



Good Shepherd
Australia New Zealand

Submission on the adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia

Senate Community Affairs References Committee



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About us

Good Shepherd Australia New Zealand was established to address the critical, contemporary issues facing women, girls and families. We work to advance equity and social justice, and to support our communities to thrive. We aspire for all women, girls and families to be safe, well, strong and connected.

A central part of our purpose is to challenge the systems that entrench poverty, disadvantage and gender inequality. The Women's Research, Advocacy and Policy (WRAP) Centre does this through a range of research, policy development and advocacy activities.

Acknowledgements

We gratefully acknowledge the insight and case studies provided by Good Shepherd Australia New Zealand's practitioners.

Endorsements

Domestic Violence Victoria

WIRE – Women's Information and Referral Exchange



Executive summary

The levels of the Newstart Allowance (Newstart) and a range of related payments are inadequate. Newstart has not increased in real terms in 25 years, reflecting an intention to incentivise unemployed people into employment. While this logic may hold for individuals who are between jobs for a short period of time, this is not the situation for most people who are now dependent on this payment.

A key problem with Newstart is that many people placed on this payment are not in a position to engage in employment on a full-time basis. Reasons for this include caring responsibilities for dependent children, chronic illness or disability, experiences of family violence, advanced age and poor mental health. Further, the nature of many compliance requirements – including jobactive requirements under the Targeted Compliance Framework, income management via the Cashless Debit Card, and compulsory engagement with ParentsNext providers – is punishing individuals and their families for situations beyond their control.

Women are increasingly finding themselves in a poverty trap, struggling with high housing and utility costs and low income support payments, with single mothers and older women experiencing particular hardship. Even when these cohorts find employment it is often casual or short term contract work and low paid – not enough to enable permanent movement off Newstart.

We recommend a \$75 a week increase in Newstart, a 30 per cent increase in Commonwealth Rent Assistance, and the establishment of an independent body to advise on the setting of social security payments with regard to adequacy, means testing, indexation and compliance requirements.

There are significant gender differences in the experience of Newstart and other payments. We note that women on Newstart are twice as likely as their male counterparts to be in some form of employment. Compliance requirements place undue pressure on women and their children, particularly given the complex interaction between caring responsibilities, employment and income support.

We also consider the adequacy of Parenting Payment Single and the problems with the child support system for single mothers in this submission, and note issues for vulnerable groups of women such as those escaping family violence and newly arrived migrants.

Nine recommendations are made to inform the Committee's consideration of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia.



Recommendations

Recommendation 1: Increase the Newstart and Youth Allowance payments by at least \$75 per week.

Recommendation 2: Increase Commonwealth Rent Assistance by 30 per cent (equating \$20 per week for a single person on Newstart).

Recommendation 3: Institute procedural reforms that ensure income support payments keep pace with cost of living and that compliance requirements are reasonable and proportionate, including:

- requiring all income support payments be indexed using the Pensioner and Beneficiary Living Cost Index (BPLCI);
- benchmarking against a percentage of the Male Total Average Weekly Earnings, to ensure payments keep pace with actual cost of living increases; and
- establishing a Social Security Commission to provide independent expert advice to Parliament on the setting of payments to regarding their adequacy, means test settings, indexation and compliance.

Recommendation 4: Undertake a comprehensive review of the appropriateness and efficacy of the social security system as a whole, including:

- the adequacy and interaction of various payments and supplements; and
- the efficacy of compliance requirements and activation methods as summarised in previous parliamentary inquiries
- the appropriateness of Newstart as a measure for the long-term unemployed and other recipients experiencing severe financial hardship.

Recommendation 5: Review the current system of contracting external employment services providers, including providers' qualifications to work with vulnerable people, the use of for-profit organisations, and the incentivised method of paying providers.

Recommendation 6: Investigate the introduction of an 'in-work payment' that assists individuals who are working but who are unable to access adequate remuneration and/or conditions.

Recommendation 7: Reinstate Parenting Payment Single for eligible single parents where their youngest child is, at minimum, under 13.

Recommendation 8: Introduce a Single Parent Supplement to help single parents with the cost of raising children over the age of 13.



Recommendation 9: Ensure the social security system works to support women and children leaving violence, including by:

- making crisis payments more accessible to victim survivors of family violence, including increasing the rate to 4 weeks of the single pension rate, extending the claim window to a minimum of 14 days, and increasing its availability to up to six times in 12 months; and
- creating an additional payment for victim survivors of family violence to support longer-term financial recovery.



1. Introduction

Good Shepherd Australia New Zealand (Good Shepherd) welcomes the Senate Community Affairs References Committee's Inquiry into the adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia.

Our submission addresses Terms of Reference a, b, c, d, e, f, g, h, k, l, and q.

Informed by the practice wisdom of Good Shepherd financial counsellors and the experiences of our clients, this submission examines challenges for single mothers, older women, women escaping family violence and newly arrived migrant women. We also note the negative impact of structural gender inequality, the changing nature of the labour market and high housing costs.

Newstart is an unemployment benefit and as such has been deliberately kept low to provide an incentive for individuals to return to work as quickly as possible. The National Commission of Audit (2014a) explains the rationale thus:

[Newstart is] designed to be temporary and is less generous than pensions... The rate of unemployment benefit attempts to balance adequacy of support for people who are unemployed with the incentive for them to seek work and the cost to the Commonwealth (Appendix Vol. 1, section 9.11).

This logic may be applicable where individuals are genuinely between jobs and needing a bridging payment while they seek employment, however our research (McLaren, Maury & Squire, 2018) shows it is faulty when applied to many single mothers and other cohorts.

The one-size-fits-all approach of Newstart and the compliance regime that underpins access causes harm to many people in the community, particularly those who are experiencing complex forms of disadvantage. This inquiry is a timely opportunity to consider better ways to alleviate poverty and fully implement the right to social security in Australia.

We welcome the opportunity to provide oral evidence in relation to any of the matters raised in this submission.



2. Who is a jobseeker?

As Newstart is a payment designed for jobseekers it is important to consider how the term 'jobseeker' is defined. For example, the Australian Bureau of Statistics' criteria for the classification of unemployment includes active job searching and availability to start work (Australian Bureau of Statistics, 2018a). This definition is somewhat at odds with the Commonwealth Government's use of the term 'jobseeker' in relation to income support payments. The government defines working age payments as those which "assist people temporarily unable to support themselves", with Newstart available for those who are looking for work and meeting mutual obligation requirements (Australian Government, 2019b). In recent years hundreds of thousands of people have been categorised as 'jobseekers' who do not view themselves in this way. One example is the 80,000 single mothers who were moved off Parenting Payment Single and onto the lower Newstart payment in 2013 (ACOSS, 2018).

2.1 Barriers to employment: single mothers

Many of the single mothers we spoke to in our research, 'Outside systems control my life' (McLaren, Maury & Squire, 2018) experienced other barriers to engaging in employment. These included experiences of poor physical or mental health, past or ongoing experiences of intimate partner violence, intensive caring duties (for example, for a child with a disability or an elderly parent), disability, and/or chronic illness. For this group of women, entering the labour market on a full-time basis is unrealistic and placing pressure on them to do so can be counterproductive.

For example, the case study below – 'Patti' – detailed a lack of understanding and appropriate assistance for single mothers with disability.¹ Other women shared similar stories, although their experiences varied. For example, 'Gloria' told us she needed highly flexible arrangements as she is carer to both her son and her elderly mother, both of whom suffer poor mental health. Her Jobactive provider offered her two 'volunteer' positions in factories located far from her home. 'Lauren' experienced ongoing abuse from her former partner and she must visit a doctor monthly to apply for a Centrelink exemption on these grounds. She told us her only other option was to be diagnosed with a mental health disorder which would provide a 12-week exemption; however, she feared such a diagnosis would enable her partner to remove her children from her care. 'Katie' has compromised physical and mental health, and her daughter also has special needs; she said these limits on her ability to engage in employment were not considered by her jobactive provider.

