



Submission to the Senate Standing Committee on Community Affairs

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

The Western Australian Council of Social Service Inc. (WACOSS) and the Financial Counsellors' Association of Western Australia (FCAWA) welcome the opportunity to make a submission to the Senate Community Affairs Reference Committee on the adequacy of Newstart and related payments.

WACOSS is the peak body of community service organisations and individuals in Western Australia. WACOSS stands for an inclusive, just and equitable society. We advocate for social and economic change to improve the wellbeing of Western Australians and to strengthen the community services sector that supports them. WACOSS is part of a national network consisting of ACOSS and the State and Territory Councils of Social Service, who assist people on low incomes and experiencing hardship Australia wide.

FCAWA work with over 160 financial counselling members across Western Australia to ensure people experiencing financial hardship get the free, impartial support they need to regain control financially, escape debt and move on with clarity, certainty and confidence. From advocating for legislative change to providing accredited training, tools and resources for financial counsellors, its role as the industry's not-for-profit peak body is focused on enabling financial counsellors to empower individuals and families in financial stress.

WACOSS and FCAWA support the recommendations made in the submissions by the Australian Council of Social Service and Financial Counselling Australia.

Background

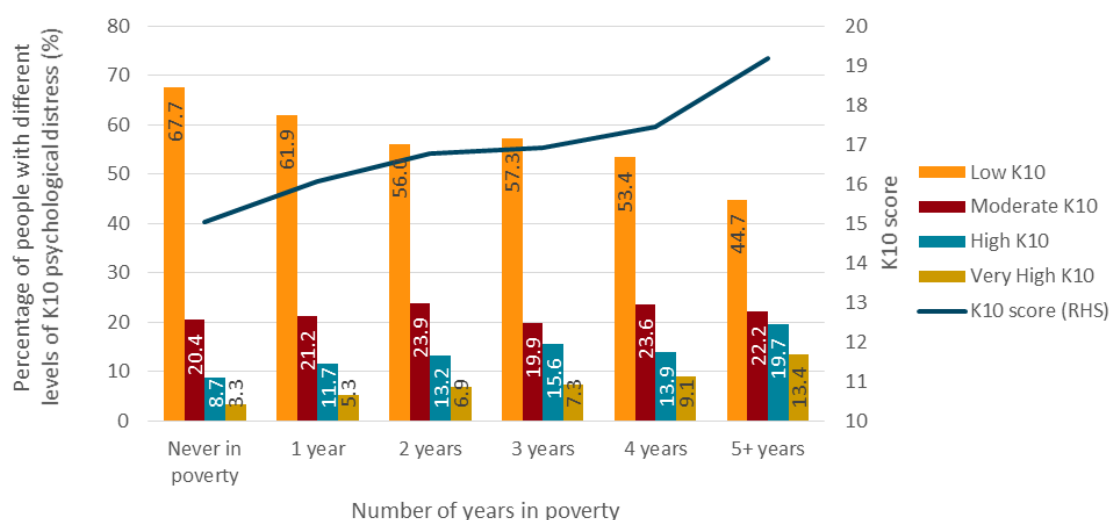
Australia's social security system has increasingly become one based on conditionality and compliance, tightly controlling the lives of those struggling to survive on inadequate support payments. It has not kept up with the changing nature of work, particularly the rise of insecure work, unpredictable hours, underemployment and the gig economy. It does not support the resilience and work-readiness of recipients and is no longer fit for purpose. It is overdue for an upgrade.

There are over 87,000 people in Western Australia receiving Newstart, and 22,500 people receiving Youth Allowance. Analysis by ACOSS and the University of New South Wales determined that people on Newstart Allowance have an elevated risk of poverty, with 54.6 percent of people on Newstart living below the 50 percent of median wages poverty line, and 66.5 percent below the 60 percent of median income poverty line (compared to the population rate of 13.2 per cent below 50 percent and 21.1 percent below 60 percent).¹

¹ ACOSS/UNSW (2018) *Poverty in Australia 2018*

Poverty is a well-established social determinant of health,² including psychological health. Persistent poverty plays a demonstrable role in increasing levels of psychological distress.³

Figure 1: Persistent poverty and psychological distress

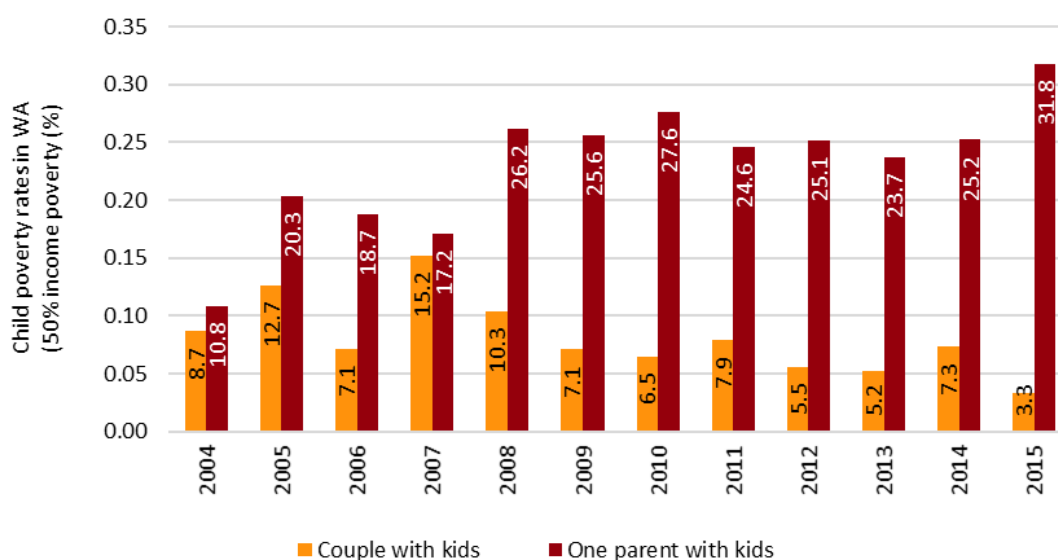


Source: Bankwest Curtin Economics Centre (2017)

Being single, either with or without children, significantly increases a person's likelihood of being in poverty, with singles continuously over-represented throughout all poverty depth groups. *Over one in four* single parent households are in poverty, and *one in seven* is experiencing severe poverty.

Growing rates of child poverty in Western Australia are a significant cause for concern because of their long-term implications for the future health, wellbeing and life prospects of children. The poverty rate for children in single parent households is currently *more than nine times* the rate of children up in households with both parents, with around 1 in 3 children in single parent households living in income poverty.

