

**MISSION
AUSTRALIA**

**Adequacy of
Newstart and related
payments 2019**

Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia (Community Affairs References Committee – Commonwealth Parliament)

Mission Australia is a national, non-denominational Christian charity that has been helping vulnerable Australians move towards independence for more than 160 years. In the 2017-18 financial year, we supported over 120,000 individuals through 461 programs and services.¹ We deliver a range of community and family services across Australia supporting people experiencing disadvantage including a large proportion of people in receipt of social security allowances.

Mission Australia welcomes the opportunity to provide input into the Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia. This submission is based on a combination of research and insights from our direct service provision across Australia. It includes testimony from some of our practitioners and the participants they work with.

Recommendations

Mission Australia is a member of Australian Council of Social Services (ACOSS) and endorses the recommendations made by them in relation to this inquiry. In particular we recommend that the government:

- Significantly increase the rates of social security allowances² as a matter of priority to ensure people are able to afford essentials including housing, food and medicine, to allow them to effectively engage with education and employment and to prevent poverty and reduce homelessness in Australia.
- Adopt measures to link Allowances to increases twice per year to movements in wage levels (as assessed by Australian Bureau of Statistics similar to Age and Disability Support Pensions) as well as movements in the Consumer Price Index (CPI).
- Increase Commonwealth Rent Assistance (CRA) by at least 30% to ensure people who are in rental stress are able to access affordable and appropriate housing options and reduce their risk of homelessness.
- Identify mechanisms to monitor wellbeing of social security payment recipients to identify those experiencing significant financial pressure which contributes to deteriorating physical and

¹ Mission Australia, Annual Report, 2018, accessible at: <https://www.missionaustralia.com.au/publications/annual-reports/annual-report-2018>

² These include Newstart Allowance, Youth Allowance (away-from-home rates), Austudy Payment, Abstudy Payment, Sickness Allowance, Special Benefit, Widow Allowance and Crisis Payment.

mental health in order to link them to appropriate financial, health and other community services.

- As complementary measures to increasing support payments, the Government should increase investment in social and affordable housing, health services including mental health and other community supports to assist people experiencing severe financial stress and at risk of homelessness.

a. An acceptable standard of living in Australia, including the cost of safe and secure housing

It is widely accepted that social security allowances are far too low and are increasing the risk of homelessness.³ The recent *Poverty in Australia* report reveals that 3.05 million people (13.2% of the population - more than one in eight) are estimated to live below the poverty line, after taking account of their housing costs.⁴ Moreover, 53% of people below the poverty line are in households that rely on social security allowances as their main source of income.⁵

Similarly, the *Inequality in Australia* report found that most (60%) of the lowest 20% income group are in households that rely mainly on social security for their income.⁶ Sole parents (36%) and people who are unemployed (77%) are over-represented in the lowest 20% of households by income.⁷

The National Housing Supply Council calculated that 60% of people who are on low incomes in the rental market are in housing stress⁸ and therefore at risk of homelessness. Even for those receiving CRA, 40% of people are still living in rental stress after the payment.⁹ Without access to adequate social security allowances, people will continue to experience housing stress and increased risk of homelessness.

There is a severe shortage of affordable housing in Australia. According to Anglicare Rental Affordability Snapshot, there were only two affordable accommodation options available to single people in receipt

³ See further: Business Council of Australia, Submission to the Senate Inquiry into the Adequacy of the Allowance Payment System for Jobseekers and Others, accessible at: <http://www.bca.com.au/publications/submission-to-the-senate-inquiry-into-the-adequacy-of-the-allowance-payment-system-for-jobseekers-and-others>

⁴ P. Davidson, P. Saunders, B. Bradbury, and M. Wong, *Poverty in Australia 2018*, ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS, 2018, p.15, accessible at: https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf

⁵ Ibid

⁶ ACOSS and UNSW, *Supplementary report to Inequality in Australia 2018*, August 2018, p. 3.

⁷ Ibid

⁸ National Housing Supply Council, *Housing Supply and Affordability Key Indicators*, 2012, NHSC, Canberra.

⁹ Productivity Commission, *Report on Government Services*, 2019, accessible at:

<https://www.pc.gov.au/research/ongoing/report-on-government-services/2019/housing-and-homelessness>

of Newstart Allowance across the entire country and two affordable options for people on Youth Allowance.¹⁰

“I have single parents with young children waiting 6 months for affordable housing and staying with friends ... Just today a young mother admitted to having \$60 left a fortnight by the time she has paid for the essentials. She receives additional payments because she has children but that’s clearly not enough.”

Mission Australia, Parents Pathway Support Worker, Victoria

There are approximately 244,000 low income, single person households experiencing rental stress in Australia - 57% of people in this household profile are single men. More than half of single men renting earn less than \$36,400 per annum meaning in any capital city they would be paying between 34% - 68% of their income on rent causing rental stress.¹¹ AHURI estimates that 1.3 million households need housing assistance.¹²

Social security allowances and wellbeing

Mission Australia has been collecting outcomes data across a range of services to support continuous service improvement. One of the key sets of questions in the Client Wellbeing Survey is a validated measure of subjective wellbeing, the Personal Wellbeing Index (PWI).¹³ This index is designed to be sensitive to fluctuations in a person’s circumstances and encompasses the constructs of satisfaction with the following domains: standard of living, health, achieving, relationships, safety, community, and future security.

In total, 618 Mission Australia clients on Newstart Allowance completed the survey. Table 1 below demonstrates the results of the PWI analysis.

Table 1: Mean PWI scores

Question	Mission Australia Clients on Newstart Allowance	Australian normative data (2018) ¹⁴
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¹⁰ Anglicare Australia, Anglicare Rental Affordability Snapshot, 2019, accessible at: <https://www.anglicare.asn.au/docs/default-source/default-document-library/final---rental-affordability-snapshota302da309d6962baacc1ff0000899bca.pdf?sfvrsn=4>

¹¹ Ibid

¹² S. Rowley, et al, Modelling housing need in Australia to 2025, AHURI Final Report No. 287, Australian Housing and Urban Research Institute Limited, 2017, accessible at: <https://www.ahuri.edu.au/research/final-reports/287>, doi:10.18408/ahuri-8106901

¹⁴ See: T. Capic, M. Fuller-Tyszkiewicz, et al, Australian Unity Wellbeing Index: Report 35.0, Financial Control, Geelong: Australian Centre on Quality of Life, School of Psychology, Deakin University, 2018, accessible at: <http://www.acqol.com.au/projects#reports>

