

QCOSS position statement

Adequacy of Newstart and related payments

Our position

Everyone in Queensland deserves to live a good life, but many people on low incomes don't have enough money to afford the basics. QCOSS believes accessing an adequate social safety net is a critical part of a civil society and supports social cohesion. Allowing Newstart and other payments to fall behind cost-of-living increases further entrenches poverty and disadvantage, unfairly targets people who may be experiencing vulnerability and undermines the system intended to support them.

Newstart allowance puts people receiving it below the poverty line and has not been increased in real terms for more than 25 years. At the same time the basic costs of living have significantly increased. As a result, individuals already facing challenges are being left further behind. The Australian Government must maintain an income support system that is strengths-based and supports access, inclusion, equity and fairness.

We need to strengthen Australia's social safety net to help eliminate disadvantage and poverty by increasing income support, rather than cutting and restricting it. QCOSS believes that an immediate 'catch-up' increase in Newstart and related payments of at least \$75 per week has strong community support and is long overdue.

Meaningful engagement in community is a critical element of people's wellbeing. The safety net must not only include adequate payments to support living but should also provide the support needed for individuals to participate in their community in the best possible way.

We must end the stigmatisation of people accessing income support as 'undeserving' and in need of punitive motivation to achieve self-reliance and a work ethic and instead ensure everybody is able to access the supports they need to live a meaningful life.

Recommended actions

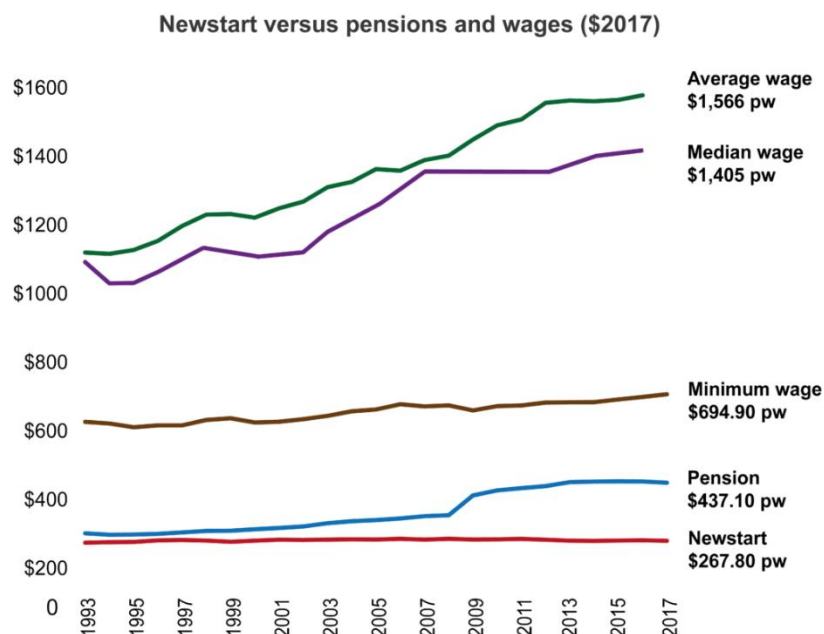
QCOSS is calling on politicians and policymakers to act now and make decisions that prioritise living affordability for every person in every community.

1. Increase single unemployment (Newstart) and student allowances immediately by at least \$75 per week.
2. Ensure that social security payments keep up with living affordability changes by indexing them to wage and CPI increases (whichever is the highest).
3. Increase Commonwealth Rent Assistance by 30 per cent (approximately \$20 per week) for low-income households currently receiving the maximum rate.
4. Establish an independent Social Security Commission to advise on the financial needs of people requiring social security payments to simply afford basic essentials.
5. With an average of eight jobseekers for each job vacancy, improve employment services so that people locked out of the labour market receive the help they need to get paid work or other appropriate activities.
6. Do not link increases in social security payments to any other punitive welfare program, such as the Cashless Debit Card Trials. This would further limit the adequacy of the payments by limiting people's access to their own money.
7. Governments and media must change the stigmatising narrative that frames people as 'welfare dependent' and leads to excessive restrictions and penalties.

Rationale

Inadequacy of payments

Currently the single rate of Newstart is \$278 per week (\$14,456 annually) or less than \$40 per day. This is less than 40 per cent of the minimum wage and has not been increased in real terms for 25 years, since 1994. Seventy per cent of the community support an increase in Newstart, Youth Allowance and related payments, (Essential Research, 2018).