¹ Patti's story is taken from the 26 case studies that were collected for Good Shepherd's research into single mothers and Welfare to Work, published here: https://goodshep.org.au/media/2188/outside-systems-control-my-life_single-mothers-stories-of-welfare-to-work.pdf



Case study: Patti

Disability restrictions are not considered

'Patti' is a mother of two children aged six and seven, and she also has an adult daughter. She has a permanent disability from a car accident that means she is unable to do any work that requires lifting, twisting or bending. Patti has medical certificates which state that such work will require her to be pre-medicated, which in turn affects her ability to be fully alert. Her youngest child is on the autism spectrum, which presents in running away or violent outbursts, and Patti is often called to be school to either take him home or calm him down. She feels his difficulties at school could have been mitigated if she had been given more time to support him during his transition, but she was immediately placed on Welfare to Work. Patti has expressed interest in studying, but has been given a restricted list of approved courses – all of which are labour intensive, despite the agency being aware of her disability.

These examples demonstrate that it is critically important to understand whether a person outside of the labour market is a jobseeker. There are many individuals who, for valid reasons, feel unable to engage in employment. Applying pressure in these circumstances is likely to result in distress for individuals and their families without achieving sustainable employment outcomes.

With that caveat, there are many people who experience barriers to employment who would welcome appropriate supports and opportunities. While our qualitative research sample was small, it is notable that those women who felt unable to engage in employment were a minority of 6 women (just under 25 per cent of the total). The remaining 20 women were attempting to start small businesses, were employed but without benefits such as personal leave or superannuation, were working in quality part-time roles, were simply between jobs and actively looking for work, or were temporarily focussed on study in order to improve their employment prospects. Regardless of their employment status it is notable that all of the women who shared their stories with us were financially insecure and suffering from high levels of anxiety as a result.

Our research made it clear that even well-paid permanent employment did not necessarily lead to economic security for women and their children. Factors such as safety (for example, an abusive former partner), inability to access child support and punitive social security policies undermined their attempts to achieve financial security for their households. It is therefore important when considering supports for disadvantaged jobseekers to understand the range of social and economic factors that shape women's attachment to the workforce.



2.2 Barriers to employment: older women

Older women of working age (those 55-64 years) are increasingly facing financial insecurity, leading to high incidences of poverty (Wilkins, 2017) and homelessness (Australian Human Rights Commission, 2019). A wide range of issues are contributing factors, including:

- separation, divorce and/or experiences of domestic violence, which can leave women unexpectedly impoverished and without a strong career pathway to sustain them (Heath, 2017; Feldman & Radermacher, 2016);
- the gender pay gap, which impacts on women through differences in sector pay as well as within-organisation pay (Workplace Gender Equality Agency, 2019); and
- an interaction between gender and age discrimination (Australian Human Rights Commission, 2016).

This means that rather than tapering off, older women's workforce participation rates are nearly identical to that of all women – 58.8 per cent compared to a combined rate of 59.2 per cent (Australian Government, 2019a) – and they are often holding multiple jobs as they attempt to cobble together a viable income. Data indicates of the 15.6 per cent of Australians who hold multiple jobs, nearly 54 per cent are female (Australian Bureau of Statistics, 2019a), no doubt a reflection of the high number (45 per cent) of women who are in part-time employment (Australian Bureau of Statistics, 2017). The Australian Bureau of Statistics also reports that older women are the demographic most likely to have no superannuation at all and that no superannuation often correlates with increased financial insecurity, including lower rates of home ownership, lower incomes, and higher incidences of living in areas of high disadvantage (Ibid.). A new benchmarking survey into the experiences of older workers reports that nearly 70 per cent of female respondents felt financial pressure to continue in the workforce, with 300,000 women requiring multiple job holding (Price, 2019).

As a result, older women are often dependent on income support to make ends meet. The age group most reliant on Newstart are people aged 55-64 – just over 173,000 – compared to only 62,500 people aged 21-24 years. This age group also stays on Newstart longer; people aged 55-64 stay on Newstart for approximately 188 weeks, compared to only 46 weeks for those under 25 years. Older women have the hardest time getting off Newstart, with those aged 55-59 years spending an average of 191 weeks on the payment, compared to 185 weeks for their male counterparts (Maiden, 2019).

Good Shepherd's financial counsellors confirm that they are seeing an alarming increase in older people who are seeking help. It often takes very little to move an older person from a comfortable financial position to one of great precarity; Jenny's story below is a stark example of this.



Case study: Jenny

Qualified and willing to work, but facing financial crisis in her later years

Jenny² is in her 50s. As a single mother she raised 4 children while working part-time. When her youngest moved out of the house 10 years ago, Jenny increased her hours to full-time work as a specialised office worker. On this salary she was able to maintain a modest life – putting away a bit of savings each month, paying her rent on time, covering her other expenses and having a bit left over for social outings with her friends. When her employer moved out of the community 12 months ago, Jenny did not think it would take long for her to find similar work. She used her savings to cover her rent and other expenses while she looked for work, but after 6 months with no job prospects she had fallen into arrears with her rent for the first time in her life. Jenny has had to move out of her rental and ask friends whether she could rent a room since this is all she can afford on Newstart. After faithfully paying off her modest credit card debt each month, Jenny soon found herself unable to cover even the minimum payment. A Good Shepherd financial counsellor was able to negotiate a debt waiver for the credit card of about \$4,000 which is a relief for Jenny, but it has not solved her problem of too little money to cover her basic expenses. One option is to take an advance on her superannuation but this is a short-term solution only, and will leave her with reduced retirement savings.

To receive Newstart Jenny was required to meet with a jobactive provider, and she found the case workers to be pushy and aggressive. She was forced into taking a 6 hour per week job at a coffee shop that was a 30 minute drive from her home. This employment was financially counterproductive due to the low wage and low number of hours, and at times she did not have the funds for petrol. Jenny became so stressed her doctor wrote her a medical exemption so at least she can now conduct her own job search without feeling pressured to take positions where she cannot use her skills or allow her to lead an independent life.

Jenny is now financially constrained and her mental health has deteriorated as a result. She had to cancel a much-needed doctor's appointment because she did not have the money to put petrol in her car, and has cut out fresh foods from her diet to save money. She is considering putting her name on a waiting list for public housing but the wait can be close to 20 years for women in similar circumstances so it hardly seems worth the effort.

Older women face a range of debilitating barriers to employment but have no other choice but to remain on Newstart until they qualify for the Age Pension. Hannah's story, below, illustrates how debilitating health issues limit her ability to work even part-time, resulting in an accrual of debt.

² All case studies have been de-identified.



Recent analysis estimates that increasing the age of Age Pension eligibility from 60 to 65 for women has not impacted financially on higher income households, but low to middle income households have experienced an increase in poverty rates of between 33 and 39 per cent. Furthermore, it is single women and women in low-SES households who have offset the delay in the pension by increasing their employment participation, while women in more prosperous households have offset the income loss in other ways (Morris, 2019). For older women who have difficulties accessing suitable employment – even qualified women in good health – the delay in receiving the Age Pension is forcing them to live in poverty on Newstart.

Case study: Hannah

Complex health issues don't meet the criteria for the Disability Support Pension

'Hannah' is in her early 60s and has been on Newstart for 5 years. She raised her children as a single mother while also looking after an elderly parent. While Hannah had a long career in an office setting, she has had several health challenges which mean that is no longer an option for her; these include a spinal injury, a diagnosis of leukaemia and a diagnosis of PTSD caused by multiple family tragedies. None of these diagnoses allow her to move onto the Disability Support Pension, so she must find a way to make ends meet on the Newstart Allowance while also looking for some form of suitable work. Hannah is taking a course in Reiki therapy, and is hopeful this qualification will allow her to find a viable career pathway given her limitations. However, Hannah's poor health means she is likely to remain dependent on Newstart until she qualifies for the Age Pension, which is more than 5 years away. After much effort, she was able to secure public housing, which has helped to lower her expenses. However, Hannah still comes up short about \$300 per month due to a combination of her daily living expenses, health-related costs, transportation and an old credit card debt. She has exhausted her superannuation as well as any help she can expect from friends. Hannah's only other option to cut costs is to access free or subsidised groceries, but this takes time and energy, and these services are limited due to high demand. Hannah's long-term financial outlook doesn't hold out much hope, but she works hard to stay positive and do what she can to improve her situation.

As the federal government states, Newstart is designed for people who are temporarily unemployed, and is deliberately kept below the poverty line. This means many women are experiencing high levels of unresolvable debt, particularly those in the private rental market. Good Shepherd financial counsellors note that in such circumstances there are simply not enough funds for people to live on.