Thinking about your own life and personal circumstances, how satisfied are you with your life as a whole?	49.4	75.5
How satisfied are you with your standard of living?	42.7	78.4
How satisfied are you with your health?	53.8	74.0
How satisfied are you with what you are achieving in life?	52.9	72.3
How satisfied are you with your personal relationships?	60.5	77.4
How satisfied are you with how safe you feel?	64.3	81.6
How satisfied are you with feeling part of your community?	55.6	70.6
How satisfied are you with your future security?	52.9	71.0
Overall wellbeing score	54.6	75.1

As can be seen from the table above, Mission Australia clients on Newstart Allowance reported notably lower levels of satisfaction with all life domains than the general population. Their overall personal wellbeing score was 54.6 (in the challenged range) compared to a general population score of 75.1. Clients on Newstart Allowance indicated being the least satisfied overall with their standard of living (mean score of 42.7 compared to a mean score of 78.4 for the general population). They also indicated low levels of satisfaction with their life as a whole (mean score of 49.4 compared to 75.5). These figures demonstrate the negative impact on wellbeing for people who rely on social security allowances such as Newstart Allowance.

There are significant negative health impacts caused as a result of the inadequacy of social security allowances as people are forced to forgo medication, rely on food with limited nutritional value and are unable to address issues caused by environmental factors such as heating or cooling during periods of extreme weather.

Food affordability and access are key determinants of food security, making 'food stress' both a financial

¹⁴ See: T. Capic, M. Fuller-Tyszkiewicz, et al, Australian Unity Wellbeing Index: Report 35.0, Financial Control, Geelong: Australian Centre on Quality of Life, School of Psychology, Deakin University, 2018, accessible at: <http://www.acqol.com.au/projects#reports>

and a health issue for low-income households.¹⁵ Spiraling utility costs puts pressure on households, resulting in a greater amount spent on bills with less money available for food.¹⁶ All these demonstrate the need to consider a range of aspects including the increasing cost of food, utilities and energy.

Some health inequities are heavily influenced by inequalities in other sectors such as housing, occupation, education or income.¹⁷ The case studies below demonstrate that the inadequacy of payments has a significant impact on people's mental health, especially those who already have been diagnosed or have a history of mental health issues. Further, due to a severe shortage of affordable housing options and limited income, people are forced to make choices that can have serious negative impacts on their health and wellbeing.

Loneliness, social isolation and poor social connections can also be a precursor of many mental, physical and societal challenges, including depression, substance dependence, homelessness, suicide and violence.¹⁸ As also demonstrated in the case studies, inadequate social security allowances contribute to poor mental health due to the inability to spare money for social interactions increasing social isolation and loneliness.

These challenges are aggravated for people with long-term serious illnesses being transitioned from Disability Support Pension (DSP) to Newstart or other allowances.

Case study – impact of financial pressure on physical and mental health

Amy* was a 22 year old woman from Victoria who was diagnosed with Bipolar Type II and Crohn's disease (an inflammatory bowel disease) when she was 18 years old and she also receives support for depression. She was receiving Disability Support Pension (DSP), which allowed her to focus on her physical and mental health. As her health improved, Amy enrolled in an animal studies course. Amy was referred to Mission Australia after she was automatically removed from DSP.

Amy was moved from DSP to Newstart Allowance despite the fact that there were lengthy periods of hospitalisation and Centrelink repeatedly providing her with medical exemptions following job capacity assessments. After being moved to Newstart Allowance, she could no longer afford private

¹⁵ See further: S. Booth, Food Banks in Australia: Discouraging the right to food in First World Hunger Revisited: Food Charity or Right to Food, Ed. G. Riches and T. Silvasti, New York, 2014.

¹⁶ Ibid

¹⁷ K. Rasanathan, E. Montesinos et al., Primary health care and the social determinants of health: essential and complementary approaches for reducing inequities in health, Community Health (2010). doi:10.1136/jech.2009.093914

¹⁸ See further: Beyond Blue, Connections Matter, accessible at: <https://resources.beyondblue.org.au/prism/file?token=BL/1366> and On the line, The Social and Economic Benefits of Improving Mental Health, 2019, accessible at: <https://ontheline.org.au/wp-content/uploads/2019/04/The-social-and-economic-benefits-of-improving-mental-health-On-the-Line-submission.pdf>

rentals. Due to a lack of choices, she was forced to move into a shared house further away from where she was accessing medical services.

She was faced with difficult choices due to the very limited budget she was left with after paying rent, and was relying on foodbanks. The food she was able to afford to buy had little nutritional value and was impacting on her health conditions. She also had to make decisions in relation to what medication she could and could not afford. She stopped taking one of her psychiatrist prescribed medications and one of her medications for Crohn's as they were not covered by Medicare and she did not have the money to buy them. She also stopped having regular screens for Crohn's due to the additional out of pocket expenses.

Her new accommodation was detrimental to her mental and physical health. Having to move far from services and family left Amy feeling isolated as she was unable to spend money on transport. Her social isolation and inability to build positive relationships with others in the share house resulted in her experiencing severe depression that required her to access intensive mental health supports.

Amy struggled to focus on her recovery goals due to the financial pressure she was experiencing. Having no money left after spending on essentials such as food, rent and utilities had a significant impact on her mental health and she told her case manager that '*she is convinced that this is the life she deserves and what she receives is what she's worth*'. Amy is continuing to access community mental health services.

* Name has been changed for privacy

Case study – social isolation due to financial stress

David* is a 41 year old Newstart Allowance recipient who was referred to Disability Employment Services (DES) in Victoria. After a relationship breakdown, David moved out of the family home. He had mental health related issues and had attempted suicide in the past.

David currently lives in a substandard, self-contained flat. His flat has a leaky roof, mould issues due to poor ventilation and a range of other issues that can have adverse health impacts. As he is unable to save sufficient funds for the bond for a new place with the limited amount he receives from Newstart, he is unable to move out.

He cannot afford to buy healthy food and relies on food items that he can buy in bulk. He informed his caseworker that he '*has to rely on cheap options like 24 dim sims for \$4 or 6 pies for \$5*'. David has a car but he cannot afford to pay for insurance and this adds to his stress. He feels isolated from family and friends, as he cannot pay for fuel to drive to family gatherings.

David has not had a relationship for several years due to his restricted financial capacity and the poor quality of his accommodation which also adds to his loneliness. The caseworker has noticed that the prolonged social isolation and financial pressure has had a severe impact on David's confidence and his mental health.