ACOSS (2018c)

Social security commission to advise on payment adequacy

The setting of social security payment rates has been mostly a political process. An independent body is needed to advise the parliament on payment rates and payment settings. Such a commission would enable a fairer approach to social security design (ACOSS, 2019b).

This commission would provide independent expert advice to parliament on the rates of income support payments, helping to ensure that payments are adequate and that means testing and indexation settings are right. Such an independent body has broad support amongst the community sector, which sees every day the impact of inadequate social security payments.

Inadequacy of employment services

Pathways to employment do provide opportunities for increased incomes as well as feelings of contribution, engagement and inclusion. However, finding employment is not always easy. Services to support people on this pathway must be effective, supportive, accessible and meaningful. In some instances, paid employment is not the only, or indeed the best, engagement, particularly for those who are experiencing substantial vulnerability.

During the 25 year period that Newstart has not increased in real terms, the proportion of people receiving unemployment payments who are unemployed long-term (12 months or more) has grown from 40 per cent to more than 60 per cent. This is no doubt due in part to the neglect of the services that are needed to support people into securing a job, including wage subsidies to provide work experience in regular jobs, training to upgrade skills, and career counselling. Employment services have average caseloads of more than 150 jobseekers per consultant, and rigid enforcement of unrealistic activity requirements for jobseekers, such as applying for 20 jobs a month in regions with few jobs, (ACOSS, 2018a). This counter-productive jobactive program is more a benefit compliance system than it is an employment service.

Lack of jobs

The increased levels of long-term unemployment and under-employment also results from there not being enough jobs for jobseekers. There are eight unemployed or under-employed people for every job vacancy, (ACOSS, 2018b). Added to this are the challenges and costs of transitioning to new jobs including the transitions between regions and between sectors.

Experiences of living on Newstart and Youth Allowance

The 2019 ACOSS survey of Newstart and Youth Allowance recipients showed that people were skipping meals to save money, skipping healthcare, had little money left after paying for housing, and their kids were missing out. Specifically:

- 84 per cent of respondents said that they skip meals to save money. With, on average, 47 per cent of people skipping more than five meals a week, and 12 per cent said that they skipped more than eight meals per week.
- 66 per cent don't use heating in winter
- 64 per cent don't use cooling in summer
- 54 per cent don't buy fresh produce
- 68 per cent only buy second-hand clothes
- more than half of respondents (59 per cent) had less than \$100 per week left over after paying for housing costs, or \$14 (or less) a day. Thirty-nine per cent were left with \$50 or less a week after housing. (ACOSS, 2019a)

Living affordability in Queensland

The QCOSS *living affordability in Queensland report* (QCOSS, 2019a) shows cost-of-living pressures are increasing, with affordability concerns cited as the leading issue for many households. The ability of households to make ends meet varies across regions, depending on the cost of housing, essential goods and services, transport, and access to education, employment, healthcare, and community supports. With Queensland the most decentralised state in Australia, and notable population growth in some regional areas, these differences can be significant. Analysing the experiences in different regions is important to highlight where people may be more vulnerable and identify the clear action needed from our elected representatives and communities.

Newstart and Youth Allowance are not providing the support recipients need to get back on their feet. The failure of our national elected representatives to increase Newstart and Youth Allowance in 25 years has left these households under increasing financial pressure to afford housing, food, and essential services. Many of these households are consistently unable to maintain a basic standard of living in any location creating strain on individuals, families, support services, and the whole Queensland community.

QCOSS compared living affordability for five model households partially or entirely reliant on income support, in five locations including metropolitan and regional communities (Cairns, Mount Isa, Rockhampton, Toowoomba and Brisbane). Whilst the shortfall varied across the five locations, (\$3 in Rockhampton, to \$99 per week in Mt Isa), there was no location that was affordable for a single person on Newstart.

While this finding is in deficit across all regions, it is smaller in Rockhampton because of lower housing costs. However, given the high unemployment rate the prospects of finding employment are much worse. Mount Isa households have the highest deficit, largely due to the rental costs and lack of public transport and car ownership which increase expenses significantly. In this model our single unemployed person has no alternative but to use taxis. The deficit is also high in Cairns, largely due to the higher price of food.