If a client is on Newstart and in the private rental market, there's no point in doing a budget. There is simply not enough. As a result, there are multiple debts accruing that will never be paid.

– Financial counsellor (Good Shepherd Australia New Zealand)



3. The inadequacy of Newstart and related payments

Even when considered as a short term payment to tide individuals over between jobs, Newstart is inadequate. The payment level does not factor in the costs associated with a job search, including an appropriate wardrobe, transportation, computer, phone and internet. Nor does it provide an adequate amount to cover basic costs, leading to chronic issues as food insecurity (Richards, Kjærnes & Vik, 2016; Jovanovski & Cook, 2019; Temple, Booth & Pollard, 2019). There is broad agreement across the political spectrum and a range of business leaders that the payment level – which has not risen in 25 years – is far too low (see, for example, SBS News, 2019). Good Shepherd’s financial counsellors advise that their clients survive on advances from Centrelink. The income support system keeps individuals so impoverished that they are forced into debt to the system itself.

Related payments must also be considered for an increase. For example, Commonwealth Rent Assistance is \$137.20 per fortnight for a single person with no children under the *Social Security Act 1991* (Cth), and \$161.14 for a single person with 1 or 2 children in their care under the *Family Assistance Act 1999* (Cth) (Department of Social Services, 2019b). However, average rent for a 1 bedroom apartment outside of a city centre in Victoria is \$1,529.88 per month, and \$1,910.55 per month outside of a city centre in NSW (Numbeo, 2019). Rent assistance therefore covers 20 per cent or less of a private rental in this instance.

See Table 1, below, for a comparison of cost of living averages for basic needs such as a 1 bedroom apartment, public transportation, utilities and child care.



Table 1: Comparison of cost of living averages

	Cost of living		
	Australian average	Melbourne average	Sydney average
Rent, 1 bedroom apartment (outside city centre)	\$1,307.93	\$1,529.88	\$1,910.55
Rent, 1 bedroom apartment (close to city centre)	\$1,688.85	\$1,922.83	\$2,572.51
Public transportation monthly pass	\$148.40	\$150.00	\$217.39
Utilities per month	\$201.09	\$206.29	\$178.39
Childcare	\$1,739.61	\$1,861.88	\$2,189.20

Data from Numbeo.com (Updated August 2019). Retrieved from https://www.numbeo.com/cost-of-living/country_result.jsp?country=Australia

The average cost of living in Australia is helpful to consider within the context of monthly income. Table 2 provides a comparison of the average monthly income from earnings (full-time), a full-time minimum wage, the poverty line for a single parent with 2 children, and the combined benefits for a single mother on Newstart with two dependent children under the age of 12. This simplified comparison indicates that a single mother reliant on Newstart and related payments is living below the poverty line.



Table 2: Monthly income comparisons

Monthly Income	
Average Australian (individual earnings) ¹	\$6,535.20
Minimum wage ²	\$2,963.20
Poverty line (50 per cent of median income) (sole parent + 2 children household) ³	\$2,769.48
Newstart Allowance + rent assistance + energy supplement + maximum payment Family Tax Benefit A + B (1 parent + 2 children under 12) ⁴	\$2,594.96

¹ Full time adult average ordinary time earnings (Trend). ABS, 6302.0 - Average Weekly Earnings, Australia, May 2019. Retrieved from <https://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>

² Employure. Retrieved from <https://employure.com.au/guides/wage-and-pay/minimum-wage-australia/>

³ ACOSS (2018). Retrieved from <https://www.acoss.org.au/poverty/>

⁴ Department of Human Services. Newstart Allowance rates, Department of Human Services: <https://www.humanservices.gov.au/individuals/services/centrelink/newstart-allowance/how-much-you-can-get>

Energy Supplement rates, Department of Human Services:

<https://www.humanservices.gov.au/individuals/services/centrelink/energy-supplement/how-much-you-can-get/payment-rates-pension-or-allowance>

Rent Assistance rates, Department of Social Services: <https://www.dss.gov.au/housing-support/programmes-services/commonwealth-rent-assistance>

Family Tax Benefit Part A:

<https://www.humanservices.gov.au/individuals/services/centrelink/family-tax-benefit/how-much-you-can-get/ftb-part-payment-rates>

Family Tax Benefit part B:

<https://www.humanservices.gov.au/individuals/services/centrelink/family-tax-benefit/how-much-you-can-get/ftb-part-b-payment-rates>

Note: This figure assumes no other sources of income such as child support payments or earnings.

The Energy Supplement is currently frozen at \$9.50 per fortnight for a single person with dependent children (Department of Human Services, 2019a). Following the recent federal election, a one-off Energy Assistance payment of \$75 was paid to individuals on Newstart or the Youth Allowance (Department of Human Services, 2019b). While there is recognition that the cost of utilities can be out of reach for many people on income support, the rates are inadequately low and a one off payment has little effect on recurring costs. The average combined cost for utilities for a 1 bedroom apartment (including electricity, heating, cooling, water and refuse pick-up) is \$178.39 in Sydney and \$206.29 in Melbourne (Numbeo, 2019). This means the one off payment will not



cover even 1 month of expense for a small apartment, and the fortnightly payment covers approximately 10 per cent of the total cost.

Good Shepherd therefore supports the Australian Council of Social Service (ACOSS) position that the Newstart and Youth Allowance, and the Commonwealth Rental Assistance payment, should be increased.

Recommendation 1: Increase the Newstart and Youth Allowance payments by at least \$75 per week.

Recommendation 2: Increase Commonwealth Rent Assistance by 30 per cent (equating \$20 per week for a single person on Newstart).

3.1 Indexation of benefit rates

Newstart is indexed to the Consumer Price Index (CPI), which monitors a generic 'basket of goods' for price increases across a broad range of items. Calculated by the Australian Bureau of Statistics (2019c), the CPI includes 11 major groups of expenses:

- Food and non-alcoholic beverages
- Alcohol and tobacco
- Clothing and footwear
- Housing
- Furnishings, household equipment and services
- Health
- Transport
- Communication
- Recreation and culture
- Education
- Insurance and financial services.

Data is drawn primarily from the Household Expenditure Survey and is updated quarterly. The CPI is intended to track changes in cost of living.

However, this approach has two main deficiencies. First, the 'basket of goods' identifies an average cost increase, but fails to differentiate between essential services (such as rent, food or utilities) from discretionary costs (such as clothes, leisure pursuits or travel). As a consequence, it unfairly disadvantages people on income support. As Dufty (2012) explains:

Those receiving government pensions and allowances spend proportionally more of their income on food, housing (rents), communications and utilities than other groups, and hence are more vulnerable to changes in these prices. Conversely, they spend proportionally less on items such as clothing, health, transport and recreation when compared to... 'all households'... and thus are less impacted if the price of these items changes. In order to understand the impact of price rises on those receiving government pensions and allowances, more specific calculations are [needed]. (p. 2)



A comparison of household expenditures by socio-economic quintile (that is, the most disadvantaged 20 per cent of households compared to the least disadvantaged 20 per cent of households) and the average across all households is provided below (Table 3). This data is drawn from the most recent Household Expenditure Survey (2017 data), with costs reported not in real dollar terms but rather as a percentage of entire household expenditures. This demonstrates why the CPI is not in fact representative of cost of living increases for households with restricted finances. For example, the most disadvantaged households spend nearly 30 per cent more on food as a percentage of overall expenditure than the highest income households, 26 per cent more on housing, 72 per cent more on utilities and 42 per cent more on communications. Conversely, these households spend 21 per cent less on clothing and nearly 40 per cent less on recreation.