* Name has been changed for privacy

Case Study – impact of cost of essentials such as rent, utilities and transport on mental health

Mary* is a 42 year old Disability Employment Services (DES) participant from Victoria. Mary has experienced homelessness intermittently. She has been late with rent payments and has received multiple 'notices to vacate'. The locations that are affordable to her have limited public transport options.

When she was initially referred to DES, she informed her case worker that after paying rent, she is left with little money for food and public transport costs (to get to employment provider appointments, Centrelink or doctors' appointments).

Relying on public transport restricts her ability to access suitable employment and support services. Although her caseworker is able to provide some financial support to cover transport costs and refer her to other complementary services, her limited income continues to cause significant stress in her life. The impact of financial pressure on her mental health leaves her unable to focus on seeking employment.

*Name has been changed for privacy

Case study – resorting to untenable living conditions due to lack of affordability

Ben* is a young person from Tasmania who was experiencing mental health issues. Ben and his brother were left homeless after the passing of their mother and the bank repossessing their house. Their other siblings were taken into care but Ben and his brother were expected to find their own accommodation as they were over 18 years of age. Ben received Youth Allowance, which was inadequate to meet their needs. After they vacated the family home, the brothers lived for over 6 months in a rural area without access to running water, electricity or access to transport.

Ben was linked with Mission Australia's Personal Helpers and Mentors (PHaMs) service (in operation until 30 June 2019). Housing Choice and Mission Australia services worked Ben and his brother to find suitable accommodation while they were placed in transitional housing. They were on a wait list for approximately 6 months before they were able to access suitable housing to relocate. The

caseworkers supported the brothers in the home after they moved in to ensure they were able to maintain the home and were linked to other appropriate services.

The service also advocated on behalf of Ben to gain access to the Disability Support Pension (DSP). Without the increase in his income through DSP, Ben would be in significant financial stress which impacts on his mental health.

*Name has been changed for privacy

b and c. The impact of the labour market on long-term unemployment and the changing nature of work and insecure work in Australia

The nature and distribution of work has changed significantly over the past 30 years. It has shifted from a profile of lifelong full time employment to people making multiple transitions in and out of work throughout their lifetime with an increase in the instance of casual and part-time work.

Data from the Department of Social Services shows there were 199,907 Newstart recipients with ‘partial capacity to work’ in December 2018, an increase of 50% – or about 65,000 – over the past five years.¹⁹ Partial capacity to work is defined as ‘activity tested recipients who have a physical, intellectual or psychiatric impairment, assessed in the last two years, which would prevent them from working 30 hours per week’.²⁰ Job insecurity also manifests in working time insecurity, with many workers experiencing irregular and unpredictable hours of work. ABS data suggests that 19% of all casual employees have no guaranteed minimum hours of work, and that 24 % of casual workers are in jobs where their hours vary weekly.²¹

A significant proportion of people who are currently not in the workforce are experiencing a range of systemic challenges that are beyond their control such as lack of employment opportunities, changes in the labour market, lack of access to transport and discrimination. The ratio of ‘job seeker’ to job vacancy has increased and currently there are eight job seekers for every available job.²²

¹⁹ Department of social services, DSS Demographics December 2018, accessible at: https://data.gov.au/data/dataset/dss-payment-demographic-data/resource/c4db7814-fde1-4448-a7b5-94fb666b85d2?view_id=6c76652d-c610-4e60-bbef-0e9b1c966da8

²⁰ Ibid

²¹ Australian Bureau of Statistics, 6333.0 - Characteristics of Employment, Australia, August 2018, accessible at: <https://www.abs.gov.au/ausstats/abs@.nsf/mf/6333.0>

²² Per Capita, Working it out: Employment Services in Australia, 2018, p.7, accessible at: <https://percapita.org.au/wp-content/uploads/2018/09/Working-It-Out-FINAL.pdf>

Case study – Lack of job opportunities and financial pressure resulting in low self-esteem

Abby* is a 21 year old young woman from a culturally and linguistically diverse background who migrated to Australia when she was a child. She is not in touch with her family after some disputes and is currently living by herself.

She is a participant of a vocational education and training course and her main source of income is the Youth Allowance. After paying her rent, food and other essential utilities, she is left with very little money for other expenses. Although she enjoys studying, she feels forced to *'quit her course and look for employment options full time'*.

Abby often runs out of money before the end of the fortnight. In order for her to continue receiving her benefit, her job agency requires her to be active in looking for work and to complete a certain amount of activity hours per week. Sometimes, she misses these appointments due to not having enough money for travel and phone credit to inform the job service provider that she's unable to come for the appointment, resulting in suspension of her benefit. During these periods of suspensions, she struggles to attend her classes or have sufficient funds for basics such as food.

She is living with anxiety and depression, which affects her ability to cope with challenges and she feels that the constant financial pressure is aggravating her mental health conditions. Due to a past traumatic relationship experience, she finds it challenging to maintain relationships with others, which makes her feel socially isolated.

Abby's fragmented ability to attend her educational and other commitments, relentless financial pressure, lack of social networks and stress with job search requirements further contribute to her low self-esteem and she states that she feels *'she has not achieved anything in life'*.

* Name has been changed for privacy

A large proportion of people receiving social security allowances experience multiple challenges that need to be addressed prior to encouraging them to engage in employment. Experiences of personal challenges such as past trauma, mental health issues, alcohol and drug dependence related issues, domestic and family violence, housing and homelessness related issues or a combination of these issues can have a significant impact on a person's health and wellbeing. The inadequacy of social security support payments exacerbates the stress of managing complex life experiences and circumstances. In addition to receiving sufficient social security allowances, these individuals need access to a range of holistic, wrap around supports to address these issues.

e. Setting income support payments in Australia

Payments such as Newstart and Youth Allowance are indexed twice a year according to the Consumer Price Index (CPI)²³ and given wages typically grow faster than prices, the disparity between Newstart and average weekly earnings grows larger each year. CPI does not adequately compensate for basic cost increases in essential goods and services. Therefore, the payment should be indexed to a measure that better reflects cost of living changes for income support recipients such as wages. Mission Australia has continuously called for a broader review of the welfare system based on the principles of adequacy and fairness. Thus, the government should implement a strategy to periodically review the social security allowances by establishing an independent body, in consultation with the community.

f. The impact of the current approach to setting income support payments on diverse groups

The inadequacy of social security allowances affect people depending on their personal circumstances, geographic location, age and gender.