Benefits of raising Newstart for Queensland communities

Economic modelling from Deloitte Access Economics and UNSW (Deloitte, 2018), demonstrates that increasing Newstart by \$75 per week, indexing it to wages (as well as prices), and increasing Commonwealth Rent Assistance by \$20 per week, would ensure payments provide a minimum income to afford the cost-of-living essentials.

The modelling shows that the cost of raising Newstart, Youth Allowance and related payments by \$75 per week would be \$3.3 billion per year. It also demonstrates a strong positive economic

impact in Queensland communities that an increase in Newstart would provide. This results from the fact that an increase in income support is spent in full by people accessing it given their struggle to afford the basics like rent, energy and food.

Per capita, six of the top ten LGAs that would receive positive economic impacts are in Queensland. These are all in regional and remote areas (Wujal Wujal, Woorabinda, Aurukun, Yarrabah, Kowanyama and Hope Vale). In terms of total impact, five of the top ten LGAs in terms of positive economic impacts are in Queensland with Brisbane LGA topping the list, receiving a boost of \$134 million in domestic income, \$168 million in consumption and \$73 million in economic output (Deloitte, 2018).

A positive strengths-based social safety net

Across our social safety net we have seen moves to a compliance based, punitive system that risks further disadvantaging those who are already struggling to afford life and have a good life. Linking an increase in social security payments to the expansion or introduction of any other punitive government welfare programs (such as the Cashless Debit Card or Drug-testing Trials) will further disempower people accessing income support. These punitive programs based on conditionality and 'mutual obligations' disempower people by removing their choice and agency, making things worse for people struggling with entrenched disadvantage (QCOSS, 2018 & 2019b).

Government reports show that the Cashless Debit Card Trials have been found to be ineffective, expensive, harmful, unsupported, discriminatory and paternalistic:

- **ineffective** - not evidence that it reduces social harm (Auditor-General, 2018)
- **expensive** - \$10,000+ per participant (Auditor-General, 2018)
- **harmful** - 32 per cent said it made their lives worse (Orima Evaluation, 2017)
- **unsupported** - recorded community opposition (Orima Evaluation, 2017)
- **discriminatory** - breaches human rights of privacy and social security (Parliamentary Joint Committee on Human Rights, 2018)
- **paternalistic** - removes people's agency to manage their affairs (Parliamentary Joint Committee on Human Rights, 2018).

Change the narrative

Our income-support system is intended to provide a critical safety net for all people as they need it. People who access income support come from a range of backgrounds, require support for a range of reasons, and in many cases have been disadvantaged by a complex web of systemic factors and have been let down by the systems that are meant to support them. Governments and media must end the stigmatisation of people accessing income support as 'undeserving' and in need of punitive motivation and discipline to achieve self-reliance and a work ethic.

The federal House of Representatives select committee on '*intergenerational welfare dependence*' report "*Living on the Edge*" provides guidance on this issue, (House of Representatives Select Committee, 2019). The committee is to be applauded for responding to criticism of the title of the inquiry and replacing the term 'intergenerational welfare dependency' (which falsely implies personal fault) with 'entrenched disadvantage' throughout the report. This is a helpful correction from 'dependence' to 'disadvantage', and acknowledges the complex causes of entrenched disadvantage.

A key finding of this review is that poverty itself is a driver for entrenched disadvantage, and as such the report recommends a review of the adequacy of income support payments (including Newstart). Sadly, it has since been revealed that the Social Services Minister at the time intervened in the inquiry to remove a recommendation to increase Newstart (Harris, 2019).

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QCOSS

We are QCOSS (Queensland Council of Social Service), Queensland's peak body for the social service sector.

Our vision is to achieve equality, opportunity and wellbeing for every person, in every community.

We believe that every person in Queensland – regardless of where they come from, who they pray to, their gender, who they love, how or where they live – deserves to live a life of equality, opportunity and wellbeing.

We are a conduit for change. We bring people together to help solve the big social issues faced by people in Queensland, building strength in numbers to amplify our voice.

We're committed to self-determination and opportunity for Aboriginal and Torres Strait Islander people.

QCOSS is part of the national network of Councils of Social Service lending support and gaining essential insight to national and other state issues.

QCOSS is supported by the vice-regal patronage of His Excellency the Honourable Paul de Jersey AC, Governor of Queensland.

Join us to mobilise a force for equality, opportunity and wellbeing. To join visit the QCOSS website (www.QCOSS.org.au).

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