



## **Senate Inquiry into the adequacy of the allowance payment system for jobseekers and others.**

**Social Policy & Research Unit**

**July 2012**

## About VincentCare Victoria.

VincentCare Victoria works within the mission of the St. Vincent de Paul Society in Victoria, a charity with more than a 150 year history of working with people in need. VincentCare Victoria was established as a separate not-for-profit entity by the St Vincent de Paul Society in Victoria in 2003 (originally under the name of St Vincent de Paul Aged Care and Community Services), to provide quality services for the disadvantaged. Central to our mission is supporting people, who are homeless, aged, and disabled, and men and women struggling with complex needs including substance abuse and mental health problems. VincentCare's own Board of Directors has recently approved a new strategic direction and operating model.

VincentCare has recently completed a detailed review of its services culminating in the release of *Strategic Directions 2010 – 2013* which proposes new organising and operating models for its extensive homelessness services. The most important element of this new model is the focus of the organisation's resources on the most disadvantaged in our community.

VincentCare's new operating model places the client at its core with the intention of 'case-managing' services around the client. The new operating model customises the most appropriate solution to the needs of the client by disbanding the existing internal silos and providing clients with a case manager responsible for assessing and marshalling resources to meet a client's needs.

The current configuration of services which VincentCare Victoria operates aligned to this new model includes our:

- Seniors Living Hub which comprises seven residential aged care facilities across inner and metropolitan Melbourne and rural Victoria.
- Glenroy Hub comprising:
  - A large housing gateway and support hub in Glenroy (VincentCare Community Housing Services).
  - The VincentCare Victoria and Partners HomeConnect early intervention and prevention project; and
  - Two women's refuge services in Melbourne and rural Victoria.
- Our North Melbourne Hub comprising:
  - Ozanam House Crisis Accommodation in Flemington Rd, North Melbourne.
  - Ozanam Community Centre for Homeless people in Arden Street North Melbourne
  - Adult and youth homelessness outreach support.
  - Quinn House alcohol and substances accommodation and therapeutic programs.

- Our Social Enterprises Hub which, at present, comprises Ozanam Enterprises, our Australian Disability Enterprise, at Mornington. Ozanam Enterprises provides employment in a viable business environment for approximately sixty people with disabilities and some additional twenty people without disabilities using a reverse integration model. As we implement our new Strategic Directions, new initiatives will target our Social Enterprises to a broader base of people experiencing some form of disability or disadvantage.

## **THIS SUBMISSION**

This submission is to the Senate Education, Employment and Workplace Relations Committee's Inquiry into the adequacy of the allowance payment system for jobseekers and others.

## **BACKGROUND**

On 26 June 2012 the Senate referred the following matter to the Senate Education, Employment and Workplace Relations Committees for inquiry and report. Principally the Inquiry is tasked with considering,

*The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market.*

Several more detailed terms were also put to this matter.

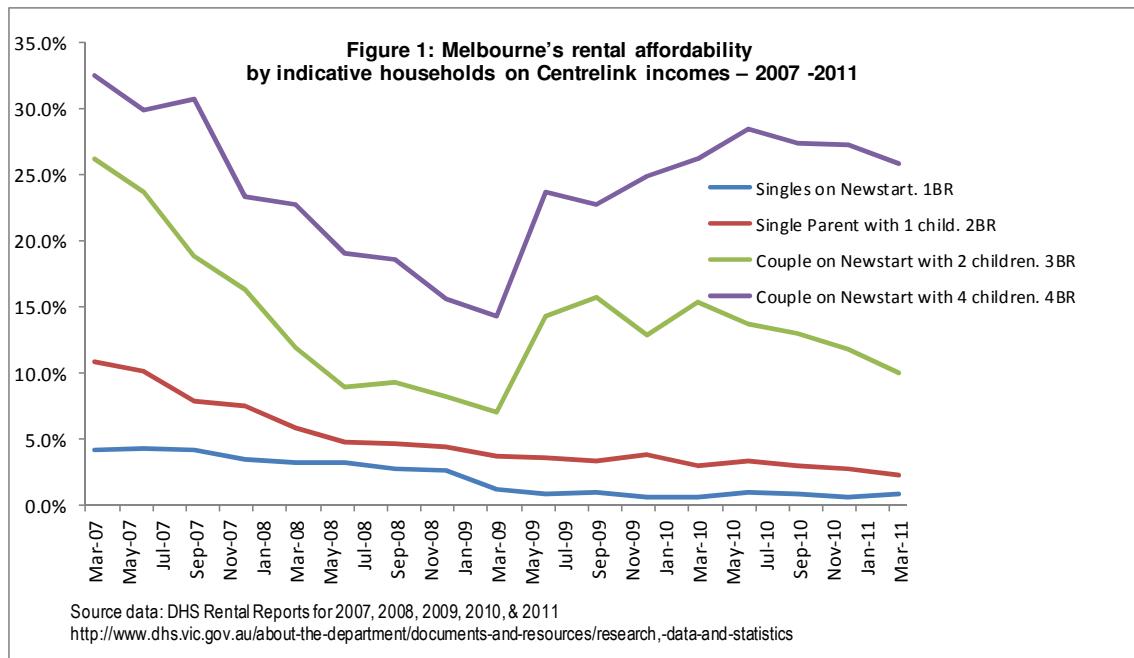
## **VINCENTCARE VICTORIA'S RESPONSE.**

Our response is to point out that the present allowance does not permit people to establish a sufficiently adequate or stable home as a base from which to engage in paid employment, associated vocational training, or other steps towards gaining employment. We submit to the Commonwealth that people require safe, affordable and appropriate housing to engage in employment and education. If Newstart falls far short, even with Commonwealth Rent Assistance, to permit people to achieve the means to be securely and appropriately housed, then it fails any notional objective of assisting people back into paid employment.