Young people

Young people, particularly those receiving Youth Allowance are under significant financial stress, which impacts on their ability focus on education, employment or other challenges they might be experiencing. The labour market for young people aged 15 to 24 years deteriorated substantially after the onset of the Global Financial Crisis in 2008 and has only recently shown signs of recovery.²⁴ Currently the youth unemployment rate is over twice as high (11.9% compared to 5.4% seasonally adjusted) compared to the general population.²⁵

The inadequacy of Youth Allowance is particularly concerning given how critical it is for the majority of young people to remain engaged in education.

“Young people we work with are going through a lot of challenges and changes in their lives. Those are hard enough to manage without having to worry about money all the time ... They feel pressured to choose between earning and learning.”

Mission Australia, Team Leader Youth Services, NSW

²³ Department of Social Services, Guide to Social Policy Law: Social Security Guide, accessible at:

<https://guides.dss.gov.au/guide-social-security-law/5/1/1/20>

²⁴ M. Thomas and G. Gilfallan, Youth employment measures, Budget Review 2016–17 Index, Commonwealth Parliament Library, 2017, accessible at:

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201617/Youthemployment

²⁵ Australian Bureau of Statistics, 6202.0 - Labour Force, Australia, Jul 2019, accessible at:

<https://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/6202.0Media%20Release1Jul%202019?opendocument&tabname=Summary&prodno=6202.0&issue=Jul%202019&num=&view=>

For young people who are studying, the low rate of Youth Allowance makes them more likely to be reliant on paid work and loans to meet their daily needs, all of which adversely affects their capacity to focus on education. This issue is further compounded for those young people who are forced to live away from home.

The financial challenges young people experience can also have serious implications for their future. The inadequacy of Youth Allowance and Newstart payments could mean that young people drop out of courses and find low skilled and low-paid employment to manage their living expenses.

Inability to afford housing and experiences of homelessness can have compounding impacts on a young person's mental health and opportunities to secure employment or continue with education.

"I have two clients on the L2P (driving) program who don't have secure accommodation due to not getting enough Youth Allowance and accommodation is getting too expensive in each area for our young people so they are likely to couch surf at friends' houses ... Also as they don't have an address it can be hard to secure employment with no fixed address."

Mission Australia, Senior Case Worker – Victoria

Impacts on young people extend beyond young people's direct receipt of income support payments and include the impacts on young people growing up in families without paid work. Mission Australia's *'Working through it: A Youth Survey report on economically disadvantaged young people'* examined the impact of intergenerational disadvantage experienced by young people from households with neither parent in paid work. Young people with neither parent in paid work reported a higher level of personal concern about a range of issues that each impact upon mental health.²⁶ Compared with respondents with parent/s or guardian/s in paid work, higher proportions of economically disadvantaged respondents indicated they were extremely/very concerned about family conflict (24.7% compared with 17.1%), discrimination (16.1% compared with 10.3%), domestic/family violence (14.2% compared 9.2%), bullying/emotional abuse (20.0% compared with 15.4%) and suicide (20.2% compared with 15.4%).²⁷ Without the necessary holistic, wrap-around support, it is challenging for young people to focus on education or employment and the limited amount they receive adds further pressure on them.

Case study – feeling forced to choose between fulltime studies and employment

Iona* is a 20 year old young person from Adelaide, South Australia. She has been receiving Youth Allowance since she was 16 years old. She shares a rental property with another person and each

²⁶ Mission Australia, *Working through it: A Youth Survey report on economically disadvantaged young people* report, 2019, p. 33, accessible at: <https://www.missionaustralia.com.au/publications/youth-survey>

²⁷ Ibid

week worries about having enough money for rent, transport and food and save for utilities such as gas and electricity.

She travels for over an hour to get to her Flexible Learning Options (FLO) campus. Some days she has to rely on the services to help her with her bus fare. She stated that *“It does make a difference. Before I was getting the Metro tickets it was quite expensive, now that saves me \$50 a month.”*

Iona is on a very careful and restricted budget, which means she has to forgo some of her basic needs. She also struggles to save money for future emergencies. She said *“I try and put away \$20 each fortnight but it doesn’t really work out, ever. Something always comes up ... I used to have savings about a year ago, but I don’t now.”*

She often has to borrow money from her friends and always feel stressed about money. There have been instances where both Iona and her flatmate would not have money to pay the utility bills. They inform the companies that they will pay the bills soon and hope that their utilities are not disconnected until they receive their allowances.

With her full time studies schedule, she does not feel like she has time to find work. She feels that she may have to leave her course and get a job to survive.

* Name has been changed for privacy

Case study – challenges with navigating the complex government processes

Simon* is a 21 year old male participant in the Transition to Work (TtW) program based in regional NSW. He was made redundant from his casual employment in January 2019 as the company he worked for was making losses. As he was under the impression that it would be hard to apply for social security allowances and the hope that he would find a job soon, he did not immediately apply for Youth Allowance and was living off his savings.

When it became evident that he was not able to gain employment, Simon decided to apply for Youth Allowance in May 2019 and was referred to the TtW program.

He was living with his Aunt while he was waiting to hear from Centrelink regarding the outcome of his application for Youth Allowance as he was unable to pay rent. They had a falling out and he was asked to move out. As he was unable to afford housing in the private rental market without any income, he was forced to couch surf with a friend.

In late June, Simon was contacted by Centrelink and was asked to produce a letter from one of his previous employers where he worked over 2 years ago. Simon tried reaching his previous employer by phone and messages multiple times, but was unsuccessful. When he was eventually able to contact the employer, Simon was told *“I’ll get onto it when I can”*. He rang Centrelink, and cried over

the phone whilst explaining his circumstances and informed them that this employer was unlikely to provide the documents he required within a reasonable amount of time. The Centrelink officer insisted that he needs the letter and Simon was not afforded any leniency.

Simon met his TtW caseworker distressed and informed them about his struggle to get Youth Allowance approved. The caseworker contacted the Department of Human Services Centre Manager to express concern over the lengthy waiting period for his income support application to be approved, current circumstances and Simon's deteriorating mental health. Following the Centre Manager's intervention and overriding the requirement to produce a letter from a previous employer, Simon started receiving his Youth Allowance. Although the payment is inadequate to meet his needs, he is relieved to receive some financial support until he obtains employment.

*Name has been changed for privacy

Case study – sacrificing heating, medication and other essentials to avoid being homeless

Chloe* is from Tasmania and was in receipt of Youth Allowance, Youth Disability Supplement and Commonwealth Rent Assistance (CRA) between late 2012 – 2015. She moved out with her partner Mike* who was studying fulltime at the time and was also receiving Youth Allowance and CRA. The combined income of their household was approximately \$1,000 – 1,100 a fortnight. Since Mike was her primary carer, he was unable to work during this period.