Figure 2: Child Poverty Rates in Western Australia



Source: Rebecca Cassells (2018) *Economic and Social Outlook for WA*, Presentation to the WACOSS Emerging Issues Forum, Bankwest Curtin Economics Centre

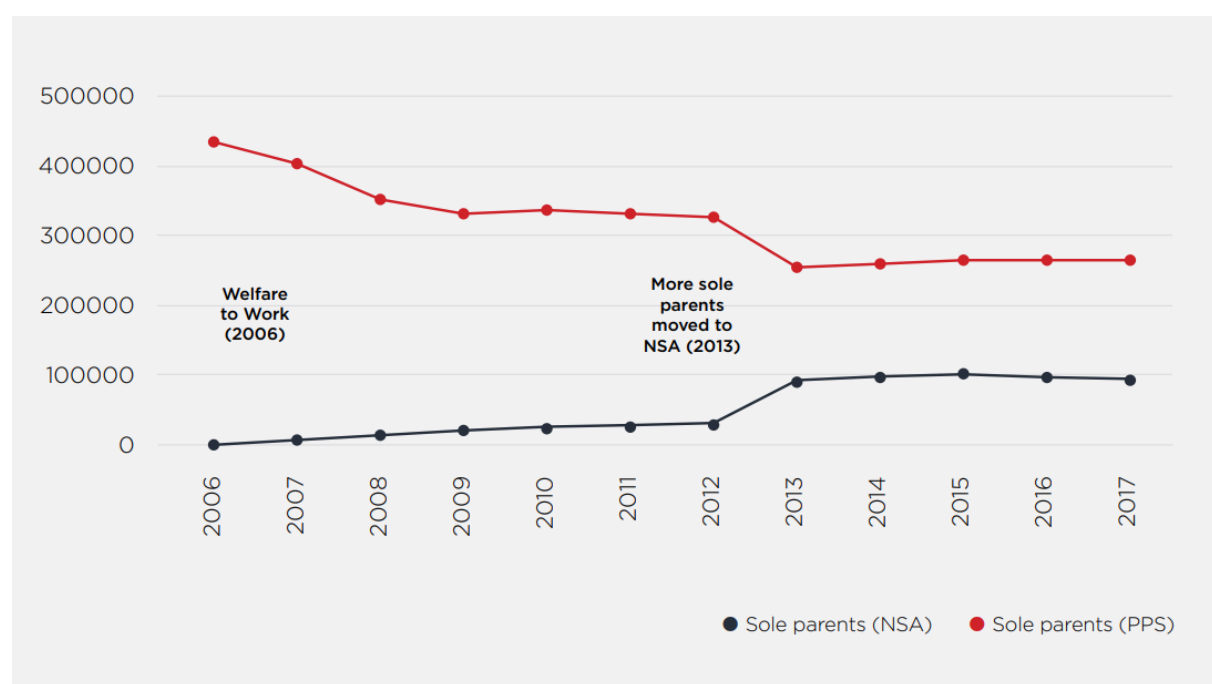
² M Marmot (2005) 'Social determinants of health inequalities' *The Lancet*, Vol 365, Issue 9464

³ Bankwest Curtin Economics Centre (2017) *The Price is Right*

Trend data on child poverty rates shows the dramatic increase in child poverty rates in single parent households since the introduction of *Welfare to Work* measures (Figure 2 above).

As can be seen in Figure 3 below, these measures have resulted in increasing numbers of single parents being shifted onto Newstart Allowance once their youngest child reaches school age since their introduction. While the increases in poverty for single parent households can be linked to a number of factors such as stagnating wages, insecure work and childcare costs, it is clear that shifting single parents onto Newstart has played a significant role. Newstart is not and has never been an appropriate mechanism for a single parent to support a young family. The current system forces these single parents into the position where they have to balance carrying responsibilities, job-seeking or piecemeal work, and compliance activities, which in no way assists in creating the supportive and caring environments that children need to thrive.

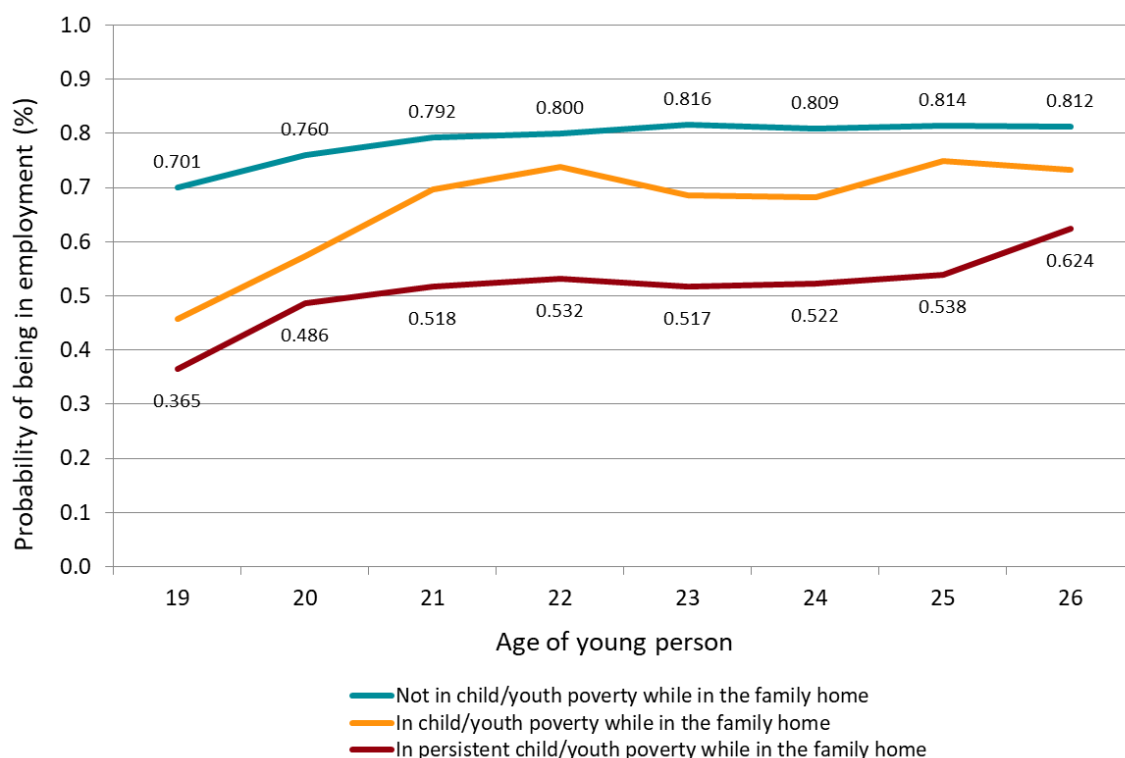
Figure 3: Sole parents on Parenting Payment Single and Newstart Youth/Allowance



Source: ACOSS/UNSW (2018)

Research by Bankwest Curtin Economics Centre has found that young people who have experienced poverty in the family home while growing up have much poorer employment outcomes than those that experienced a greater standard of living, and continue to experience poorer outcomes for many years after becoming independent. In particular, young people living in persistent poverty while in the family home had much poorer outcomes than all other groups, with a 36.5 per cent probability of employment at age 19 after leaving the home, compared to 70 per cent probability for those that did not experience any poverty. Seven years later, at the age of 26, they are still 19 per cent less likely to be unemployed than their counterparts.