Table 3: Comparison in expenditure between all households, lowest income quintile and highest income quintile (2017)

	All households	20% lowest-income households	20% highest-income households	% Variance low-high
Food	16.6%	19.1%	14.3%	+28.7%
Clothing	3.1%	2.5%	3.1%	-21.4%
Housing	19.6%	23.4%	18.0%	+26.1%
Medical	5.8%	5.8%	5.7%	+1.7%
Transport	14.5%	12.5%	15.7%	-22.7%
Communications	3.3%	4.0%	2.6%	+42.4%
Recreation	12.1%	9.0%	13.4%	-39.3%
Utilities	2.9%	4.5%	2.1%	+72.7%

Source: Jericho, G. (2017), based on Housing Expenditure Survey data (2017). Retrieved from <https://www.theguardian.com/business/grogonomics/2017/sep/14/flat-household-incomes-means-more-of-the-budget-goes-on-basics>

The only expenditure that is comparable is medical, and this may be in part due to a socialised medical system and in part due to the poorest households foregoing medical



treatment (Australian Institute of Health and Welfare, 2018). It seems this is a likely explanation, with new evidence showing Newstart recipients report poor health at 6.8 times the rate of wage earners, and that they are 1.5 to 2 times increased risk of hospitalisation (Collie, Sheehan & Mcallister, 2019).

Data collected in 2019 indicates that essential services are experiencing inflation at a higher rate than other consumer goods and services. Since the end of 2013 the overall consumer price index has increased 10.4 per cent. However, the cost of essential services – those items which make up the majority of household expenses for low-wage households – are rising at more than twice that rate. For example, education-related costs have risen nearly 25 per cent, childcare is up 26.7 per cent, medical/hospitalisation costs are up 36 per cent, electricity is up 12 per cent and gas has risen 16 per cent (Wright, 2019). Wages have not kept pace, rising between 12-13 per cent since 2013, while Newstart has not grown at all in real terms across that time.

To better reflect real changes in cost of living, an indexation system must include:

1. A weighted indexing that preferences essential costs for lower-income households; and
2. wages growth.

The Australian Bureau of Statistics (2019d) has already resolved the problem of a weighted index, by creating a new index in 2009 called the Pensioner and Beneficiary Living Cost Index (PBLCI). This is a sub-set of their Selected Living Cost Indexes (SLCIs), which examines the differential impacts of price changes in various goods and services for different household types: employee households (primary income source is from employment); age pension households; other government transfer recipient households; and self-funded retiree households. The PBLCI specifically examines the impacts of price changes on households that are dependent on income support:

The PBLCI represents the conceptually preferred measure for assessing the impact of changes in prices on the disposable incomes of households whose income is derived principally from government pensions or benefits. In other words, *it is particularly suited for assessing whether the disposable incomes of these households have kept pace with price changes.* (ABS, 2019d, emphasis added)

For example, the ABS calculations reveal stark differences in the per cent of household income that goes towards housing – just under 15 per cent for employee households compared to almost 24 per cent for PBLCI households (Ibid.)

The Age Pension has kept pace with true changes in cost of living because it is indexed to real changes in purchasing power:

Base pensions are indexed twice a year, on 20 March and 20 September, to reflect changes in pensioners' costs of living and wage increases. The pension is increased to reflect growth in the Consumer Price Index and the Pensioner and Beneficiary Living Cost Index, whichever is higher. When wages grow more quickly than prices, the pension is increased to the wages benchmark. The waged

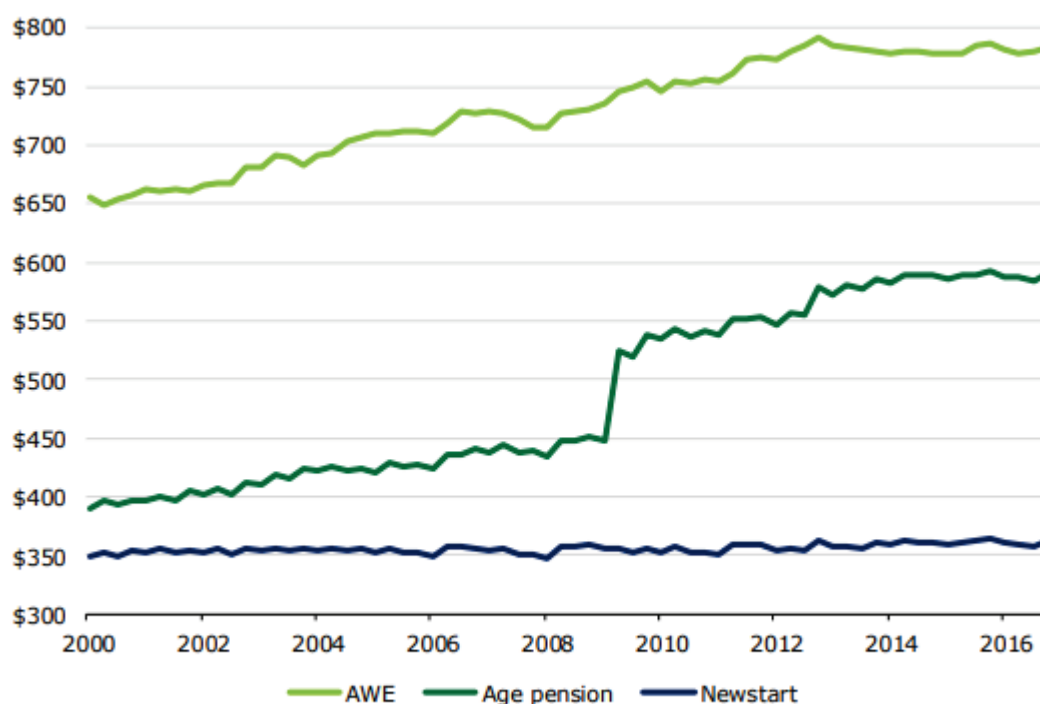


benchmark sets the combined couple rate of pension at 41.76 per cent of Male Total Average Weekly Earnings. The single rate of pension is two-thirds of the couple rate. (Department of Social Services, 2019)

Conversely the Newstart Allowance is indexed solely to the CPI. As discussed above, the CPI is a blunt measure of overall changes in consumer costs, and is not designed to reflect cost of living pressures in low income households. ACOSS estimated in March 2018 that a single unemployed person could not cover basic expenses such as housing, groceries, transportation and utilities with less than \$433 per week; the current weekly Newstart payment of \$278 per week is 35 per cent below this minimum standard (ACOSS, 2018).

Including a wage index is critical to ensuring income support payments rise commensurate with true changes in the cost of living (Deloitte Access Economics, 2018). Specifically, using the correct index will protect the real value of payments, while benchmarking benefits to the Male Total Average Weekly Earnings ensuring there is protection of the standard of living that those payments represent (Lewis, 2015).

The graph in Figure 1, below, demonstrates how poorly calculated indexing has left Newstart well behind the Age Pension, when in 2000 there was less than \$50 separating the two payments.



Source: Commonwealth Treasury; ABS Cat No. 6302.0, 6401.0; Deloitte Access Economics.
Note: series are deflated by the CPI and are in 2000-01 dollars. AWE is average weekly earnings

Figure 1: Average wages, the pension and Newstart over time in 2000-01 terms.
(Source: Deloitte Access Economics, 2018)



3.2 Expert advice on setting payment rates

By law, the remuneration of Members of Parliament is annually reviewed, reported and advised upon by an external body – the Remuneration Tribunal (Parliament of Australia, 2018a). This was instituted following a review of parliamentary entitlements, with the goal of ensuring clarity, transparency and efficiency (Commonwealth of Australia, 2016). Given the lack of clarity, transparency and efficiency of the current rates of Newstart and related payments, and the human rights concerns that this has raised (Alston, 2018), an independent, expert panel is one way of creating a similar annual review and recommendation on income support payments.

One potential model to emulate is the Scottish Parliament, which has created a rights-based Social Security Charter in consultation with citizens who are reliant on income support, social services, and government agencies (Social Security Scotland, 2019). The Charter has been enshrined into Scottish law and is designed to “deliver benefits in a more positive and supportive way, based on the fact that social security is a human right” (Ibid.). The eight pillars of the Charter are:

1. Social security is an investment in the people of Scotland.
2. Social security is itself a human right and essential to the realisation of other human rights.
3. The delivery of social security is a public service.
4. Respect for the dignity of individuals is to be at the heart of the Scottish social security system.
5. The Scottish social security system is to contribute to reducing poverty in Scotland.
6. The Scottish social security system is to be designed with the people of Scotland on the basis of evidence.
7. Opportunities are to be sought to continuously improve the Scottish social security system in ways which-
 - (i) Put the needs of those who require assistance first, and
 - (ii) Advance equality and non-discrimination.
8. The Scottish social security system is to be efficient and deliver value for money (Ibid.).