Chloe's GP referred her to a specialist for her chronic illness, however, she was not able to afford to see the specialist privately or afford private health insurance. This meant that Chloe was on a waiting list for 22 months before she was able to see a specialist to get an accurate diagnosis and start receiving treatment. While waiting for the specialist appointment, with no regular medications being effective to relieve her condition, her GP suggested medications that were not under the government funded pharmaceutical benefits scheme. Chloe had to forgo these medications as she was unable to afford them.

After paying rent, utilities and groceries, Chloe and Mike were left with very little money for other expenses. They initially relied on local charities for grocery vouchers. Chloe stated *"we were lucky that we were able to budget, live an extremely restricted lifestyle and make do with what we had, without getting into debt."*

Their private rental unit had a wood fireplace as the sole heating, but they were unable to afford firewood. They had a small fan heater that they used sparingly during harsh winters where the temperature drops sub-zero most nights. When their heater was broken, they were unable to afford

to replace it, and as a result Mike suffered from chilblains. Mike's parents who lived interstate had to support them to source a replacement heater.

The only family they had in Tasmania lived about an hour and half drive away in a very rural area. There were no suitable public transport options available. Due to Chloe's health and their need to be closer to education and medical facilities, they were unable to move closer to the family. The financial limitations on their ability to socialise with family and friends made them feel isolated and disconnected. Chloe felt that there was an expectation that young people will be supported by their family or friends, but for many those kinds of supports are simply not available.

Chloe's main mode of transportation was Mike's car. Unfortunately, the car was old and needed regular maintenance. Due to their inability to save for the required upkeep for the car, eventually Chloe and Mike sold the car for \$200. Not having access to a functioning vehicle restricted what they were able to do which added to their social isolation.

They paid \$230.00 in rent a week. The flat was not properly insulated, had issues with mould and had not had any maintenance done in years. However, with rental market changes in their local area in 2018, their landlord informed them that he was able to get \$350 – 400 a week for the property but he would increase it to \$290 a week. Fortunately, by this time Chloe's health had improved and as a result, she and her partner were able to work. She stated that she is scared to think what would have happened to them if she was unable to work as they would not have been able to afford such high rents on income support payments and would be at risk of homelessness.

*Name has been changed for privacy

Case study – feeling hopeless and worthless due to constant financial pressure

Alexis* is a 19 year old woman from South Australia who left home at a young age and has experienced homelessness. As she was not able to take her clothes when she left home, she had to spend her savings to purchase new clothes. She is on continuous medication to address significant health issues. She also had some outstanding fines that she had to pay off.

She told her caseworker *“there's no way I can pay for everything. Sometimes you have to pick, once a month I'll do this and once a month I'll do that and I'll save that for the next month. Sometimes I will have to pay my rent so I won't pay my phone bill, then I can be cut off.”* Falling behind payments regularly has also affected her credit rating.

If Alexis went to a doctor who does not bulk bill or had to purchase new medication, she would not have any money left for other expenses. She also indicated that if her education institute did not have sanitary items, she was unable to purchase them. She shares a rental property with two other people

and it takes 1 hour and 15 minutes on public transport to the city and 1 hour to her education institution. There have been occasions where Alexis was unable to go to her classes because she did not have money for the bus ticket and she had to wait until she received her Youth Allowance payment to go back to the institute. There have also been instances where she had to get financial support from her education institute for public transport to get home.

She has been struggling to find employment without access to a car. She feels that the employers prefer people who are able to drive and are not entirely reliant on public transport.

Alexis has looked into getting a loan but worries that she might end up with more debt. She informed her caseworker that she feels *“hopeless and worthless because I can’t do things in life because I can’t afford anything.”* She is continuing to receive support from her caseworker in relation to her mental health support needs.

* Name has been changed for privacy

Mature aged people

People aged 55-64 years represent the largest cohort of people receiving Newstart Allowance.²⁸ With nearly 175,000 people in this age group receiving Newstart and multiple reports and evidence demonstrating the challenges mature aged persons experience in re-entering the labour force, people in this age group may rely on social security allowances over a longer period of time. With limited financial capacity to afford essentials, older people reliant on Newstart may forgo food, medication and heating or get into debt.

Case Study – incurring significant debts due to mounting financial pressure

Ruth* is a middle-aged single woman with mental health issues from WA. She presented to financial counselling with a \$47,000 bank credit card debt and another \$11,000 debt with a different financial institution. This debt had been built up over a 2-year period.

She was receiving Newstart Allowance and she stated that she needed the credit card for her day-to-day living expenses. The financial counsellor went through options available to her but because of her limited income, she was unable to commit to a sustainable payment plan.

The financial counsellor compiled information about her medical condition and submitted it to the bank along with her Centrelink income statement. The bank agreed to bring the debt down from \$47,000 to \$25,000. The financial counsellor indicated that this was not a viable solution, as it would

²⁸ Department of social services, DSS Demographics December 2018, accessible at: https://data.gov.au/data/dataset/dss-payment-demographic-data/resource/c4db7814-fde1-4448-a7b5-94fb666b85d2?view_id=6c76652d-c610-4e60-bbef-0e9b1c966da8

only add further pressure to Ruth's mental health issues, however, the bank advised that this was the final offer and they are unable to lower the amount. An application was made to the Internal Dispute Resolution (IDR) of the bank outlining the issues on Ruth's behalf, the bank agreed to waive the debt entirely.

Following the settlement of the bank credit card debt, the financial counsellor engaged with the financial institution and they also cleared Ruth's outstanding debt. After the intervention of the financial counsellor, a total debt of \$58, 000 was completely waived.

The financial counsellor also supported Ruth to obtain the Disability Support Pension, without which she will again be in serious financial hardship.

*Name has been changed for privacy

Case Study – forced into homelessness due to inadequacy of income support

May* is a 57 year old woman from Victoria who was living in private rental for 15 years before she lost her job and became reliant on Newstart Allowance. With this limited payment, she had to budget to pay for her weekly rent (\$300 per week), pay for travel to and from job search activities, food, electricity and other living expenses. She was also forced to forgo meals regularly to save money for rent. She was struggling to meet her Newstart compliance requirements to attend meetings with her service providers, as she was unable to afford to pay for travel.

With over 82,000 Victorians in the waiting list for public housing,²⁹ and with a median weekly rent of \$400 a week for the June 2019 quarter,³⁰ May was forced into homelessness. As she was unable to afford to pay for storage, she lost all of her personal property.

