to understand his strengths and aspirations, and find a pathway to meaningful and stable employment. This included coaching to follow up on jobs that he applied for (which helped him gain confidence in speaking to employers and also gave him useful updates on the progress of each position), liaising with potential employers and helping prepare for interviews.

This support was critical to Fletcher securing a job as a station assistant with Metro Trains – a role that he continues to enjoy.

"Once I had a full-time job on a contract and very secure employment it meant that I could no longer worry about the financial side of things and I was able to focus on doing volunteer activities and doing a great job at work so it's been a huge confidence boost to me," he says.

"The job I've gotten with Metro is huge in terms of employment opportunities in the future."

¹⁸ Employment Services Expert Advisory Panel, *I Want to Work: Employment Services 2020*, <https://docs.employment.gov.au/system/files/doc/other/final - i want to work.pdf>.

¹⁹ Jesuit Social Services, Submission to the Senate Education and Employment References Committee's inquiry into jobactive, <https://jss.org.au/submit-to-the-senate-education-and-employment-references-committees-inquiry-into-jobactive/>.

important stepping stone for people with low-level educational attainment or people who have been out of the workplace or education for some time. Access to pre-accredited training provides an opportunity to successfully engage in education and enhance skills and work readiness. For some people, this is the first such opportunity in many years. Through the pre-accredited training provided by Jesuit Social Services, participants gain the essential vocational and personal skills they need to make a successful transition to formal accredited training and employment.

Remote employment services

The Community Development Program (CDP), the federal remote-area employment scheme, is broken. The scheme, which has around 30,000 participants, more than 80 per cent of whom are Aboriginal or Torres Strait Islander people, has failed to deliver meaningful training or employment outcomes while setting onerous requirements and significant penalties for compliance failures. Participants have been expected to undertake compulsory work, at an hourly rate below the minimum wage, within a centralised system that has led to a decline in local decision-making and discretion in its implementation. The current scheme should be replaced with a model in line with that proposed by Aboriginal Peak Organisations NT (APO NT) that is place-based, community-driven and fosters long-term collaboration across governments, employers, Indigenous organisations and communities.²⁰ APO NT's proposal envisages a shift in resources away from the administration of compliance obligations and into participation and community development in remote areas, including work on services and projects identified by, and with value for, remote communities.

Social procurement

The capacity for Federal Government procurement spending to contribute social value, beyond only meeting narrow criteria concerned with financial cost, should be meaningfully pursued. The size of government procurement contracts underlines the significant potential for a proportion of this spending to be targeted to achieving positive social outcomes, such as the purchase of goods or services and the targeting of recruitment to people who are unemployed, have low skill levels and who live in areas of high social disadvantage.

A Parliamentary Inquiry report into Commonwealth procurement rules, tabled in June 2017, noted that the “prevailing perception is of a procurement ‘culture’ that focuses on lowest cost rather than considering value-for money and the implication of broader social or economic benefits”.²¹ For this to change, decision-makers should be required to consider social value and impact as part of procurement processes. While current Commonwealth Procurement Rules include reference to considerations such as environmental sustainability, there is no explicit reference to social value and impact when assessing the merits of a particular procurement submission.

The Victorian Government’s Social Procurement Framework provides a sound policy model. In effect since September 2018, the framework is intended to embed considerations of social procurement in the

²⁰ See, Aboriginal Peak Organisations NT (APO NT) (May 2017) *Fair Work and Strong Communities: Proposal for a Remote Development and Employment Scheme*, http://www.amsant.org.au/apont/wp-content/uploads/2017/07/RDES-Report_Online.pdf.

²¹ Parliament of Australia, Joint Select Committee on Government Procurement (June 2017) *Buying into our Future: Review of amendments to the Commonwealth Procurement Rules*, https://parlinfo.aph.gov.au/parlInfo/download/committees/reportjnt/024068/toc_pdf/BuyingintoourFuture.pdf;fileType=application%2Fpdf.

Victorian Government's procurement processes. The framework, which establishes social objectives such as facilitating employment opportunities for disadvantaged Victorians, applies to the procurement of all goods, services and construction undertaken by or on behalf of Victorian Government departments and agencies. Similar social objectives should form part of procurement considerations at the federal level. In particular, there are opportunities for targeted social procurement to encourage, support and resource employment initiatives in communities experiencing high levels of social disadvantage.

Recommendations to the Federal Government:

- **Move away from the compliance-focused jobactive model and ensure that any new system is responsive to the needs of disadvantaged people seeking work, with time and resources for intensive, flexible and individualised training and support and additional post-placement support for disadvantaged people.**
- **Replace the Community Development Program with a model in line with that proposed by Aboriginal Peak Organisations NT that is place-based, community-driven and fosters long-term collaboration across governments, employers, Indigenous organisations and communities.**
- **Invest in pre-accredited training programs to support people onto an accessible pathway to enter or re-enter education and training as part of their pathway to employment.**
- **Recognise and require Commonwealth procurement to positively impact social outcomes, implementing whole-of-government place-based approaches to addressing entrenched disadvantage across multiple domains, targeting the most disadvantaged postcodes.**
- **Advance a Federal social procurement policy, with concrete targets for employment of people experiencing barriers to employment.**

Yours sincerely



Julie Edwards – CEO, Jesuit Social Services