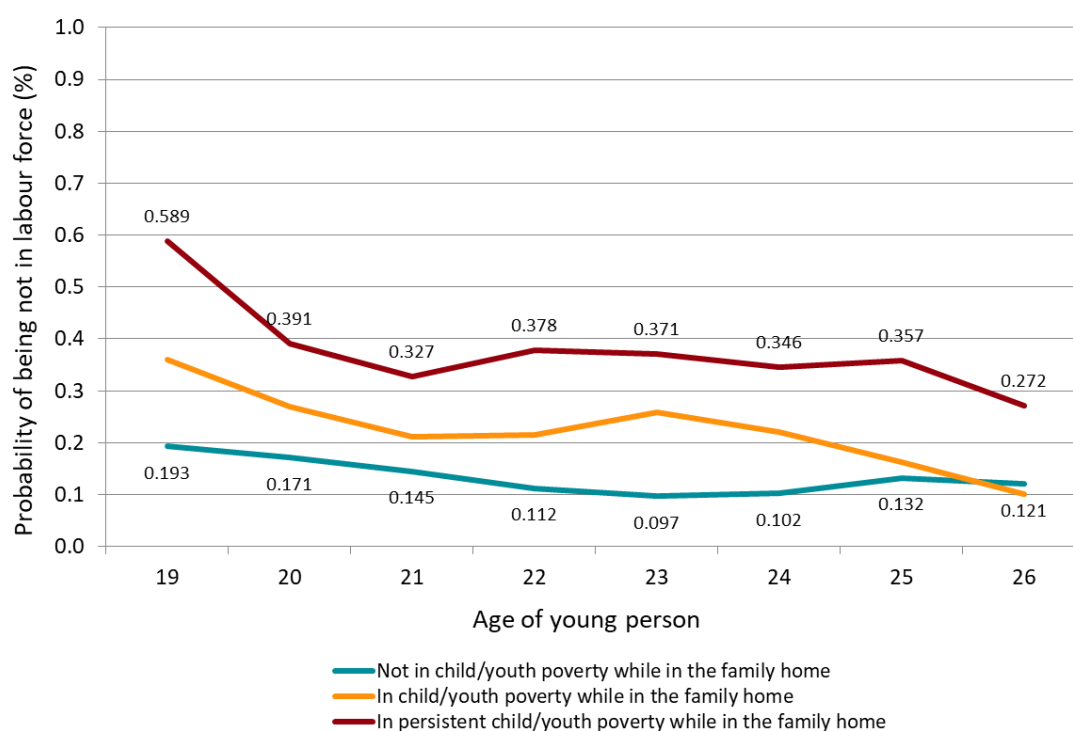
Figure 4: Employment rates of young people after leaving home



Source: Rebecca Cassells (2018) *Economic and Social Outlook for WA*, BCEC

Participation rates for young people who grew up in poverty are also lower after leaving home, with the probability of not being in the labour force at around 60 per cent at age 19, compared to 20 per cent for other households.

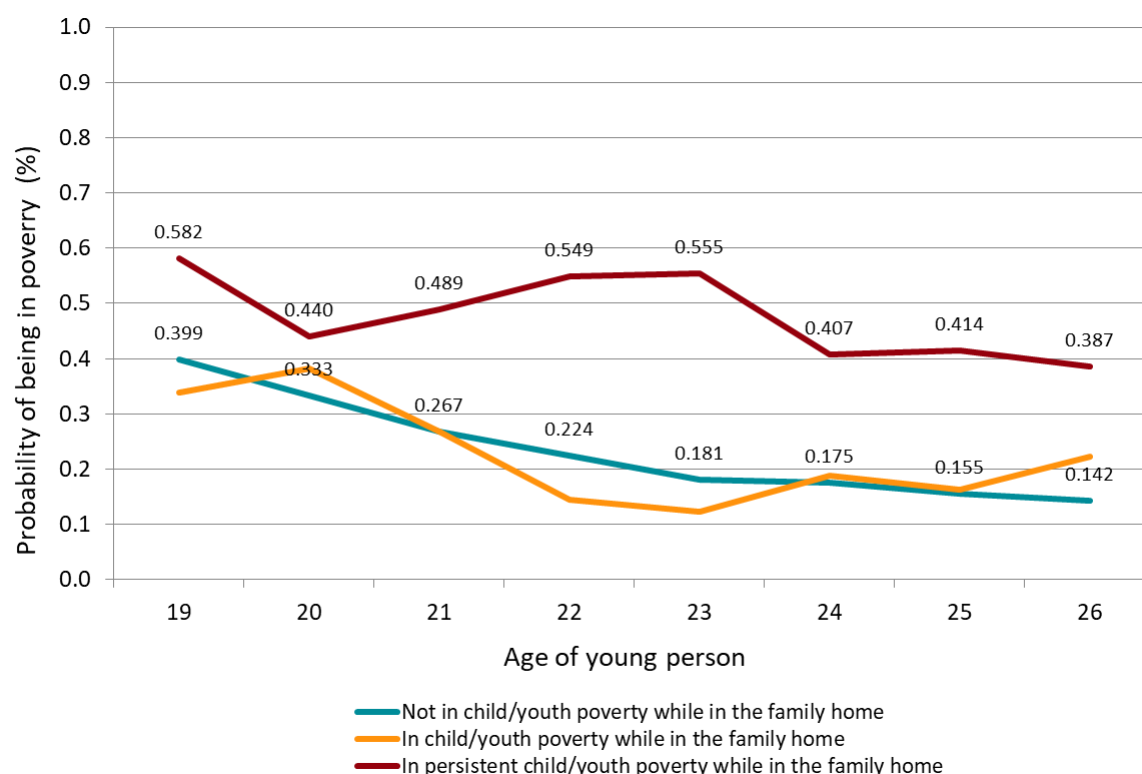
Figure 5: Non-participation rates of young people after leaving home



Source: Rebecca Cassells (2018) *Economic and Social Outlook for WA*, BCEC

The research also found that young people living in persistent poverty while growing up are significantly more likely to be in poverty after leaving home.

Figure 6: Poverty rates of young people after leaving home



Source: Rebecca Cassells (2018) *Economic and Social Outlook for WA*, BCEC

Young people, particularly those with backgrounds of hardship, are much more likely to be moving in and out of short-term and precarious work. Compared to young people from families not living in poverty, they do not have the opportunity to call on family resources to meet unexpected financial costs or respond to periods of shortage, and often they may be providing ongoing support to parents and younger siblings still struggling themselves with financial hardship.

For young people, the changing nature of work has seen higher levels of underemployment, more precarious employment and a greater number of transitions in and out of work. Nearly one in three young people are unemployed or underemployed, with only half of 25 year-olds in full-time work. The full-time employment rate for 15 to 24-year olds has dropped from 53 per cent in 1980 to 26 per cent today, while their underutilisation rate has from 19 per cent to 30 per cent over the past decade.⁴

Further, increasing rates of employment where hours are uncertain and subject to change makes it increasingly difficult under current income support arrangements to estimate and report on hours worked and wages earned.

The failure of the Commonwealth Government so far to increase the rate shifts significant costs onto the States and Territories, creating greater need and demand for the essential social housing support systems, emergency relief and the provision of community services and support that your government funds.

