



**Submission to the Senate Standing Committee on
Education, Employment and Workplace Relations
Inquiry into the**

**Social Security Amendment
(Supporting More Australians into Work)
Bill 2013**

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OVERVIEW

UnitingCare Australia appreciates the opportunity to provide comment on the Social Security Amendment (Supporting More Australians into Work) Bill 2013.

This submission is premised on the view that all Australians have the right to live a decent life, which UnitingCare Australia defines as: being able to access appropriate food, clothing and healthcare; safe and secure housing; meaningful work, education, rest and enjoyment; and the opportunity to participate in and contribute to communities. Policy and programs should be based on the principle that all people have:

- Intrinsic value and physical, spiritual, and social needs;
- A just claim to be heard (either directly or through those who are close to them and understand their strengths and hopes);
- The right to participate in community as fully as they wish and are able; and,
- The right to opportunities that will enhance their life chances and quality of life.

Services in the UnitingCare network support and respond to the needs of people and communities in 1300 locations across Australia. We do this through the work of 35,000 staff and 24,000 volunteers. In responding to the terms of reference to this Inquiry, UnitingCare Australia has drawn on the experience of services providing emergency relief, financial counselling, employment and housing support. These services work in all states and territories in metropolitan, regional and remote locations.

UnitingCare Australia believes that the three measures outlined in the Bill will assist people to move into work, and therefore should be supported. However, the Bill does not address the basic issue that Newstart is too low, and that there are significant barriers to people entering work.

It is important that the income free threshold be increased to allow people to complete one 3 hour shift per week, and that this is indexed so its value is maintained. It is important that single parents can continue to receive educational supplements to enable them to develop and upgrade their skills. It is also important that the extension of benefits available under the concession card will be available to all parenting payment (single) recipients who are moved off this benefit, thereby easing their transition from income support to employment

HOWEVER:

- This legislation does not address the basic issue that Newstart is too low.
- This legislation does not target the most disadvantaged - Increasing the income free threshold only affects those who are able to obtain work and increase their hours or rates of pay. It does not assist people to overcome the

significant barriers many face in obtaining and holding work. In other words, the most disadvantaged are still disadvantaged.

- The Bill does not acknowledge the existence of the significant barriers to entering work, and incorrectly assumes that all people on Newstart will find full-time work.

The experience of the UnitingCare network shows that the current level of the Newstart Allowance is inadequate for recipients to live a decent life, and limits people's ability to find employment. Government needs to address this concern.

While the current Bill is commendable, we believe the Government needs to:

- Acknowledge that Newstart is not simply a short term intervention, but needs to adequately support people in the long term while they look for work;
- Implement further recommendations from the Senate Inquiry, specifically relating to flexibility to re-enter the social security system for a period after leaving it; and,
- Examine systemic barriers to work.

BACKGROUND

The Senate Education, Employment and Workplace Relations Committee Inquiry into the adequacy of the allowance payment system for jobseekers and others, etc. concluded that the "Newstart Allowance does not allow people to live at an acceptable standard in the long term." The experience of UnitingCare agencies fully supports this conclusion. While we acknowledge that the Newstart Allowance was never intended to be a long term solution to unemployment, both statistical data and our experience support the position that for a significant number of recipients, this is in fact the reality.

While the current Bill does go some way towards removing barriers that may discourage people from taking the step into work (by increasing the income free area), it does not begin to address the issue faced by many Newstart recipients that they are unable to find and hold employment. The current Bill provides no increased income or support for these people, despite strong evidence that Newstart is inadequate. Nor does it look at structural barriers that are limiting people's access to work.

Numerous submissions to the Inquiry, and reports released by many of the major charities in the last year, attest to the inadequacy of Newstart in allowing people to live a decent life, and the limitations this places on people's move into employment. Recent research by UnitingCare Australia on Emergency Relief and Financial

Counselling clients¹ across Australia showed that 65% of people felt that they could not afford adequate food, 43% could not afford the energy they needed, 35% could not afford transport or a vehicle, 32% could not purchase appropriate clothing, and 28% could not afford to see a doctor when they needed to. About 90% were unable to find \$1000 if they needed it for an emergency, and two thirds had no insurance. The vast majority of respondents were on the Newstart Allowance. While these are just numbers, they provide yet more evidence that living on Newstart is eroding people's physical and mental health, limiting their ability to cope with financial shocks, and restricting their ability to look for or obtain work – and the costs associated with finding and holding a job are not insubstantial.

UnitingCare staff are frustrated by the reality of life faced by their clients. As one service manager explained, “The longer someone is on Newstart the harder it is to live in a manner that supports you to get work. In the early weeks and months of living on Newstart people may be able to use any meagre savings they have, they may be able to get support from family and friends and they may be able to sell off some of their household items to supplement their Income Support, however these things run out and once all that is left is Newstart it is simply not adequate”.

When respondents were asked “what would you change about your financial situation if you could”, more than half of the respondents spoke directly of the desire to work – getting work, being able to work more hours, or getting a better paying job. People also talked about what they needed to do to remove the barriers that existed to them getting work. People talked about needing to study to build appropriate skills, needing childcare and work that was flexible around their children's needs, the lack of local jobs and the difficulties associated with distance to work, including the high cost of owning or running a vehicle, the lack of a licence and the lack of public transport. Although brief, people's responses indicated a desire to work hindered by obstacles that were in many ways outside of their control. While there are a range of policies that target specific barriers to obtaining work and assist many unemployed to find work – childcare benefits, public transport subsidies, training and education supplements etc., and an array of Job placement supports – UnitingCare Australia suggests a more systematic approach needs to be taken.

We support the Committee's position regarding the need to enable Newstart recipients to move easily back on to Newstart for a period of time after commencing work. While the Committee couched this in terms of people not being willing to take up work because they feared they would not be able to retake their entitlements should they lose their job, our experience is that the transition to permanent work is a process which, for many people, can involve a number of excursions into work before people have

“People sometimes go back onto Newstart in the early days because they can't afford to work. They can't afford the transport costs to get to work, particularly if they only have a few shifts in the early days and the workplace is not on a public transport route. You cannot afford a car on Newstart and it takes considerable time in a low paid job to be able to save for one.” (UnitingCare service manager)

¹ UnitingCare Australia, Financial Hardship in Australia, forthcoming.

the confidence or ability to maintain adequate work to support themselves.

Our previous submission to the above Inquiry into the adequacy of Newstart (attached) outlined the experience of living on inadequate income, presented objective evidence supporting the experience of financial hardship, summarised labour market issues and endorsed the recommendations made by ACOSS to the Inquiry regarding the short and medium term goals needed to assist and support Newstart recipients to live a decent life and move into employment.

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- Implement further recommendations from the Senate Inquiry, specifically relating to flexibility to re-enter the social security system for a period after leaving it; and,
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