To ensure accountability to the Charter, an independent group of experts known as the Scottish Commission on Social Security provides reports to the Parliament on whether the Charter is being upheld (Scottish Government, 2019).

A positive first step in the direction of a similar rights-based direction would be to institute an Australian Social Security Commission in line with recommendations from ACOSS. Such a Commission could set reasonable payments and also ensure that compliance requirements are reasonable and proportionate.



Recommendation 3: Institute procedural reforms that ensure income support payments keep pace with cost of living and that compliance requirements are reasonable and proportionate, including:

- requiring all income support payments be indexed using the Pensioner and Beneficiary Living Cost Index (BPLCI);
- benchmarking against a percentage of the Male Total Average Weekly Earnings, to ensure payments keep pace with actual cost of living increases; and
- establishing a Social Security Commission to provide independent expert advice to Parliament on the setting of payments to regarding their adequacy, means test settings, indexation and compliance.

4. The detrimental impacts of the current system

Incremental welfare reform measures following from two reviews which are commonly known as the McClure report (Commonwealth of Australia, 2015) have focussed on simplifying payments while also taking an approach which uses actuarial data to target 'underperforming' groups in the labour market. One measure to address both goals was to consolidate payments by moving as many people as was considered reasonable onto the Newstart Allowance. This was accomplished in part by moving 80,000 single mothers whose youngest child had turned 8 onto the Newstart Allowance (ACOSS, 2018), and also by delaying the payment of the Age Pension.

While shifting multiple groups onto Newstart was intended to be a cost-saving measure for the government, community services providers argue that this is merely shifting costs into other areas of expenditure, including mental health services, homelessness services, the criminal justice system and health care. There appears to be an assumption by government that community services will 'pick up' people where they have been dropped, but these agencies are commonly underfunded and unable to provide more than emergency relief when what is needed are long-term pathways out of poverty.

Receiving the Newstart Allowance is, in most cases, dependent on participating in Welfare to Work, which was introduced in 2006. For most people this means interacting with an independent contractor known as a jobactive provider, which is intended to assist people into employment through a combination of support and compliance activity. Others are placed on the Community Development Program, in which individuals who are unable to find or engage in employment are compelled to 'volunteer' their time in exchange for their Newstart payment. Recently the government has also introduced ParentsNext, in which parents with infants and very young children who receive the Parenting Payment Single and have not been employed for at least 6 months are required to engage with a contracted provider and participate in 'pre-employment' activities. Welfare to Work



reforms were introduced in order to “focus on encouraging self-reliance and recognising the capacity of many recipients to work part time” (Australian Government, 2005, p. 1).

The government has contracted 65 services to assist an estimated 750,000 jobseekers annually in exchange for \$7.3 billion in payments over 5 years. According to the Department of Human Services, providers have been tasked with helping job seekers with mutual obligations requirements to access the following support:

- job search assistance and training;
- accessing local jobs; and
- access to computers, phones and stationery.

Payments are administered using a bonus system, which encourages providers to push clients towards certain outcomes regardless of individual circumstance. Further, despite the complex barriers to employment faced by many individuals participating in Welfare to Work, providers are unable to offer tailored, specialised services; options for supporting individuals into work are extremely limited and their access to job opportunities are often very poor (McLaren, Maury & Squire, 2018).

Jobactive providers are not required to have specialised skills, training or accreditation to work with vulnerable people. An assessment of frontline staff found that nearly 37 per cent held a TAFE or vocational certificate as their highest qualification, while only 20 per cent held an undergraduate degree. Nearly a quarter indicated their highest degree was a Year 12 or below. Slightly over half (56 per cent) indicated they had received formal in-house training (Lewis, Considine, O’Sullivan, Nguyen & McGann, 2016).

Frontline staff perceived that 43 per cent of the clients they saw also experienced compromised mental health, and 60 per cent were considered “difficult to place” (Ibid.). Despite this, the majority of decisions made on behalf of clients were not based on client preferences (“very influential” for 19 per cent of responders), but the government’s mutual obligation policies (46 per cent responded as “very influential”) (Ibid.).

Research conducted by Good Shepherd (McLaren, Maury & Squire, 2018) found that providers were not incentivised to provide true assistance, but rather they were expected to enforce compliance under the Targeted Compliance Framework (TCF). The TCF has been in place since July 2018, and is “designed to ensure only those job seekers who are persistently and wilfully non-compliant incur financial penalties while providing protections for the most vulnerable” (Department of Employment, Skills, Small and Family Business, 2018). However, this has not been the experience of many of the single mothers Good Shepherd has interviewed. The women we spoke to all described the TCF as a meaningless ‘tick and flick’ exercise which ate up their time, led to multiple suspensions which were often due to errors from the provider but were up to the individual to rectify, and created stress and anxiety. Remaining compliant often meant leaving paid employment, spending money on transportation to attend meetings instead of paying bills or buying food, bringing children to appointments, and in more than one case giving up positions with better prospects or giving up study. Furthermore, many women found meetings traumatising due to inconsistent interpretation of policy,



enforced retelling of traumatic life events, cases of microaggressions and even overt aggression directed towards them.

These experiences appear to be quite widespread; see for example the report of a 62 year old woman who quit her job to nurse her dying husband only to be forced to volunteer to maintain her payments (Henriques-Gomes, 2019) or the homeless mother of four who was forced to engage with a ParentsNext provider (Burns, 2019).

Our financial counsellors have many stories of clients who are having a harder time achieving financial security due to compliance requirements. Casey's story, below, is an example of how forcing individuals into inflexible 'support' programs can create harm to struggling families.

Case study: Casey

Complex caring responsibilities not recognised

'Casey' has lived in Australia for around a dozen years, and is a single mother to five children. Her youngest is preschool aged but has a serious medical condition. Casey is trying to enrol her child in the NDIS which requires attending multiple medical appointments, some of which are scheduled at the last minute. As a single parent, she also spends much of her time addressing the varied needs of her other children – some still in primary school and some at high school. Casey has been enrolled in ParentsNext despite having a larger family, which should qualify her for an exemption. She cannot get an exemption based on her child's medical condition either, because NDIS has not yet recognised it. It is therefore Casey's problem to attend 'approved activities' or have her payments cut. Because her children have such diverse needs and the youngest is often called to last-minute medical appointments, Casey is regularly missing these activities, which is placing the entire family's welfare in jeopardy. While she is not opposed to working in the future, Casey's last period of employment was nearly 18 years ago and in her home country.

The compliance requirements that accompany receipt of Newstart, including engaging with jobactive or ParentsNext providers and adhering to the TCF; non-compliance outcomes such as suspended payments, 'robodebts' and being placed on work for the dole; the deliberately low rate of the Newstart Allowance; the use of the Cashless Debit Card in some communities and for some demographics; and the disregard the system has for individual circumstance or hardship raise serious human rights concerns (Raffas, 2017a; Alston, 2018; Bielefeld, 2018).

As Maury (2018) has argued, it can also be defined as economic abuse, since it shares many of the same characteristics, including:

- Control over day-to-day household financials and spending decisions
- Restricting access to bank accounts
- Setting an inadequate budget for covering reasonable household expenses
- Denying access to financial information and decision-making



- Creating a situation of food insecurity
- Exerting power and control over a women's salary, savings, debt, credit, and/or employment through actions or threats
- Forcing a woman to survive on accumulated debt
- Blocking access to social and economic participation
- Sabotaging education or employment opportunities
- Denying access to means of transport or communication
- Financially monitoring, over-controlling and scrutinising the woman (Corrie & McGuire, 2013).

For many women who are reliant on income support, this list may reflect not only their interactions with the social security system, but also their prior experiences with an abusive partner. This is contrary to the legal landscape and the government's own statements concerning economic abuse (Maury, 2018).

Furthermore, assuming the goal is to assist individuals into viable employment, punitive approaches to compliance are not effective or efficient. A comprehensive review of the evidence demonstrates that most individuals who can work will find work if there are jobs available (Raffass, 2017b).