⁴ The Foundation for Young Australians (2018) *The New Work Reality*

Housing Stress

A clear example of the inadequacy of the rate of Newstart Allowance and related payments is the inability of people receiving those payments to be able to access affordable and appropriate housing.

The annual *Anglicare Rental Affordability Snapshot* takes a 'snapshot' on a given day of the rental market and examines whether the properties being advertised are both affordable for a range of different low income types and whether those properties are appropriate for the composition of their household.

The 2019 Rental Affordability Snapshot found that a single on the Newstart Allowance would be unable to find any affordable and appropriate rental properties anywhere in Western Australia.⁵ A single on Newstart with one child, was able to find just 2, with neither of those in the Perth metropolitan area. A couple with two children, where both adults are receiving Newstart Allowance were able to find more affordable and appropriate properties, though these still only amounted to one per cent of advertised rentals in the Perth metro area and the North West, and 5 per cent in the South West and Great Southern.

Affordable and Appropriate Properties by Region and Household Type

Household Type	Payment Type	Perth Metro		South West and Great Southern		North West	
		#	%	#	%	#	%
Couple, two children	Newstart Allowance (both adults)	93	1%	41	5%	8	1%
Single, one child	Newstart Allowance	0	0%	1	0%	1	0%
Single	Newstart Allowance	0	0%	0	0%	0	0%
Single aged over 21	Disability Support Pension	11	0%	6	1%	3	1%
Single aged over 18	Youth Allowance	0	0%	0	0%	0	0%
Single in share house	Youth Allowance	0	0%	0	0%	0	0%
Total No of Properties		9,238					

Source: Anglicare WA (2019) *Rental Affordability Snapshot – Western Australia*

The low level of appropriate and affordable properties available to rent for households on Newstart Allowance and related payments, strongly indicates the likelihood that many of those households will be living in housing stress or housing that is not appropriate for their circumstances. The more of their income that these households must dedicate to covering housing costs, the less they will be able to spend on other essentials like food, energy and health. It can also mean that any slight increases in their rent can have a dramatic impact on to be able to stay in a property and maintain the important connections they have established throughout their local community.

Food Stress

Inadequate income plays a significant role in food insecurity due to unexpected expenses or large bills. According to research undertaken by Foodbank Australia, 49 per cent of people experiencing

⁵ Anglicare WA (2019) *Rental Affordability Snapshot – Western Australia*

food insecurity said they had been unable to buy food due to an unexpected expense or large bill, and 35 per cent as a result of having to pay rent or make a mortgage repayment. 43 per cent said they are unable to buy food because they were living on a low income or pension.⁶

As of 2018, more than 4 million Australians experienced food insecurity at least once in the preceding 12 months. One in four of these people go an entire day without eating at least once a week. In Western Australia, there was an increase of 39 per cent in the proportion of charities reporting an increase in the number of people seeking food relief since 2017, with more than 508,000 meals provided each month.

Using data from the 2016 Household Expenditure Survey, researchers from the University of Melbourne, Flinders University and Curtin University were able to examine variations in food insecurity by receipt of different types of income support payments.

Their analysis of the HES data revealed that people receiving Newstart Allowance (11 per cent), Austudy/Abstudy (14 per cent), the Disability Support Pension (12 per cent), the Carer Payment (11 per cent) and the Parenting Payment (9 per cent) were at significantly higher risk of food insecurity compared to those in receipt of the Age Pension (<1 per cent) or no payment at all (1.3 per cent). The results further found that food-insecure households who were receiving income support payments were also experiencing high rates financial stress, with a large proportion co-currently experiencing fuel or energy poverty.⁷

The need for food relief is no longer being experienced as a short term emergency, and has become for some a day-to-day reality over an extended period of time, sometimes decades, that is unequivocally associated with financial hardship.⁸

Analysing data from the Department of Health's *WA Health & Wellbeing Surveillance System*, researchers have determined that those in Western Australia with money problems, low discretionary income, and those with both low annual household income and low discretionary incomes are more than three times as likely to report 'running out of food' compared with respondents who don't have money problems and higher income as well as higher discretionary spending power.⁹

A household is deemed to be in food stress when it needs to spend more than 25 per cent of their disposable income on food. Those households are vulnerable to food insecurity as a result of low inadequate income.¹⁰ Developed in 2018, the Food Stress Index measures the likelihood that households in a geographic area are vulnerable to food stress. It creates an index score through a weighted combination of variables including food costs, household compositions and household incomes.

⁶ Foodbank Australia (2018) [Foodbank Hunger Report 2018](#)

⁷ Jeromey B Temple, Sue Booth and Christina M Pollard (2019) 'Social Assistance Payments and Food Insecurity in Australia: Evidence from the Household Expenditure Survey,' *International Journal of Environmental Research and Public Health* (16) 455, available at <http://doi:10.3390/ijerph16030455>

⁸ WACOSS (2019) *Food Relief Framework Report*, Lotterywest

⁹ Alison Daly, Christina Pollard, Deborah Kerr, Colin Binns, Martin Caraher and Michael Phillips (2018) 'Using Cross-Sectional Data to Identify and Quantify the Relative Importance of Factors Associated with and Leading to Food Insecurity', *International Journal of Environmental Research and Public Health*, 15, 2620

¹⁰ Timothy J. Landrigan, Deborah A. Kerr, Satvinder S. Dhaliwal and Christina M. Pollard (2019) 'Protocol for the Development of a Food Stress Index to Identify Households Most at Risk of Food Insecurity in Western Australia', *International Journal of Environmental Research and Public Health*, 16, 79

Applying the index to Statistical Area 2 (SA2), it can be seen that households in the regional areas of Western Australia, such as in the East Pilbara, Halls Creek and Kununurra, are the most likely to suffer food stress. Within the Perth metropolitan region, outer-suburban areas such as Girrawheen, Armadale and Gosnells are more likely to suffer food stress, due the high proportion of households in the lowest income quintile.¹¹

Food Stress Index for Statistical Areas in Western Australia by quintile, ranging from 1 (least likelihood of food stress) to 5 (most likelihood of food stress)

Food Stress Index Quintile	Western Australia Statistical Areas
1	Applecross—Ardross, Ashburton, Baldivis, Booragoon, Greenwood—Warwick, Innaloo—Doubleview, Karratha, Mount Hawthorn—Leederville, Murdoch—Kardinya, Newman, North Perth, Ocean Reef, Subiaco—Shenton Park, Success—Hammond Park, Wembley—West Leederville—Glendalough, Wembley Downs—Churchlands—Woodlands
2	Australind—Leschenault, Belmont—Ascot—Redcliffe, Bentley—Wilson—St James, Byford, Carramar, Coolbellup, Craigie—Beldon, Eaton—Pelican Point, Esperance Region, Kalgoorlie, Margaret River, Murray, Rivervale—Kewdale—Cloverdale, South Bunbury—Bunbury, Thornlie
3	Albany, Augusta, Busselton, Capel, Denmark, East Bunbury—Glen Iris, Esperance, Geraldton—North, Gingin—Dandaragan, Gnowangerup, Harvey, Maddington—Orange Grove—Martin, Manjimup, Pinjarra, Rockingham
4	Alexander Heights—Koondoola, Beckenham—Kenwick—Langford, Bridgetown—Boyup Brook, Broome, Dowerin, Exmouth, Kambalda—Coolgardie—Norseman, Kulin, Merredin, Moora, Mukinbudin, Narrogin, Northam, Pemberton, Roebourne
5	Armadale—Wungong—Brookdale, Calista, Carnarvon, Cooloongup, Derby—West Kimberley, East Pilbara, Geraldton, Girrawheen, Gosnells, Halls Creek, Kununurra, Leinster—Leonora, Meekatharra, Parmelia—Orelia, Plantagenet, Roebuck