May is currently living in transitional housing and is unlikely to find suitable accommodation in the private rental market with her very limited income through Newstart.

*Name has been changed for privacy

²⁹ Parliament of Victoria, Legislative Council Legal and Social Issues Committee, Inquiry into the Public Housing Renewal Program, 2018, p.23.

³⁰ Department of Health and Human Services Victoria, Rental report, accessible at: <https://www.dhhs.vic.gov.au/publications/rental-report>

People living in regional, rural and remote areas

Evidence demonstrates that the cost of groceries, transport and medical costs increase with remoteness.³¹ Contrary to popular understanding, it is not only fresh food that is more expensive in remote communities. Research in the NT found that on average, all food is 53% more expensive in remote communities, with the price increasing annually by approximately 5%, compared to an annual rise of only about 1% in Darwin supermarkets.³²

Transport difficulties are consistently identified in rural and remote areas as a factor that restricts the capacity to access services and participate in activities.³³ As people move away from the regional centres to access affordable accommodation, the cost of transport increases.

“In the Shoalhaven, public transport is privatised. Generally, a one way bus ticket is about \$3.50 to \$7.40 depending on how far out of town the person lives ... The general cost of a return trip for our clients can be around \$10 - \$15 per day to go to appointments, education or training. If they have to travel all weekdays, that’s \$100 - \$150 a fortnight, which is quite a chunk of their Youth Allowance unless they get some help with transport from an organisation like ours.”

Mission Australia Team Leader, Youth Services – Regional NSW

Case Study – experiencing homelessness due to lack of affordable housing

Jason* is a young man aged 18 from regional Victoria receiving Youth Allowance who was experiencing homelessness after leaving out of home care. He has been couch surfing at friends’ places and staying in emergency accommodation. On several occasions, he has approached different housing providers to find stable housing, but was told there were no appropriate housing options available for him.

Being on Youth Allowance, he cannot afford to secure accommodation that is affordable and in an area with access to public transport. After the basic expenses of food, travel and other essentials, Jason is unable to save enough money towards a bond for shared rental accommodation.

He is worried that he will be judged by employers for a range of reasons including not having a permanent address.

³¹ J. Brimblecombe and M. Ferguson, Food price gap shows need for subsidies and promo deals for remote areas, The Conversation, 2015, accessible at: <https://theconversation.com/food-price-gap-shows-need-for-subsidies-and-promo-deals-for-remote-areas-46810>

³² Ibid

³³ K. Rosier and M. McDonald, The relationship between transport and disadvantage in Australia, Australian Institute of Family Studies, accessible at: <https://aifs.gov.au/cfca/publications/relationship-between-transport-and-disadvantage-austr>

He has to rely on public transport as he does not own a vehicle. This coupled with limited public transport options, limit his employment opportunities as he is unable to start early in the mornings or finish work late in the night as there is no transport available. Although he is applying for a substantial number of jobs, he has been rejected due to his travel limitations. The case managers have observed a decline in Jason's mental health due to mounting financial pressure.

*Name has been changed for privacy

Single parent households

There are more than 80,000 single parents receiving Newstart payment³⁴ and they are expected to manage their childcare responsibilities, mutual obligations imposed by employment services and manage the household expenses within a very strict budget.

Apart from the immediate impacts on poverty and inequality, inadequate social security allowances can have serious long-term impacts on future generations. The inadequacy of the social security allowances for single parents is a major contributor of child poverty. According to existing research, the risk of poverty is highest for children in sole parent families (39% and 52% respectively). The risk of poverty for children in sole parent families is three times that for children in couple families, based on the 50% poverty line (39% compared with 13%).³⁵

There are 110,000 single parent, low income households nationwide and out of over 90,000 of these households, 82% involve single mothers who are living in rental stress.³⁶ The majority of these women earn \$41,600 per annum or less, meaning they are paying between 40% - 70% of their income on rent.³⁷

Nutritional and financial deprivation during childhood can have both short and long-term harmful impacts on children. In particular, food insecurity at the household level has been shown to have major negative consequences for child health and wellbeing.³⁸ An increase in social security allowances to provide adequate financial support to alleviate poverty and inequality experienced by children is critical in avoiding intergenerational poverty and disadvantage.

³⁴ Department of social services, DSS Demographics December 2018, accessible at: https://data.gov.au/data/dataset/dss-payment-demographic-data/resource/c4db7814-fde1-4448-a7b5-94fb666b85d2?view_id=6c76652d-c610-4e60-bbef-0e9b1c966da8

³⁵ P. Davidson, P. Saunders, B. Bradbury, and M. Wong, *Poverty in Australia 2018*, ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS, 2018, p.15, accessible at: https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf

³⁶ See further: SGS Economics and Planning, Rental Affordability Index, 2018, accessible at:

https://www.sgsep.com.au/application/files/8015/4336/9561/RAI_Nov_2018_-_high_quality.pdf

³⁷ Ibid

³⁸ M. Chilton, et al, The relationship between childhood adversity and food insecurity: 'It's like a bird nesting in your head', *School of Public Health*, 2014, 18(14), 2643–2653.

h. The adequacy of income support payments in Australia

An inadequate Newstart payment means that recipients experience multiple levels of deprivation, have an unsatisfactory standard of living and poor wellbeing. Youth Allowance is another allowance that is inadequate to meet the daily living costs of young people (such as rent, food and utilities) whether young people are studying or looking for employment. Youth Allowance recipients receive even less than those on Newstart.

According to data from Department of Social Services, there are close to 730,000 individuals receiving Newstart Allowance and approximately 223,000 receiving Youth Allowance.³⁹ Currently, the weekly social security allowances are less than half of the weekly income for national minimum wage⁴⁰ for fulltime workers.