We provide the Senate Committee with evidence of a current crisis in private rental affordability and availability the critical nature of social housing shortage in Victoria. There is a core issue of market failure at the lower end of the housing market which is markedly prominent in Melbourne. At the low end of the market affordability has steadily decreased.

In December 2011 the difference per week between a single and 3 bedroom property in the private rental market was \$40 per week. Twelve years ago this difference was \$50. However, in real terms that was \$73<sup>1</sup>. The gap has shrunk as competition has impacted the low end of the market.

The same datasets reveal a falling percentage of affordability for single bedroom dwellings in Melbourne's private rental market for a single person on Newstart. This has deteriorated dramatically over the past few years with the percentage of affordable dwellings in this part of the market has falling from 4% to less than 1% over the four years from 2007 to 2011 - as shown in Figure 1.



This is one likely reason why we have seen three to fourfold increase in the number of people living in Melbourne's rooming houses over the five years from 2006 to 2011. In a survey of Melbourne Rooming Houses published this year it was stated that,

*...the rooming house population in Melbourne increased from between 2,946 and 3,739 in 2006 to 12,568 in 2011. (p3)<sup>2</sup>*

Rooming houses are often very dangerous places for people to live, especially where there is an ongoing occurrence or threat of violent and drug affected behaviour and petty crime. Given this, it is difficult to imagine how such marginal accommodation can provide some with the safety and stability to prepare for work every day (e.g. 10 adults sharing a toilet or bathroom). Study associated with a Vocational Education Training courses can be difficult to undertake when a computer could be stolen, one's room vandalised or constant fighting and drunkenness continually punctuates the soundscape.

We therefore recommend that under qualifying conditions, that the Newstart allowance be increased to a level commensurate with the Disability Support Payment (DSP). In doing so we point out that the Commonwealth has available to it mechanisms such as evidence of an individual's compliance with Job Seeking activities that can be used to ensure that individuals who are able to work are provided with an incentive to do so. Increasing Newstart to this level would not create a relative disadvantage for people on Disability Support Payment as DSP does not have a requirement for people to be engaged in Job Seeking activities.

An alternative option would be for the Commonwealth to increase Commonwealth Rent Assistance for people on Newstart to enable them to better access private rental accommodation. This would accrue a saving to the Commonwealth where a young person, for example, might be afforded a realistic choice to remain living in the family home (similar to the way Austudy eligibility is determined).

Accommodation scenarios recently shown by the Victoria State Government<sup>3</sup> further demonstrate the difference in residual incomes for people of same household and income circumstances for those living in public housing versus private rental. This would suggest the need for an enhanced rent assistance scheme for those who are struggling in private accommodation. A single pensioner in private rental is paying 64% of their full pension income as rent (after Commonwealth Rent Assistance) compared to 23% for a person in public housing. Net of the Commonwealth Rent Assistance, there is still a difference of \$154 per week. Therefore, as there are people in the community who are equally eligible for public housing but carry most of the cost of housing themselves in the private market it may be fairer to provide these people with a larger subsidy. Similarly, by taking this approach, of at least closing the gap between public and private rents for people on Newstart who are seeking to enter an employment pathway, the amount of assistance could be varied according to the market rent as it varies from one location to another. From a fiscal perspective, this is a more fine tuned approach than paying the same assistance to everyone

## **CONCLUSION.**

VincentCare is concerned with breaking cycles of disadvantage which are associated with chronic homelessness. People on Newstart will clearly not be able to make a *new start* into employment pathways if they cannot achieve a measure of secure and appropriate housing. Newstart is insufficient to the task of providing people with even the most basic of safe accommodation particularly in the Melbourne metropolitan area. The combination of inadequate income when on Newstart and market failure at the lowest end of the housing market is creating an epidemic of people who are very insecurely, inappropriately and unsafely housed in rooming houses. We suggest that tightly targeted benefits could

assist the government in meeting its objectives to support people to re-enter the paid employment while managing the risk of runaway expenditure. Ultimately, to make every effort to return people to paid employment makes good economic and social sense.

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### **Further Information.**

To obtain further information or to discuss this submission contact:

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### **REFERENCES**

<sup>1</sup> Source data: DHS Rental Reports for 2007, 2008, 2009, 2010, & 2011 <http://www.dhs.vic.gov.au/about-the-department/documents-and-resources/research,-data-and-statistics>

<sup>2</sup> Chamberlain, C. (2012) Counting Boarding Houses: Reflections on Homelessness Research in Australia - A paper presented at the Homelessness Research Conference, Melbourne, 19 – 20 April, 2012. Centre for Applied Social Research, RMIT University, Melbourne.

<sup>3</sup> Pathways to a fair and sustainable social housing system Public consultation discussion paper April 2012. State Government Victoria.