Source: Timothy Landrigan et al (2019) 'Protocol for the Development of a Food Stress Index', *IJERPH*

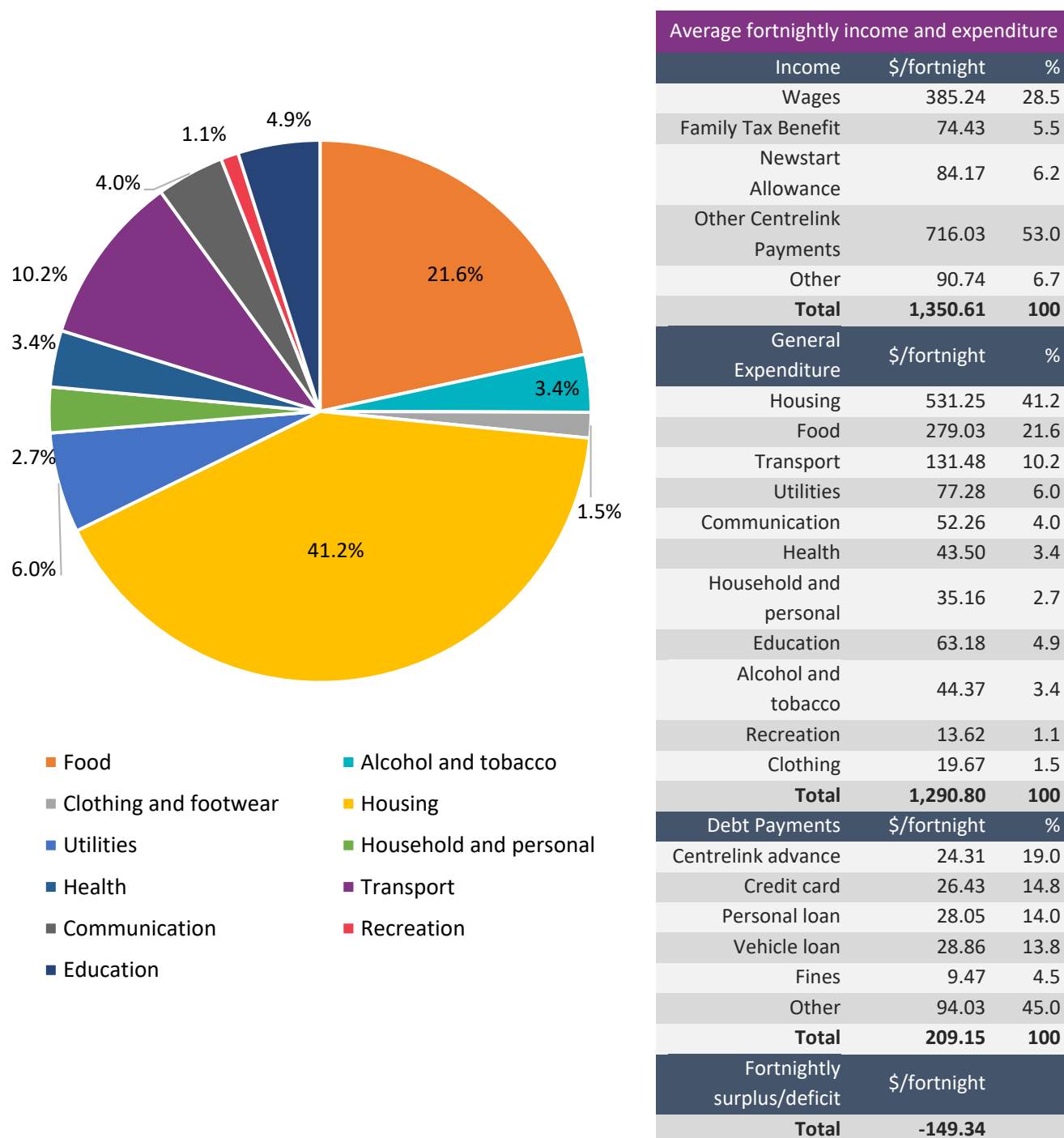
Financial Stress

As part of its annual cost of living research, WACOSS compiled income and expenditure data provided by local financial counselling agencies of 404 households who accessed their services during 2017/18. This data provides an insight into the real-life living cost pressures being faced by households across Western Australia who are experiencing financial hardship and stress. Of these households, 173 (43%) were in receipt of some form of income support payment, including Newstart Allowance.¹² Examining the budgets of those households reveals the specific challenges they face.

¹¹ Ibid.