As discussed above, a considerable proportion of people receiving these allowances live below the poverty line and in rental stress. Following comprehensive analysis and research on budget standards, the *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians* report indicate that the long-term decline in the adequacy of Newstart Allowance is a major policy failure that needs to be redressed, informed by a process of regular and independent review.⁴¹ The report found that for unemployed families receiving social security payments, disposable incomes are below the Minimum Income for Healthy Living standard in all cases, with the shortfall varying between \$47 and \$126 a week.⁴² These shortfalls of income cast serious doubt over the adequacy of existing social safety net provisions and suggest that increased payment levels are urgently needed, especially for those in receipt of Newstart Allowance.⁴³

In other research considering the relationship between social security payment rates and the poverty gap, economic modelling suggests that to minimise the poverty gap, the Newstart Allowance should be increased substantially from \$551 to \$821 per fortnight.⁴⁴

Although there are services to support people with budgeting skills and managing expenses, there is limited support that financial advisors can provide given the significant inadequacy of payments. The

³⁹ Department of social services, DSS Demographics December 2018, accessible at:

https://data.gov.au/data/dataset/dss-payment-demographic-data/resource/c4db7814-fde1-4448-a7b5-94fb666b85d2?view_id=6c76652d-c610-4e60-bbef-0e9b1c966da8

⁴⁰ Fair Work Ombudsman, Minimum wage, accessible at: <https://www.fairwork.gov.au/how-we-will-help/templates-and-guides/fact-sheets/minimum-workplace-entitlements/minimum-wages#current-national-minimum-wage>

⁴¹ P. Saunders and M. Bedford, *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians*, (SPRC Report 11/17) Social Policy Research Centre, UNSW Sydney, 2017, accessible at: <http://doi.org/10.4225/53/5994e0ca804a4n>

⁴² Ibid

⁴³ Ibid

⁴⁴ B Phillips, R Webster and M Gray, *Optimal policy modelling: a microsimulation methodology for setting the Australian tax and transfer system*, 2018, accessible at:

http://csmr.cass.anu.edu.au/sites/default/files/docs/2018/12/Optimal-policy-modelling-setting-Australian-tax-and-transfer-system-10-2018-CSRm-working-paper_0.pdf

issue is not budgeting skills but income levels. Below are some examples of budgets prepared for people accessing Financial Counselling services.

Table 2: Budget prepared by a Financial Counsellor for a Newstart Recipient

Income	Amount (fortnightly)	Expenses	Amount (fortnightly)
Newstart Allowance and CRA	\$ 611.00	Rent	\$ 260.00
Energy supplement	\$ 8.80	Groceries/Food	\$ 320.00
		Utilities	
		Water (\$48 for 2 months)	\$ 12.00
		Electricity (\$240 for 2 months)	\$ 60.00
		Phone/Internet (\$50 per month)	\$ 25.00
		Personal (clothing, recreation, etc.)	-
		Education/Health	\$ 25.00
		Vehicle and transport	
		Car Registration and Insurance (\$1,430 annual)	\$ 55.00
		Car Running	\$ 90.00
		Fares	-
		Debt and Repayments	
		Credit Card debt	\$ 9,700.00
Total Income	\$ 619.80	Total Expenses	\$ 847.00
		Deficit	\$ -227.20

This budget was prepared for a 52 year old man receiving Newstart Allowance and CRA from WA. He has four children, some of whom live with him from time to time. Due to the inadequacy of payments, he had incurred significant credit card debt. Using this budget as evidence, the financial counsellor was able to have the debt waived, which alleviated some of the financial burden on the individual. However, there is still a deficit of over \$200 every fortnight to meet the basic expenses.

“We can only put the very basic essentials in these budgets and even then people tell us they go without food. We can help with hampers and some brokerage funding but that’s not enough. There’s no money to see a movie or grab a meal with family or friends ... Even with that, they still have to borrow money or get loans to manage their usual expenses. There’s no way they can cut down on any of the expenses.”

Mission Australia, Financial Counsellor, NSW

Another man in his 50s was living with with mental health issues and emphysema. He approached Mission Australia’s Financial Counselling services in NSW to get assistance with his outstanding credit card debt as he was unable to manage his expenses with the allowance he was receiving. Due to the outstanding debts, he was listed as a bad creditor and he was unable to obtain a phone or access other similar services. The financial counsellor liaised with the bank to have the debt waived and helped him with a budget with the basic essentials and he was still short of over \$200.00 a fortnight.

Table 4: Budget prepared by a Financial Counsellor for a Newstart Recipient

Income	Amount (fortnightly)	Expenses	Amount (fortnightly)
Newstart Allowance and CRA	\$ 780.00	Rent	\$ 350.00
Energy supplement	\$ 8.80	Groceries/Food	\$ 200.00
		Utilities	
		Water (\$48 for 2 months)	\$ 12.00
		Electricity (\$250/quarter)	\$ 38.00
		Phone/Internet (\$40 per month)	\$ 18.00
		Personal (clothing, footwear, recreation, gifts, hairdresser etc.)	\$ 96.00
		Education	-
		Vehicle and transport	
		Car Registration (\$1,300 annual)	\$ 50.00
		Car Running/maintenance	\$ 88.00
		Insurance (100/month)	\$ 46.00
		Licence; NRMA membership	\$ 7.00
		Fares	\$ 40.00
		Medical	
		Specialist Medical Fees & Medication	\$ 69.00
Total Income	\$ 788.80	Total Expenses	\$1,014.00
		Deficit	\$ -225.20

Similarly, a 19 year old client receiving Youth Allowance from WA spends as little as \$50 on food and groceries a week and still exceeds the amount he receives by way of income support. There are no additional funds for medical or other urgent expenses let alone leisure activities. As he has access to public housing, he does not receive CRA. His budget also has a deficit of approximately \$100 a fortnight.

Table 3: Budget prepared by a Financial Counsellor for a Youth Allowance recipient

Income	Amount (fortnightly)	Expenses	Amount (fortnightly)
Youth Allowance	\$ 460.00	Rent (\$123 per week)	\$ 246.00
Energy Supplement	\$ 7.00	Groceries/Food	\$ 100.00
		Utilities	
		Gas (\$30 for 3 months)	\$ 5.00
		Electricity (\$35 for 2 months)	\$ 9.00
		Phone/Internet (\$70 per month)	\$ 35.00
		Personal (clothing, recreation, etc.)	\$ 10.00
		Education/Health	-
		Vehicle and transport	
		Car Registration and Insurance (\$1,430 annual)	\$ 55.00
		Car Running	\$ 40.00
		Fares	\$ 20.00
		Debt and Repayments	
		Centrelink Advance 1	\$ 40.00
Total Income	\$ 467.00	Total Expenses	\$ 560.00
		Deficit	\$ -93.00

These budgets demonstrate that the inadequacy of social security allowances coupled with other payments push people into further debt and financial stress and there is a need to immediately increase the payments to ensure people are able to afford the cost of essentials.

j. The economic benefits of increasing social security allowances on decreasing poverty and inequality

As demonstrated above, people receiving social security allowances, particularly Newstart and Youth Allowances are living below the poverty line and in need of a significant increase in these payments to ensure they are able to afford basics such as housing, food and other essentials and avoid the negative impacts of financial stress.

