

11 September 2019

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**Anglicare NT's Response to:**

## **The adequacy of Newstart and related payments**

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Anglicare NT is one of the largest providers of community services in the Northern Territory, working with around 16,000 people each year. We provide financial counselling, housing and homelessness support, disability services, youth programs, children and family services and more.

It is our observation that the rate of Newstart and related government support payments locks people into a cycle of poverty. The rate is too low – requiring individuals and families to choose between food on the table or a roof over their heads.

We commend the Government for holding this Inquiry. The evidence is clear, we must raise the rate of government support payments by a minimum of \$75.00 per week immediately. Only this will start to alleviate the knock-on effects poverty has on individuals and whole communities.

While there are many points to address for this Senate Inquiry, we will only touch on a few and endeavour to provide insight into the impacts we see every day in the Northern Territory.

### **Increase the rate of Newstart immediately**

The cost of living in the Northern Territory is high. Food, electricity, transport and rent all feature as some of the highest in the country. The Household Expenditure Survey shows NT Households spend more on goods and services per week than anywhere else in the country.<sup>1</sup> For remote communities, the cost is even higher. For example, a healthy food basket costs 60% more from remote stores than urban supermarkets.<sup>2</sup> When you translate this into feeding a family of six, that equates to 35% of average household income. Fuel in remote communities can be as much as \$2.41 per litre for Unleaded and \$2.94 for Diesel.<sup>3</sup>

While living on \$40.00 per day is extremely difficult in a big city, it's even more difficult in the Northern Territory context. An increase of \$75.00 should be the starting point. Research by the University of New South Wales shows Newstart payment falls short by as much as \$96.00 per week for singles.

**Recommendation: Immediately increase the rate of Newstart, Youth Allowance and related payments by an absolute minimum of \$75.00 per week.**

### **Remove politics from poverty**

Two decades of inaction by various governments has meant that people on Newstart and other allowances have been forced into poverty for far too long. We need a bi-partisan commitment to increasing Newstart. We need to create an independent, expert body that is mandated to determine payment amounts based solely on the data.

**Recommendation: Create an independent Social Security Commission to determine support payment amounts.**

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<sup>1</sup> ABS, Household Expenditure Survey 2015-16

<sup>2</sup> NTCOSS – Cost of Living Report No 24 – Remote Food

<sup>3</sup> NTCOSS – Cost of Living Report No 22 – Transport

## **Impact on housing – raising CRA**

Our public and social housing system is under pressure. The Australian Housing and Urban Research Institute (AHURI) estimate that Australia needs an additional 433,000 social housing units right now to meet demand.<sup>4</sup> Why is it under pressure? People cannot afford the cost of private rent.

Anglicare NT, in partnership with Anglicare Australia, conducts a Rental Affordability Snapshot each year. The data is analysed to determine the number of private rental properties that are affordable and appropriate for different household types on government support or low income (including CRA). Year after year, we find there are no (n=0) private rentals available for people living on Newstart, Single Parent Payment, Youth Allowance or singles on an Age Pension in the Northern Territory.<sup>5</sup> None, zero.

Individuals and families are forced into social and public housing, into severely overcrowded homes or onto the street. They simply can't afford anything else.

Raising people's incomes will take the pressure off our housing and homelessness systems, allowing more people to move into the private rental market. To enable this, Rent Assistance must be increased by 30%, which is \$21 per week for a single adult with no children. Indexation arrangements should be reviewed as part of a broader review that reflects movements in rent and is responsive to local housing market conditions.

**Recommendation: Maximum rates of Commonwealth Rent Assistance must be raised by 30% and reviewed, so the system is responsive to local housing market conditions.**

## **Unintended consequences of social welfare policies**

The Department of Social Services' mission is to, "improve the wellbeing of individuals and families in Australian communities". Indeed, this is the foundation of a social welfare system. Unfortunately, some policies related to income support are having the opposite effect on Northern Territory communities, and communities nationally.

The majority of people Anglicare NT work with are Aboriginal; many are from remote communities. English is often not their first language, and a large cohort cannot read or write. Australia's social welfare system is complicated. The onus is on the individual to 'prove' their ongoing eligibility. To do this, they are required to jump through an ever-increasing array of hoops for a decreasing amount of money in real terms. This places individuals and families into constant stress, having the reverse effect on 'wellbeing'.

### **CDP compliance**

Many of our clients and many Aboriginal people who are eligible for income support payments are not receiving any allowance. One of the major contributors to this is the CDP compliance policy.

People in remote communities, particularly young men aged 20-30 years, are in great need but are walking away from the system. In the remote communities we service, the number of men no longer receiving any support payments continues to grow. Effectively they have zero income. They cite that CDP does not recognise cultural obligations, that engagement with Centrelink is not culturally safe, that it's too complicated, too punitive. Such people simply appear in the census as NILF (Not in the Labour Force). This is putting pressure on families who are picking up the costs and it is harming whole communities.

The CDP model has strict penalties for non-compliance and is not working. This is clearly demonstrated by the number of fines issued. There were 47,726 fines issued under the Job Start

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<sup>4</sup> AHURI, Social Housing as Infrastructure: an investment pathway, 2018

<sup>5</sup> Anglicare Australia, Rental Affordability Snapshot 2019

program in the three months to September 2017 which services 760,000 people nationally. There were 54,758 fines issued under CDP servicing roughly 33,000 people for the same period.<sup>6</sup>

### ***Disability Support Pension***

Since the introduction of new eligibility criteria for the Disability Support Pension in 2014, our staff have seen a large increase in people who clearly should be on Disability Support but are not. They are physically unable to work, but they are on Newstart. Again, the difficulty in navigating the new eligibility system is cited as the main reason. It's too hard, too complicated.

### ***Robo-debt***

Many stories of the consequences of robo-debt collection are appearing. One man from Arnhem Land came to us, unable to understand why he suddenly did not have any money for food and rent. Centrelink had begun deducting payments for a past debt. This man had no idea that he owed money. He said he had no notice and had not agreed to the deduction amount.

### ***Income Management***

The Income Management system adds a further layer of administration and complication to navigating the income support system. Deductions can't be made by Centrepay providers or at a Centrelink office, you must call a separate hotline. Half of your income is quarantined, making it difficult to raise funds for anything that falls outside what are considered 'essential items'.

Aboriginal people tell us that Income Management is experienced as a further message for the broader community about the hopelessness and incompetence of Aboriginal people. This leads to increased despair and depression.

Compulsory Income Management should be phased out, and a voluntary scheme put in place for those who wish to continue.

***Recommendation: Immediately reform all policies related to the CDP compliance system, the Disability Pension criteria, Robo-debt and Income Management.***

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<sup>6</sup> ABC Online, Work for the Dole CDP scheme a costly failure that's harming people, 2018