¹² WACOSS (2018) *Cost of Living* report

Figure 7: Percentage of expenditure for households receiving income support

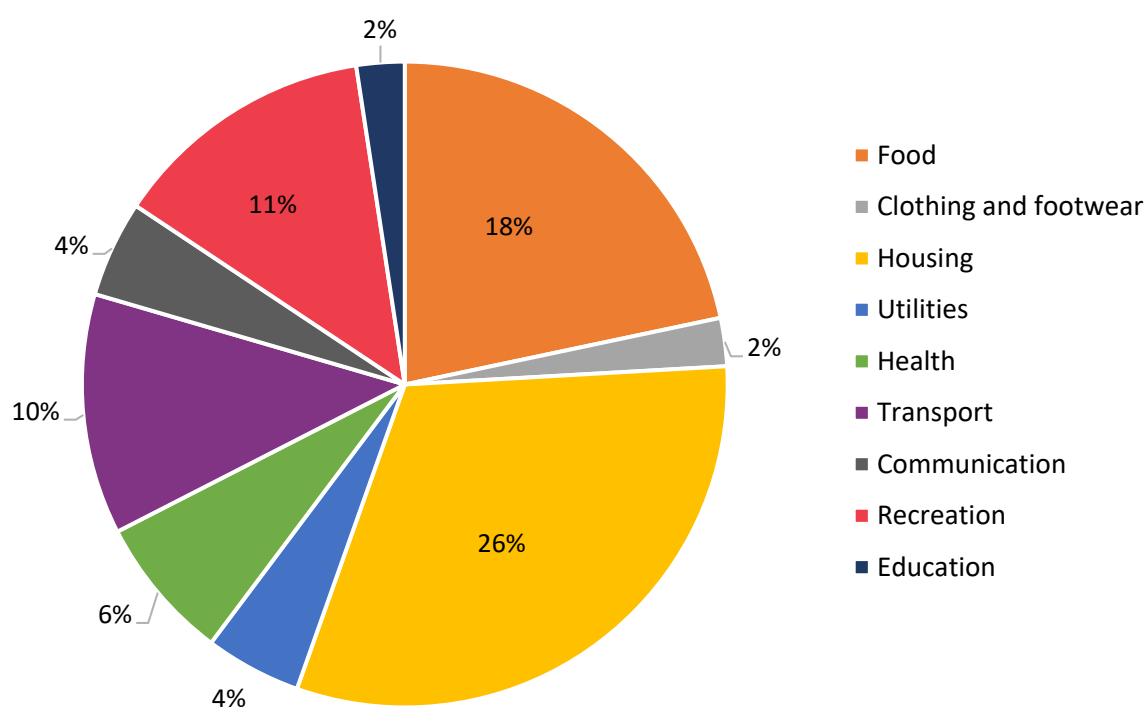


These households can be seen to be in deficit each fortnight by an average of \$150, with their general expenditure and required debt payments outstripping their income. Spending more than their fortnightly income, or discovering as a result that they are unable to make bill payments, is likely the reason why these households sought assistance from a financial counselling service. The small margin between their income and their general expenditure to cover the cost of living can drive these households to take out loans and use debt to pay debt in order to cover large expenses, cover bills, pay down other debts or simply to make ends meet. The resulting debt payments place increasing pressure on their finances and push them further into hardship.

More than 40 per cent of their general expenditure is dedicated to housing costs alone, with these households spending an average of \$531.25 a fortnight to cover rent, mortgage payments and other accommodation costs. That is an average of 39 per cent of their income being required to meet the costs associated with housing.

Comparing this data to that of the *2016 ABS Household Expenditure Survey* makes clear the stark reality for household experiencing financial hardship.

Figure 8: Percentage of Expenditure – WA Households



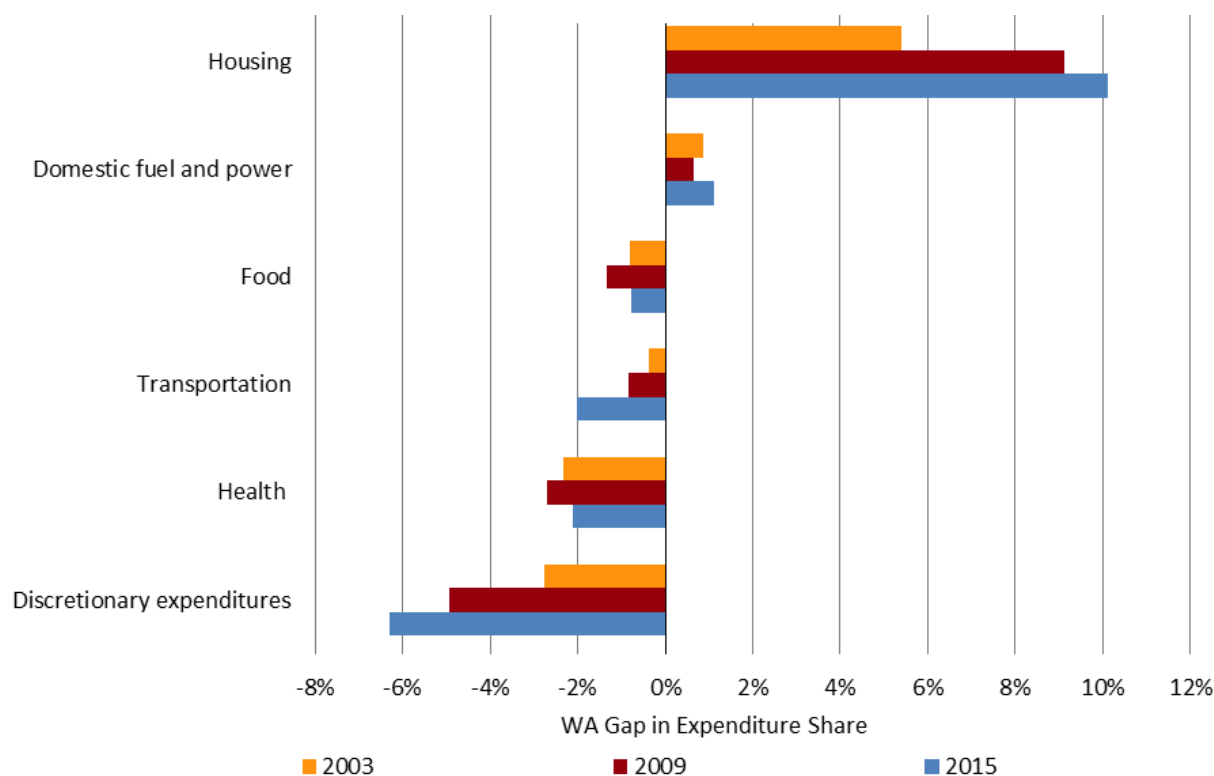
Source: ABS (2017) *Household Expenditure Survey*

In comparison to the households who sought financial assistance discussed above, just 26 per cent of expenditure is dedicated to housing for the 'average' household in the HES. The percentage of expenditure on utilities was also higher for the households in the financial counselling data set at 6 per cent, than those in the HES dataset.

The percentages of expenditure on recreation and health are significantly lower for the households in the financial counselling data set than the average household in the HES. This suggests that households experiencing financial hardship are forced to cut back on spending in those areas in order to make ends meet, which will undoubtedly have an impact on their quality of life and personal wellbeing.

Research from the Bankwest Curtin Economics Centre demonstrates that those in financial stress are increasingly spending more on housing and utilities than the average Western Australian household, forcing them to cut their spending in more discretionary areas.

Figure 9: WA Gap in Expenditure Shares, Households with Financial Stress Measures, Relative to Average WA Household, 2003-2015

