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Senator Rachel Siewert
Committee Chair
Community Affairs References Committee
PO Box 6100
CANBERRA ACT 2600

Dear Senator Siewert

Thank you for your letter of 26 July 2019 inviting a submission to the *Inquiry into the adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia*. I welcome the opportunity to provide input into the Community Affairs References Committee's Inquiry.

The ACT Government has been a strong and consistent advocate for raising the rate of Newstart.

Newstart is intended to be the main income support payment for the unemployed looking for work. However, the current rate of Newstart is insufficient to effectively assist people recover from unexpected shocks, such as a job loss, which can ultimately drive them into poverty and crisis situations. In many cases, Newstart recipients can barely meet their basic needs, let alone ensure that they are well placed to re-enter the workforce or participate in society. Furthermore, changes to the eligibility requirements for the Disability Support Pension in 2014-15 has meant more people are finding themselves on Newstart, as not all can find employment.

Despite the lowest unemployment rate in the country, 3,740 job seekers in the ACT received either Newstart or Youth Allowance in May 2019, including 2,413 people who had been looking for work for 12 months or more. During 2017-18 in the ACT community around 6,350 households included a Newstart recipient and were considered for housing assistance. These Newstart households receive up to \$278 a week in Newstart allowance, which is less than 40 per cent of the current minimum weekly wage. It is also less than 10 per cent of the average wage in Canberra, making it even more difficult for Newstart recipients to support themselves in a city that is geared to higher income earners.

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Commonwealth Rent Assistance provided an estimated 27 per cent of Newstart households in the ACT with rent support in 2017-2018. However, even with this additional support, two thirds of these households were experiencing rental stress (that is, spending 30 per cent or more of their combined household income on rent). With a median rent of \$240 a week for households receiving rent assistance, most of the Newstart allowance they receive would still be allocated to rent, leaving little for other essentials such as food and transport.

While the ACT has the highest ratio of public housing per capita of any jurisdiction in Australia, we cannot help all Newstart recipients in this way. Of all ACT households living in public housing, 13 per cent rely on Newstart as their main source of income. However, with one in five of these households in rental debt of four or more weeks' rent, they are significantly overrepresented as 30 per cent of all public housing households in such debt. Newstart recipients with children face even greater challenges in sustaining their tenancies. One in four public housing households with children whose main income is Newstart having a rental debt of four or more weeks' rent. Although public housing tenants pay only 25 per cent of their income in rent, it is clear the remaining 75 per cent is not sufficient for many to be able sustain their tenancies.

There is a common misconception that many jobseekers receiving Commonwealth benefits are young adults entering the labour market for the first time. However, those aged under 25 comprise 21 per cent of jobseekers receiving Newstart and Youth Allowance, with 24 per cent aged 50 or over and 54 per cent aged 25 to 49 years. With both an ageing population and increases in the eligibility age for the age pension, the proportion of those on Newstart aged over 50 is likely to increase further in the coming years.

Analysis also suggests that Newstart is not helping recipients who have suffered an unexpected shock get back on track quickly and that they face lasting unemployment or underemployment. For ACT households where the main tenant is the recipient of Newstart Allowance, they have received the payment for two years on average with no break in entitlement.

The ACT Government supports people who are struggling financially by providing a utilities concession, public transport concession and free off-peak travel, driver license discount, rental bond help for the private market and a spectacle subsidy scheme. Further details of this assistance are attached. In addition, in the 2019-20 ACT Budget, the ACT Government announced \$100 million in funding over the next five years to grow and renew public housing in the ACT.

Ensuring adequate living standards for Newstart recipients cannot be done by state and territory governments alone. The Federal Government must do more to provide adequate income support for those on Newstart struggling to make ends meet.

Once again, thank you for the opportunity to provide a submission to the Inquiry and I look forward to the Committee's report and its findings.

Yours sincerely

Andrew Barr MLA
Treasurer

07 AUG 2019

Attachment A

Assistance in the ACT for Low Income Health Care Card holders

1. Newstart Allowance recipients are eligible for a Health Care Card.
2. The following assistance is available in the ACT for card holders:
 - a. the utilities concession which covers electricity, natural gas, water and sewerage. One utilities concession per eligible household can be claimed. The annual concession amount for 2019-20 is \$700.
 - b. public transport concession and currently a free off-peak travel trial is also in place.
 - c. people who also have a good driving record and who have been unemployed for 6 months or more are entitled to 65 per cent fee discount on a 1-year ACT driver's license. People who do not have a good driving record but meet other eligibility requirements are entitled to a 50 per cent fee discount on a 1-year ACT driver's license.
 - d. rental bond help for the private rental market – Housing ACT offer to pay the rental bond of eligible people wanting to start a tenancy in the ACT private rental market. The bond amount is then repaid to Housing ACT in small instalments. There are a number of eligibility criteria but the key ones are the applicant: is earning less than the income threshold (\$1,838 per week for a single applicant, \$2,450 per week for joint applicants, and an additional allowance of up to \$200 per week may be added to threshold for each dependent child living in the household), and hold less than \$10,000 (\$15,000) in cash or savings for a single applicant (joint applicants).
 - e. a spectacle subsidy scheme for ACT residents who have held a Health Care Card for three months or more provides a subsidy of up to \$200 once every two years.

Eligibility Criteria for ACT Public Rental Housing Assistance

1. Key eligibility criteria for ACT public housing are as follows (other eligibility requirements such as age, residency, etc. also apply):
 - a. maximum income – income limits are provided in the table below (published by Housing ACT as at 5 March 2019);
 - b. realisable assets – assets limit of \$40,000 (some assets excluded from assessment); and
 - c. non-ownership of or interest in real estate (unless they cannot reside in the property and they are making reasonable efforts to dispose of their interests in the property).

Household composition	Assessable income (total gross weekly income of the applicant or joint applicants, plus 10% of the gross weekly income of other household members whose income is \$100 per week or more)
Single person	\$735
Two-person household (single applicants jointly seeking accommodation will be assessed as a household in terms of the income limit)	\$919
More than two-person household	\$919 plus \$123 for each additional person.

Rates Assistance in the ACT

1. Property owners who receive a Commonwealth Government or Department of Veteran's Affairs pension and are entitled to a Pensioner Concession Card or a War Veteran's pension, may be eligible for the pensioner rates rebate (applied only to the principal residence).
 - a. Only Newstart Allowance recipients who are single, caring for a dependent child and looking for work would be eligible for the pensioner rates rebate, as they would hold a Pensioner Concession Card.
 - b. Of the 6350 households in the ACT that include a Newstart recipient, only 105 households would be eligible for the pensioner rates rebate.
 - c. The rebate is based on the interests in the property (the number of people on the title of the property and how many of them are eligible).
 - d. The rebate is 50 per cent of the rates charged up to a cap of \$700.
 - e. Those that have been continuously eligible for the rebate since 30 June 1997 are covered by a different rebate scheme. The rebate is 50 per cent of the rates charged, but capped at the 2015-16 level if it exceeds \$700 in that year.
2. Property owners who are receiving unemployment or other Government benefits, or suffering significant financial hardship can apply to defer payment of rates. A relatively low rate of interest is charged on deferred amounts.
 - a. Substantial hardship takes into account a number of factors, including whether the customer is on a Centrelink Income or holds a Centrelink Low Income Health Care Card (the presence or absence of this factor is not conclusive in determining substantial hardship).