The effect of 'incentivising' individuals into employment when there are not enough jobs is to force people into precarious rather than stable employment, which can have the perverse effect of reducing the quality of jobs due to increasing demand for *any* position, no matter how poor (Ibid.). When these jobs are achieved through employment services providers – and this is a surprisingly rare outcome (McLaren, Maury & Squire, 2018) – the quality of jobs is generally extremely poor (McLaren, 2017). Others remain unemployed but at below-poverty rates, accumulating debt and increasingly reliant on social services. As one of our financial counsellors observed, it is a system that punishes people in distress for marketplace failures:

This turns the notion of government on its head. Citizens must 'prove' their worth to the government rather than the government proving its worth to the citizens.

– Financial counsellor (Good Shepherd Australia New Zealand)

Much of the harm sustained through punitive compliance requirements has been captured in other inquiries, including the Jobactive Inquiry (Parliament of Australia, 2019a), the ParentsNext Inquiry (Parliament of Australia, 2019b), the Cashless Debit Card Inquiry (Parliament of Australia, 2018b), the Drug Testing Trial Inquiry (Parliament of Australia, 2018c), and the Inquiry into the automated debt system ('robo-debt') (Parliament of Australia, 2017). The government must review the evidence contained in these inquiries and respond to the weaknesses that have been identified in order to minimise damage and create a system that is both fair and functional.



Recommendation 4: Undertake a comprehensive review of the appropriateness and efficacy of the social security system as a whole, including:

- the adequacy and interaction of various payments and supplements; and
- the efficacy of compliance requirements and activation methods as summarised in previous parliamentary inquiries
- the appropriateness of Newstart as a measure for the long-term unemployed and other recipients experiencing severe financial hardship.

Recommendation 5: Review the current system of contracting external employment services providers, including providers' qualifications to work with vulnerable people, the use of for-profit organisations, and the incentivised method of paying providers.

5. Newstart and employment

Because Newstart is an unemployment payment, understanding women's experience of the job market is foundational to understanding their experience of Newstart. Furthermore, entering employment does not mean Newstart is no longer needed. This section will explore features of women's labour market participation and how their employment experiences interact with income support.

5.1 Women's experience of employment

Women are vulnerable to economic insecurity due to gendered policy settings and social norms, such as ideas about 'women's work' and caring responsibilities. Gender inequalities and other systemic barriers include:

- **Higher levels of unpaid work:** Women are more likely than men to undertake unpaid care of children or relatives (Addati, Cattaneo, Esquivel & Valarino, 2018; Women's Health Victoria, 2018). By taking time out of the workforce to care for children, women are limited in their capacity to participate in employment, leading to greater financial disadvantage throughout the life course.
- **Lower levels of workforce participation:** Women participate in employment at a lower rate than men. As at May 2019, 61.1 per cent of Australian women were in the workforce, compared to 71.7 per cent of men (Australian Bureau of Statistics, 2019a). Women are also much more likely to be working part-time; 68.7 per cent of all part-time employees in Australia are women (Australian Bureau of Statistics, 2019b). As a result, older women experience a gender gap in



retirement income (Coates, 2018) and there is an increasing cohort of older women on low incomes who are experiencing housing precarity (Australian Human Rights Commission, 2019).

- **More time spent in unpaid care work, including as single parents:** Women bear the burden of unpaid work in Australia, and this is particularly so for single mothers. Single parent families, 82 per cent of whom are headed by women, are one of the most disadvantaged demographics in Australia. Their median income of \$974 per week is only slightly above half of the average for all household types in Australia, at \$1,734 per week. Sole parent families have the highest poverty rate among family types at 32 per cent. Children in sole parent families are more than 3 times as likely to live in poverty than children in couple families (13 per cent of whom are in poverty) (Australian Council of Social Service & University of New South Wales, 2018, p. 13). It has been demonstrated that single mothers experience poorer economic outcomes across their life course (Baxter & Taylor, 2014; Goldberg, 2009).
- **Lower levels of pay:** The gender pay gap remains a significant issue in Australia. Currently the gender pay gap is at a record low of 14.1 per cent (Workplace Gender Equality Agency, 2019). However, there is evidence that the pay gap is closing at least in part because work is becoming more precarious and low-paid for men (Cassells, Duncan, Mavisakalyan, Phillimore & Tarverdi, 2018). Further, it is generally female workers who are both reliant on and who must also bear the burden of child care costs, eroding their already reduced pay. Despite government subsidies, out-of-pocket costs for child care have risen 48.7 per cent between 2011-2017, with a commensurate lack of availability for many parents (or at times with the lack of needed flexibility) (Joseph, 2018).
- **Discrimination and sexual harassment:** Discrimination at work during pregnancy, parental leave or return to work affects one in two mothers in Australia (Australian Human Rights Commission, 2014), while 39 per cent of women report being sexually harassed at work in the preceding five years (Australian Human Rights Commission, 2018). Single mothers are more likely to experience discrimination during pregnancy compared to partnered mothers and experience greater financial impacts (Australian Human Rights Commission, 2014, p. 37). These factors mean that women, despite their propensity to have higher educational qualifications compared to men (Australian Bureau of Statistics, 2018b), are considered less competitive for the jobs that are available.
- **Experiences of family and sexual violence:** Women are more likely than men to experience all forms of intimate partner violence, with one in six women having experienced physical and/or sexual violence from a partner, compared to one in 16 men (Australia Institute of Health and Welfare, 2018). Such experiences have a profound impact on women's ability to work – both directly (such as harassment at the place of work or the need to move away from employment in order to stay safe) and indirectly (due to injury, loss of sleep, and negative responses from co-workers) (Australian Law Reform commission, 2012b). When leaving violence, women are often dependent on income support,



which is poorly designed to support women victim survivors and keep them safe (National Social Security Rights Network, 2018). The requirements that are placed on women in these instances often disturbingly mimic the controlling behaviour of their abusers (Maury, 2018).

- **High incidence of precarious housing or homelessness:** Affordable housing is increasingly scarce in Australia, but these effects seem to impact women more when compared to their male counterparts. For example, of the 400,000+ of single people who continue to remain in housing stress *after* receiving Commonwealth Rent Assistance, 62 per cent are women (National Foundation of Australian Women, 2019). The staggering rise of older women experiencing homelessness has been headline news, with an increase of 31 per cent of women over 55 experiencing homelessness from 2011-2016. This statistic is backed by a 97 per cent increase in the number of older women dependent on the private rental market (Ibid.), which is notably under-regulated (Curry, 2019). Further, of the 121,000 people who sought help from homelessness services in 2017/18, 75 per cent were female, many with children in their care (Mission Australia, 2019).

5.2 The interaction between employment and the Newstart Allowance

Despite these barriers, and contrary to the narrative of 'dole bludgers' (Molloy, 2019), many people who receive Newstart are also employed. The Department of Social Security (2019) indicate that fewer women receive Newstart than men³ – approximately 195,500 women compared to 239,000 men (Ibid., p. 9). Women who are reliant on Newstart are also twice as likely to have significant earnings; nearly 22 per cent of women on Newstart also earned more than \$250 per fortnight, compared to only 11 per cent of men in the same situation (Ibid., p. 19).⁴

Our research (McLaren, Maury & Squire, 2018) indicates that many single parents must remain on Newstart due to the sporadic and precarious nature of their employment. Some women were in jobs with low pay or inadequate benefits, while others had regular gaps in employment due to short-term contracts or starting up a small business. While Newstart provided a much-needed reliable income source that topped up where their employment fell short, the payment itself and the conditions to receive it were not fit for this purpose. For example, some women were required to continue applying for 20 jobs per month because their work wasn't recognised by their provider (for example, running their own business). Many women complained of the need to continually attend meetings with their provider. Perversely, these meetings often necessitated them leaving their

³ This may reflect the higher number of women who are Parenting Payment Single; nearly 260,000 as of June 2016 compared to under 14,000 men according to government data. Retrieved from <https://data.gov.au/data/dataset/4ccff587-4a46-4ab9-8833-76dadaa10ebe/resource/1fafafa0-85bb-487a-9f0d-03d028e465d7/download/parenting-payment-single-payment-trends-and-profile-report-june-2016.pdf>

⁴ This gender disparity is also evident for recipients of the Youth Allowance, with 17.3 per cent of women earning more than \$250 per fortnight, compared to 11.2 per cent of men.



paid employment to attend, which had the dual effect of reducing their pay and putting their employment in jeopardy. Freda's story, set out below, is one example of this the problematic interaction between Newstart compliance activity and employment.