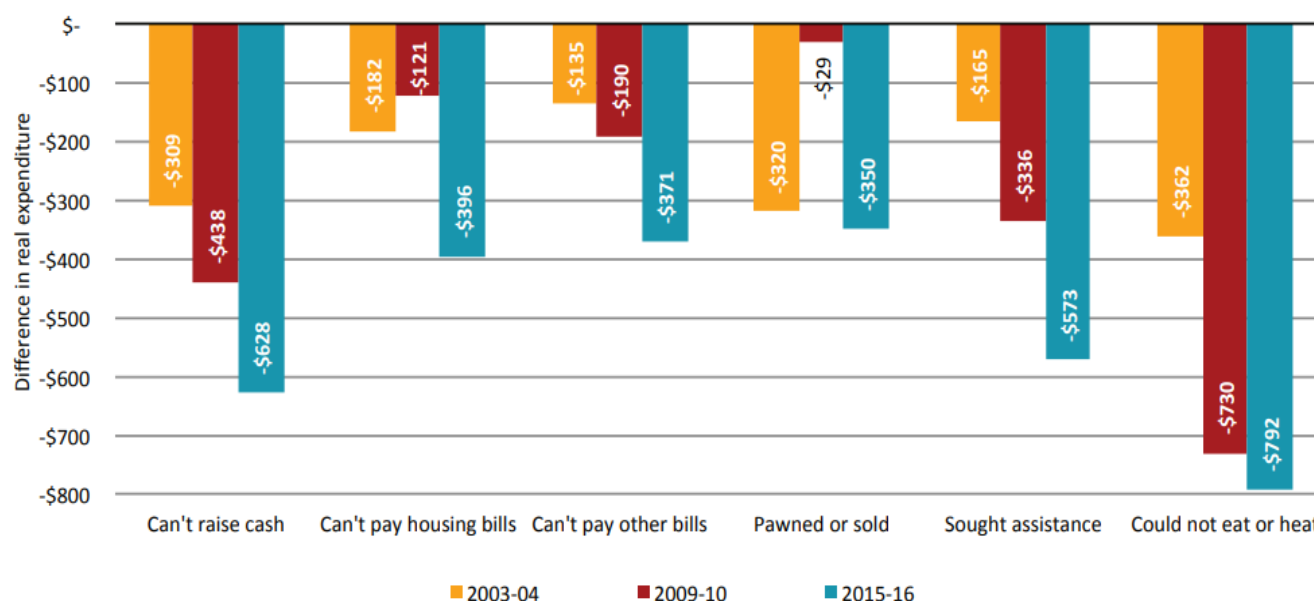


Source: Bankwest Curtin Economic Centre | Authors' estimates based on ABS Household Expenditure survey, 2003-04, 2009-10 and 2015-16

The next graph demonstrates the deterioration of the situations being experienced by households with any financial hardship and deprivation measures. The gap in their real expenditure compared to the rest of WA households has at least doubled in the last 12 years and households in financial stress (all measures combined) spend in 2015-16, an average of \$520 less per week than the rest of WA households.¹³

¹³ Bankwest Curtin Economics Centre (2017) *The Price is Right: An Examination of the Cost of Living in Western Australia*, Focus on Western Australia Report Series No. 10

Figure 10: Difference in real expenditure, households with financial hardship and deprivation measures, relative to the rest of WA households, 2003-04 to 2015-16



Source: Bankwest Curtin Economic Centre | Authors' estimates based on ABS Household Expenditure survey, 2003-04, 2009-10 and 2015-16

It is important we recognise that it costs us all more as a community when households on low incomes or in financial trouble cut back on their access to primary health care, the quality of their food and nutrition, and their recreational activities. This leads to higher rates of chronic disease, greater demands on our hospitals and tertiary care systems, reduced productivity and life expectancy.

100 Families WA Research Findings

100 Families WA is a collaborative research project between WACOSS, Anglicare WA, Jacaranda Community Centre, the Centre for Social Impact, The University of Western Australia (CSI UWA), the UWA Social Policy, Practice and Research Consortium, the UWA School of Population and Global Health, Wanslea Family Services, Centrecare, Ruah Community Services, UnitingCare West and Mercycare. The overarching goal of the project is to develop an ongoing evidence base on poverty, entrenched disadvantage and social exclusion in Western Australia.

The baseline longitudinal survey was conducted in late 2018 and early 2019, with 400 families living in 115 suburbs of Perth. The median age of the family members was 43.9 years, 33.3 per cent identified as Aboriginal, 42.5 per cent did not complete high school and 69 per cent were female. Crucially for this inquiry, three quarters (75.3 per cent) of the family members reported that they received no wage or salary based income, with income support payments their source of personal income.

The findings of the baseline report reveal the significant challenges and level of hardship being experienced by these Western Australian families.¹⁴ The inadequacy of their income is demonstrated

¹⁴ Ami Seivwright and Paul Flatau (2019) *Insights into hardship and disadvantage in Perth, Western Australia: The 100 Families WA Baseline Report*. The 100 Families WA project (Anglicare, Centrecare, Jacaranda

in the high proportion of financial stressors experienced by the families in the year prior to the survey.

Proportion of 100 Families WA family members (n=400) that experienced selected financial stressors due to a shortage of money, year prior to survey

Over the past year, have any of the following happened to your family unit because of a shortage of money:	Proportion of the 100 Families WA sample
Could not pay electricity, gas or telephone bills on time	67.8%
Could not pay the rent or mortgage on time	31.3%
Could not pay for car registration or insurance on time	39.0%
Pawned or sold something	44.3%
Went without meals	51.0%
Unable to heat my home	23.3%
Sought assistance from welfare / community organisations	69.5%
Sought financial help from friends or family	52.5%

Source: 100 Families WA Baseline Report

Almost 1 in 3 (31.3 per cent) family members reported that they could not pay their rent or mortgage on time in the past year, while more than two-thirds (67.8 per cent) could not pay utility bills on time at one point during that year. Over half (51.0 per cent) had gone without meals, 23.3 per cent had been unable to heat their homes. 69.5 per cent of the family members had sought assistance from welfare or community organisations and 52.5 per cent had sought financial help from friends or family. Further, 27 per cent currently have the burden of a pay day loan.

Using previous benchmarks of material deprivation, the *100 Families WA* project also examined what proportion of the family members were unable to afford items on an 'Essentials of life' list, compared to the proportion of the population-representative Household, Income and Labour Dynamics in Australia (HILDA) Wave 14 (conducted in 2014) sample who were unable to afford those items.

Proportion of the 100 Families WA sample (n=400) and the HILDA Wave 14 sample that do not have and cannot afford the essentials of life

Essentials of life:	Proportion of the 100 Families WA sample that does not have it and cannot afford it	Proportion of the HILDA Wave 14 (2014) sample that does not have it and cannot afford it
Getting together with friends or relatives for a drink or meal at least once a month	29.0%	2.5%
Medical treatment when needed	10.8%	1.1%
Furniture in reasonable condition	19.8%	0.4%
A decent and secure home	18.5%	0.3%
Medicines when prescribed by a doctor	15.5%	0.5%
Warm clothes and bedding, if it's cold	8.8%	0.1%*
A substantial meal at least once a day	14.0%	0.1%*
A week's holiday away from home each year	72.3%	16.5%
A roof and gutters that do not leak	19.0%	2.3%
A telephone (landline or mobile)	8.8%	0.1%*
Home contents insurance	68.5%	8.3%
A washing machine	14.8%	0.3%
Access to the internet at home	33.3%	1.7%
A motor vehicle	34.3%	1.9%
Comprehensive motor vehicle insurance	46.6% ¹	4.6% ²
At least \$500 in savings for an emergency	79.0%	12.2%
A home with doors and windows that are secure	16.3%	0.7%
Dental treatment when needed	45.3%	5.2%
Buying presents for immediate family or close friends at least once a year	38.3%	2.2%
When it is cold, able to keep at least one room of the house adequately warm	15.0%	0.6%
A separate bed for each child	5.9% ³	0.8% ⁴
A yearly dental check-up for each child	10.4% ³	3.3% ⁴
A hobby or a regular leisure activity for children	27.1% ³	3.7% ⁴
New school clothes for school-age children every year	31.3% ⁵	6.8% ⁶
Children being able to participate in school trips and school events that cost money	26.3% ⁵	2.1% ⁶

¹ Families that have a motor vehicle. ² Households that have a motor vehicle ³ Families with children in care and/or in their household ⁴ Households with children under 15. ⁵ Families with children that are enrolled in school. ⁶ Households with children aged under 15 attending school. * Estimate not reliable.