The Deloitte Access Economics *Analysis of the impact of raising benefit rates* report provides insights into the economic benefits of increasing the social security allowances including a boost to regional economies.⁴⁵ The report states that unemployment in Australia is relatively higher outside the largest

⁴⁵ Deloitte Access Economics, Analysis of the impact of raising benefit rates, 2018, accessible at: <https://www.acoss.org.au/wp-content/uploads/2018/09/DAE-Analysis-of-the-impact-of-raising-benefit-rates-FINAL-4-September-...-1.pdf>

cities and towns. Other things being equal, this means that relatively more of the increased spending flowing from higher allowances would be spent on locally produced products and local labour.⁴⁶

I. The interactions with other payments and services

People receiving Newstart and Youth Allowances may be in receipt of other allowances and supplementary payments including Commonwealth Rent Assistance (CRA). Of the nearly 723, 000 people receiving Newstart Allowance, about 271,000 receive CRA and of nearly 223,000 young people receiving Youth Allowance, approximately 51,000 receive CRA.⁴⁷ There is a significant gap between the average rent paid by people on social security allowances and the CRA payment people receive.⁴⁸ For example, According to the Department of Social Services data, the average fortnightly rent for people receiving Newstart is \$456.15 and the average CRA per fortnight is \$115.80, which leaves a gap of \$340.35 a fortnight from their combined income from social security allowances.⁴⁹

According to a recent analysis by Grattan Institute, numerous reasons have contributed to people on social security allowances experiencing severe rental stress⁵⁰ -

- CRA, which provides financial support to low-income renters, is indexed to CPI, and so it has fallen behind private market rent costs, which have increased more than CPI.
- Rents paid by low-income earners grew significantly faster than average rents.
- The stock of lower-rent social housing did not keep pace with population growth.⁵¹

The recent Productivity Commission report *Vulnerable Private Renters: Evidence and Options* states that CRA has proven to be effective in supporting low-income and low-wealth households (including retirees) that do not own their own homes. However, maximum payment rates have fallen behind average rents over the past two decades.⁵² The growing gap between CRA's maximum payment cap and rents raises points to the inadequacy of CRA.⁵³ As part of the Everybody's Home campaign, we are calling on the Federal government to increase CRA by 30%.

⁴⁶ Ibid

⁴⁷ Department of social services, DSS Demographics December 2018, accessible at: https://data.gov.au/data/dataset/dss-payment-demographic-data/resource/c4db7814-fde1-4448-a7b5-94fb666b85d2?view_id=6c76652d-c610-4e60-bbef-0e9b1c966da8

⁴⁸ Ibid

⁴⁹ Ibid

⁵⁰ J. Daley, J et al, Money in retirement: More than enough, Grattan Institute, 2018, accessible at: <https://grattan.edu.au/wp-content/uploads/2018/11/912-Money-in-retirement.pdf>

⁵¹ Ibid

⁵² Productivity Commission, Vulnerable Private Renters: Evidence and Options, Commission Research Paper, Canberra, 2019, accessible at: <https://www.pc.gov.au/research/completed/renters/private-renters.pdf>

⁵³ Ibid p.116

There are some other allowances such as Energy Supplement, Pharmaceutical Allowance and other family payments that social services recipients may also be eligible to receive. However, these payments are rarely enough to support people living in serious financial stress and reduce poverty due to the inadequacy of the base payment of Newstart or Youth Allowances.

A considerable proportion of people receiving Newstart are forced to rely on emergency relief and food vouchers to support themselves and their families. Many people rely on community services for brokerage funding, fuel vouchers and food banks for essentials and these services are currently struggling to cope with the rising demand for support.

“We get about 500-800 calls for assistance per week asking for emergency relief or other similar support. We can only take about 15 appointments a day and we just don’t have capacity to help them all ... most of the people that call us are on Newstart or Youth Allowance and even with CRA people can’t pay for electricity, heating, rent and food ... Our other general community services are feeling the pressure too with people accessing services like mental health or employment in serious financial stress because they can’t make ends meet with the current level of payments.”

Mission Australia, Emergency Relief Coordinator, WA

In addition to being inadequate, the payments are hard to access. People with limited experience of engagement with government payments are likely to experience challenges with navigating the system to access supports, with some people disengaging from social security allowances and supports entirely.

“They attend Centrelink appointments but there is no support through these services and they get pushed from one service to another and don’t understand the system. No one at Centrelink is explaining anything to them. They are really struggling, we help out where we can.”

Mission Australia, Senior Case Worker, Victoria

Some individuals have automatic ‘centrepay deductions’ from their social security allowances with little flexibility on how they are able to manage their finances.

“We work with people who have been in prison for minor offences and then released with an obligation pay off the fines. Most of these people have centrepay deductions for fines, Centrelink debts, child support payments and things like that. After all these are deducted, there’s hardly anything left ... We usually have people who come in and say they haven’t eaten all day.”

Mission Australia, Program Manager NT

n. Investments in health, education, housing and other programs to improve outcomes

Considering the poor housing, health and education outcomes for people experiencing disadvantage, particularly those receiving social security allowances, it is imperative that there are complementary investments in these domains in addition to increasing social security allowances.

Given the rise in rental costs and decrease in availability of affordable housing, it is imperative that in addition to increasing the social security allowances including CRA, there needs to be a significant increase in investment in social and affordable housing to alleviate rental stress. In order to address these issues, the community sector through Everybody's Home campaign is calling for the Federal Government to develop a National Housing Strategy that includes:

- New capital investment to generate 300,000 new social and Aboriginal housing properties, and
- A new tax incentive or direct subsidy to leverage super fund and other private sector investment in 200,000 low cost rental properties for low and middle-income earners.

As demonstrated above, the inadequacy of social security allowances can have significant mental health impacts on people and forces them to rely on community services that provide mental health, housing and homelessness, emergency relief and other similar services. Increasing these payments would result in people being able to manage their expenses, and as a result alleviate pressure on community services that are already struggling to meet the community needs.

With the implementation of the National Disability Insurance Scheme (NDIS), there are ongoing concerns in relation to some consumers of community mental health programs who may be ineligible to become NDIS participants if they are experiencing episodic and/or moderate mental illnesses.⁵⁴ As demonstrated above, people receiving social security allowances may need access to appropriate mental health services, therefore, investment into mental health should be increased as part of the measures to support people experiencing disadvantage.

⁵⁴ See further: Mission Australia, Accessibility and Quality of Mental Health Services in Remote and Rural Australia, 2018, accessible at: <https://www.missionaustralia.com.au/publications/submissions-and-reports/disability-andmental-health>