Case study: Freda

Missing work to attend appointments

'Freda' voluntarily joined Welfare to Work 5 years ago when her son was 7, as she knew she would lose her Parenting Payment Single when he turned 8 and would be unable to make ends meet, despite having a job. Over the 5 years she has been in the program, Freda has met with inconsistencies, micro-aggressions, compliance requirements that were in direct conflict with her employment, poor communication and threats to have her payments suspended. She has not been offered any job leads.

At times Freda has been told she can miss meetings – "If you don't come to this meeting, you've still got another two before we suspend your payments". At other times she has been told if she didn't leave her workplace to attend her job network meeting she would be non-compliant. Freda was then in the difficult position of explaining to her boss that it was necessary to attend the meeting at her job network provider as she couldn't risk having her payments cut. This in turn made her feel vulnerable at work.

Another problem with the interactions between employment and Newstart are the taper rates. The income test for receiving the Newstart Allowance means in practice that as individuals start to receive income from employment, their income support and related benefits is tapered off. While in theory this is a fair concept, in practice it leaves people without any buffer and exposes them to increased debt and precarity. When earning \$62-\$250 per fortnight, payments are reduced by \$0.50 for every dollar earned. When earning \$250+ per fortnight, taper rates increase to \$0.60 per dollar earned (National Commission of Audit, 2014). Taper rates are also in effect for individuals in social housing, with rents increasing as soon as external income is earned.

The low earnings rate threshold at which taper rates come into effect (\$31 per week) is likely creating a disincentive for individuals to pick up casual employment. Reporting small and differing changes in income week to week is potentially dangerous for people on low incomes, as it could lead to an automated false debt and jeopardise future income support payments.

The current taper rates can work against the establishment of financial security. There needs to be recognition that employment requires financial outlay, including for transportation, child care, and an appropriate wardrobe, and it takes time for individuals to pay off debt and start to accumulate a savings buffer. The negative financial impacts of child care costs alone are staggering; as one mother explains the impact of moving off of Parenting Payment Single and onto Newstart on her ability to make up the difference through employment:



Losing the \$200 a fortnight, I tried to work it out, and to make it up, if I did, if I worked an extra 10 hours a week, because I only get paid \$20 an hour, it's not a big rate. If I worked an extra 10 hours a week, I'd have to take an unpaid break, so I'd be at work from 9 until 4:30 every day... I'm only left with about \$70, I think. And then I have after school care fees, \$45 to \$50 a week. So for doing an extra, you know 12 and a half hours a week at work, even though I get paid for 10, I'd be about \$28 a week better off. ('Nicole', in McKenzie, McHugh & McKay, 2019, pp. 15-16)

Increasing the minimum threshold of earned income for recipients of Newstart before taper rates come into effect, as well as a significant time delay, would enable newly employed people to receive a reward for work effort and achieve a degree of financial security.

With casualisation and the proliferation of the on-demand workforce the nature of employment is changing – for the first time less than half of employed Australians enjoy full time, secure employment with entitlements (Carney & Standford, 2018). The government's mantra that "the best form of welfare is a job" (Fletcher, 2018) is simply untrue for many Newstart recipients, and does not assist the many people who are employed but are also reliant on income support as a supplement. While beyond the scope of this inquiry, this issue could be addressed through improving employee protections, measures to reduce the gender pay gap, and improving regulation of the on-demand workforce. The social security system could also play a role through an 'in-work' support package to assist employees in low-paid, precarious employment. This could include, for example, a top-up supplement or payments to cover personal leave days or child care fees when casual work shifts fall through.

Recommendation 6: Investigate the introduction of an 'in-work payment' that assists individuals who are working but who are unable to access adequate remuneration and/or conditions.

6. How Newstart interacts with other payments

Newstart and other government payments interact with a range of other payment types within the tax and transfer system (Squire, 2018), notably including the Family Tax Benefits A and B and child support. Single mothers and their children are particularly disadvantaged by the interaction of a low level of income support with the broader tax and transfer system and the child support system.

A critical but overlooked aspect of single parent poverty is the fact that child support payments, which are determined and administered by the Department of Human Services – Child Support (DHS-CS) via 'Child Support collect' – are assumed to have been paid by the paying parent, even when they have not. This means that Family Tax



Benefits and other payments such as Commonwealth Rent Assistance are automatically reduced. To remedy this situation, the onus is on the recipient parent to pursue the unpaid debt themselves.

The everyday reality of life for many women post-separation is one of stress and financial hardship. Many single parents have left relationships due to family violence or other partner behaviour that impacted negatively on family life. Being forced to directly interact with a former partner in order to secure child support poses a risk of further abuse; the alternative is to subsist on below-poverty levels of income support (Laing, 2016).

The child support scheme was introduced in 1988 as a way to reduce child poverty in single parent families while also reducing the state's fiscal liability for supporting single parents and their children (Summerfield, Young, Harman & Flatau, 2010). The system is under-regulated and over-reliant on individual negotiations and agreements. While 1.3 million women are registered in the Child Support collect system, this represents only 48 per cent of all transactions. DHS-CS estimated unpaid child support debt of \$1.35 million at the 2015 House of Representatives Inquiry into the Child Support Program (Parliament of Australia, 2015). However this number is unreliable because the majority of collections are agreed through 'Private Collect' arrangements. These arrangements are actively encouraged, presumably as an administrative cost-saving measure, but with no apparent regard for the acrimony that often accompanies the end of a relationship, even in the absence of violence. While some women have shared their stories publicly,⁵ most keep silent, and there is little data to indicate how these arrangements are experienced by women and children. There are between 21-38 per cent of estimated transfers which are not collected through the DHS-CS system, representing 1.275 million women (Ibid.).

The rate of the Family Tax Benefit is calculated based on the assumption that all owed child support is paid regularly and on time. Furthermore, jobactive providers often assume that child support is being regularly paid (McLaren, Maury & Squire, 2018). It is therefore incumbent on the social security system to set income support at a rate that does not presume additional income through child support.

Previous changes to Parenting Payment Single (PPS), including a drop in the required age of the youngest child from under 16 to under 8 years (when single parents are moved onto Newstart) and a reduction in its indexation to the male total average weekly earnings from 27.7 per cent to 25 per cent, have meant the high rates of poverty amongst single mothers has grown exponentially (Australian Council of Social Service & University of New South Wales, 2018). The Poverty in Australia publication reports that transferring 80,000 single parents to the Newstart Allowance in 2013 led to an increase in their single parent family poverty rates from 35 per cent to just under 60 per cent (Ibid.).

⁵ See for example the stories collected at <https://childsupportdebt.wordpress.com/2017/10/26/child-support-debt-financial-abuse/>



The older the youngest child is, the more likely a single mother is to work full-time (Squire & Maury, 2019). Data from the Australian Bureau of Statistics (2011) shows that single mothers increase their employment markedly as their youngest child ages; when the youngest child is 4 years or younger, 17 per cent of single mothers worked full-time; when the youngest is 15 or over, full-time work jumps to 50 per cent.

Increasing the age of receipt for PPS to when the youngest child begins high school would relieve financial pressure for many single parent households. This age corresponds with State and Territory legislation prescribing when a child can be left alone in a house for short periods (thereby removing the need for employed parents to secure formal or informal child care outside of school hours).

Recommendation 7: Reinstate Parenting Payment Single for eligible single parents where their youngest child is, at minimum, under 13.

Recommendation 8: Introduce a Single Parent Supplement to help single parents with the cost of raising children over the age of 13.

7. Minimising harm to vulnerable groups

7.1 Experiences of family violence

The low level of Newstart, the harsh treatment of recipients through unreasonable mutual obligation requirements and the operation of the TCF can make it difficult for women to leave abusive relationships. While the Federal Government has made a substantial commitment to addressing family violence (Prime Minister of Australia, 2019), little attention has been paid to the ways in which the social security system can create barriers to the safety of women and children.

Economic insecurity is one of the reasons people feel unable to leave a violent relationship, and why some may return to violent partners. Economic insecurity is not only a consequence of family violence, but is itself a form of family violence in the case of economic abuse, where there is a deliberate strategy to keep the victim economically unsafe in order to control them (Corrie, 2016).