Source: 100 Families WA Baseline Report

The comparison with the HILDA survey results makes clear the high level of material deprivation being experienced by the *100 Families WA* family members. In every category, a substantially higher proportion of *100 Families WA* family members were unable to afford life essentials than the general Australian population.

The gap between the two was particularly pronounced when it came to expenses such as new school uniforms, school excursions and hobbies for their children, as well as home contents and care insurance, and the quality of their housing, such as roofs that do not leak or doors and windows that are secure. Nearly 80 per cent of the family members reported that they would not be able to access \$500 in savings in an emergency, and over 45 per cent cannot afford dental treatment when it is needed. Nearly 30 per cent of the family members reported that they are unable to afford to get together with friends or relatives once a month for a meal or a drink.

69.3 per cent of *100 Families WA* family members reported that they had been diagnosed with at least one mental health condition, with anxiety disorders and depression the most common conditions.

Illness and disability was reported as a barrier to employment for 38.8 per cent of the *100 Families WA* family members, with the other common barrier being child care responsibilities for 25 per cent of family members. 23 per cent of family members reported difficulty accessing flexible work arrangements such as work during school hours or modified workloads. Other barriers to employment reported by the family members included discrimination (20 per cent), lack of jobs (21.5 per cent), misaligned or insufficient educational qualifications (19.8 per cent) and a lack of accessible, affordable transport options (17.0 per cent).

Stimulus Impact of *Raising the Rate*

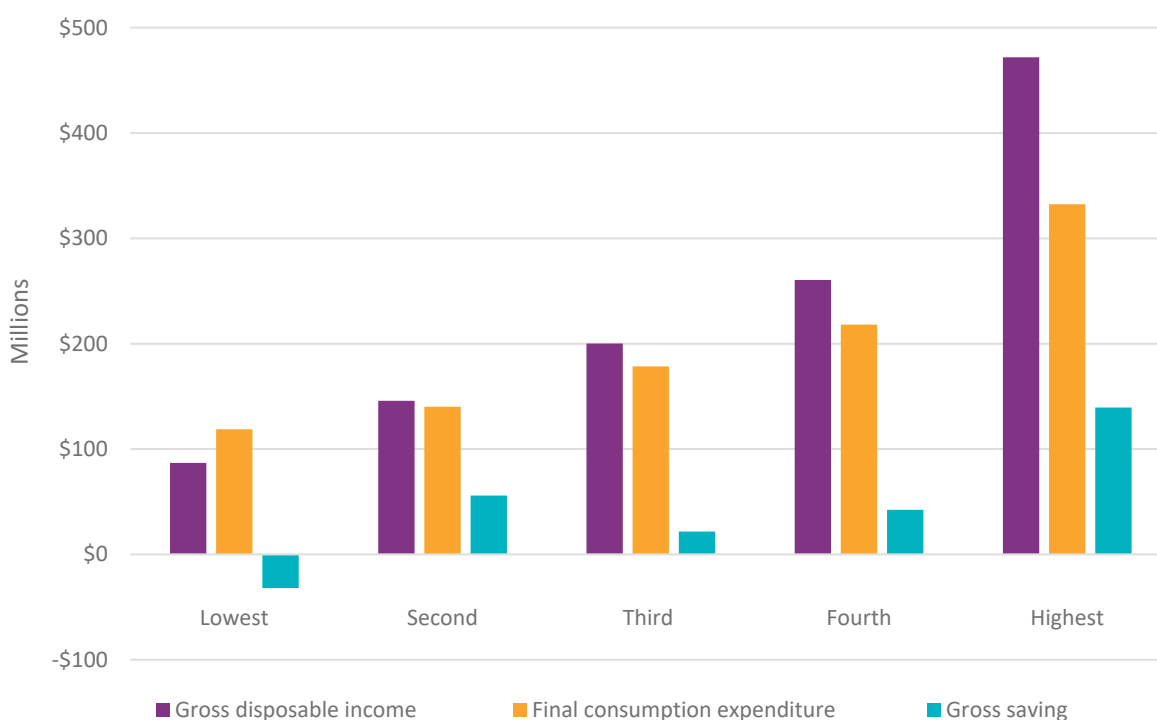
Deloitte Access Economics has calculated that Western Australia would see its economy lifted by \$773 million in the first year alone if the single rate of Newstart and related payments was increased by \$75 per week. The local government areas of Stirling, Wanneroo, Swan, Gosnells and Rockingham would see the greatest economic benefits from the increases in disposable incomes.

Economic benefit of an increase to allowance, by selected local government areas

Local Government Area	Economic benefit in first full year (disposable income)
Stirling	\$30.25 million
Wanneroo	\$28.81 million
Swan	\$23.16 million
Gosnells	\$22.4 million
Rockingham	\$21.39 million

The relationship between income and (largely non-discretionary) expenditure means that every extra dollar a low-wage worker earns is more than likely to end up boosting demand for goods and services in the local economy, with those on the lowest incomes spending a proportionally higher amount of their earnings.

Figure 11: Household Income, Consumption and Saving by equivalised household income quintile, 2017-18



Source: ABS 5204.0.55.011 Table 1.8

When those on the lowest incomes see an increase in their disposable income, they will spend it on much-need essential goods and services, typically locally, providing an injection of activity into the economy of their community.

The resulting increased spending from an increase to the Newstart Allowance will help drive growth in retail spending, improve consumer confidence, and help drive the economy. Not only will this measure work towards stimulating the economy, it will also reduce inequality within our community, and enable those currently in unemployment to be able to meet a living standard in line with that generally prevailing in the community.

Recommendations

- Increase the single rates of Newstart, Youth Allowance and related payments by an absolute minimum of \$75 per week with indexation.
- Index payments twice per year to movements in a standard ABS measure of wage levels (before tax), as well as movement in the Consumer Price Index.
- Increase Commonwealth Rent Assistance by 30% or \$20 per week for a single person on Newstart.
- Increase Family Tax Benefits (FTB) for single parents, redefining FTB Part B as a Single Parent Supplement set at a level that brings total social security payments for single parent families with children eight years of older at least up to the same level as those with younger children.
- Restore indexation of FTB and link the maximum rate of FTB Part A to wage growth.
- Maximum rates of Rent Assistance should be increased by 30%. Current indexation arrangements should be reviewed.
- Establish a Social Security Commission by legislation to provide independent expert advice to Parliament about the setting of social security payment rates.
- Social security payments should be paid as cash entitlements without restriction on how people spend the money, unless they volunteer to divert funds for a particular purpose.
- Reform the social security system to ensure support is easy to access and appropriate for the changing nature of work, emphasising resilience, dignity, respect and wellbeing.

If you would like to discuss this submission further, please contact the WACOSS Research and Policy Development Leader Chris Twomey