When a relationship ends, it is the general trend that women experience a precipitous drop in their household income while men experience an increase; the extent that women recover financially is largely due to the effectiveness of the social safety net (De Vaus et al., 2017). When women leave family violence, it is much more difficult for them to recover financially. Research indicates that:

- women are twice as likely to experience economic abuse as men (Kutin, Russell & Reid, 2017);
- economic abuse often co-resides with financial stress and disability (Ibid.);



- victim survivors of family violence often have significantly reduced assets post-separation (Braff & Meyering, 2011);
- victim survivors often inherit and pay for jointly accumulated relationship debts when the relationship ends (Corrie & McGuire, 2013); and
- victim survivors are more likely to be reliant on income support after experiencing domestic and family violence (Sharp, 2008).

Recent research conducted by the National Social Security Rights Network (2018) highlights the critical role that an adequate and responsive social security system can play in facilitating women to leave violent relationships and support them and their children to remain safe and rebuild their lives. Amongst other findings, they report that Australia's system forces some women to remain with their abusers due to an inability to secure adequate income support, that claiming benefits is difficult, that women are forced to retell their traumatic stories repeatedly, and that many women are carrying debt (including Centrelink debt) accrued by their abusive partners.

Further, the methods used to prove that an individual is or is not in a relationship are endangering women by tying their access to income support to their perpetrator. The 'couple rule' is the prime example. This rule is used to determine if a social security applicant is separated and/or single or a member of a couple. If considered a member of a couple, her and her perpetrator's income and assets are assessed jointly (Sleep, 2019). As Sleep explains:

...the very tactics perpetrators used to control and intimidate women were often used as evidence for a relationship. For example, financial abuse can be misinterpreted as 'sharing finances,' which can indicate a relationship in the criteria of the couple rule... As a result, women experiencing domestic violence were denied payment, made to repay a social security debt, or both. Some women were also prosecuted for social security fraud through criminal courts (Sleep, 2019).

In other words, the social security system is designed to a rigid standard of compliance and is therefore not only unable to support women experiencing violence, but can actually be complicit in their experience of violence and control.

Many women leaving violent relationships are unable to maintain a position in or enter the workforce due to a wide range of issues, which can include: relocation to ensure safety; resettling children in school and friendship networks; physical and psychological trauma and the need for recovery; and ongoing experiences of post-separation abuse – including work-related harassment, economic abuse and legal systems abuse. Lauren's story, below, is one example of how post-separation abuse can negatively interact with compliance requirements.



Case study: Lauren

The impact of post-separation abuse

'Lauren' has been a single mother for four years and has two young children, aged six and eight. Lauren's relationship broke down due to family violence. She finds coping with this and single parenthood "really, really hard and I struggle".

Lauren lives in an outer city suburb working casually in the health care sector and generally gets shifts relatively easily. However, the traumatic and ongoing process of her separation means that she is often unable to work. She has been on Welfare to Work for six months. While Lauren would like to do more paid work, it is just not possible at this stage, because her time is "being monopolised by post-separation abuse and an abuser who constantly uses the legal system to abuse. Centrelink needs to recognise the significant impact of post-separation abuse on your ability to work and function, but they don't. They view it as my problem to solve".

Lauren needs to visit her doctor every month to apply for a Centrelink exemption. According to her, Centrelink does not recognise family violence as a reason for a long-term exemption and she would need to be diagnosed with a mental health disorder to be granted a 12-week exemption from her mutual obligation requirements. However, she fears such a diagnosis could be used by her former partner in the family court system and she could lose custody of her children. She does not receive notification of when exemptions are due to expire which means she often spends hours rectifying the situation in order to get payments reinstated.

Lauren has had false accusations of fraud made against her by her former partner through Centrelink, making her life extremely difficult. Attending monthly meetings adds to her anxiety as she is always uncertain of what is going to happen next and what more will be expected of her. She usually ends up in tears at meetings when she has to re-explain her situation, and while the staff are often sympathetic they are unable to relieve the pressure she is under.

The National Social Security Rights Network's report has several recommendations for improving support for women experiencing family violence, which Good Shepherd supports. In particular we support the framing of family violence as a central focus within the social security system rather than an outlier experience.

One way to better support women leaving violence is to ensure they have access to both short-term crisis payments and more substantial and flexible financial supports that assist them to recover from the long-term negative impacts of family violence. The current crisis payment system is ill-suited for women experiencing violence because the window for claiming the payment is very small (it must be claimed within 7 days of the 'crisis'), the amount is very low, and it is difficult to receive repeatedly. Addressing these shortcomings would make the crisis payment more fit-for-purpose. In addition, we



recommend a longer-term payment that can provide support for women and their children in the post-crisis stage of recovery. Financial recovery following the end of an abusive relationship can take years; even in the absence of violence it can take up to 6 years for women to recover financially from a divorce or separation (de Vaus et al., 2015). To restore economic security for women escaping violence and to complement other investments in women's safety further income support must be made available.

Recommendation 9: Ensure the social security system works to support women and children leaving violence, including by:

- making crisis payments more accessible to victim survivors of family violence, including increasing the rate to 4 weeks of the single pension rate, extending the claim window to a minimum of 14 days, and increasing its availability to up to six times in 12 months; and
- creating an additional payment for victim survivors of family violence to support longer-term financial recovery.

7.2 Newly arrived migrants

Another vulnerable cohort of women who are not well-served by the social security system are newly arrived migrants, including people on temporary visas. The Newly Arrived Resident's Waiting Period (NARWP) requires newly-arrived people on temporary or permanent visas to "wait between one and four years before they can access certain welfare payments and concession cards" (Department of Social Services, 2019d). There is now a four-year wait to access the Newstart Allowance or Youth Allowance or the Parenting Payment (Ibid.). Medicare is not available to newly-arrived migrants until they have applied for permanent residency, with strict requirements about who can do so and when (Department of Home Affairs, 2019).

Good Shepherd's practitioners have observed that this waiting period is damaging for many of their clients. For example, without access to health care, family members may forego medical treatment. If a woman becomes pregnant, she must pay cash at the hospital in order to receive maternity care – with costs in the range of \$40,000 for a pregnancy with no complications. In such instances, Good Shepherd liaises directly with hospital staff and attempts to assemble a delivery team that will assist voluntarily or at a discounted rate. This situation puts women and children experiencing family violence at particular risk.

A recent report on how women on temporary visas access support when experiencing family violence found that concerns of deportation, losing custody of their children, lack of access to support, understanding their rights, and language difficulties are barriers to help-seeking which are exploited by perpetrators in order to maintain control (Dam et al., 2018). While this is very much a hidden problem due to these barriers – much more so than the already hidden rates of violence against Australian women – a survey found



that 387 women on temporary visas sought help through official channels within the timeframe of one month alone (Ibid.).

There is no viable way to assist women on temporary visas who are placed in refuges or crisis accommodation because they cannot qualify for income support. In Victoria, the state government is providing grants to women on temporary visas through the community services sector to help bridge this gap in the federal system. While the very flexible nature of these payments has been a lifeline to many women and their children, both providing access to accommodation and also allowing them to cover the cost of school fees, dental care, medical bills, child care and English classes for example, a reliable course of income is what is required.

Good Shepherd therefore supports the recommendations from the Temporary Migration National Advocacy Group as well as the recommendations contained the Australian Women Against Violence Alliance (AWAVA) submission in relation to women on temporary visas. Specifically, we endorse the principle of access to social security independent of visa status in instances of family violence or other forms of gender-based violence. This includes waiving waiting periods, providing full access to Centrelink benefits, expanding access to special benefits and increasing the rate.

8. Conclusion

With no increase in real terms in the past 25 years Newstart is well overdue for an increase. Increasing the amount of Newstart and related payments would have immediate benefits not just for recipients and their families but for the economy, given that extra funds are likely to be spent on essential goods and services rather than saved.

Improvements to indexation and the establishment of an independent body to advise on the setting of social security payments along with other reforms would make the system work better for everyone while providing particular benefits to women, children and families.

Understanding the highly complex nature of women's lives is critical to the designing a social security system that meets their needs. Most women want to work. However, work often simply does not pay for women, with the most disadvantaged women experiencing sporadic, precarious employment combined with highly conditional income support system and a heavy load of unpaid caring responsibilities. Navigating these challenges is stressful for individual women – particularly single mothers, older women, women escaping family violence and newly arrived migrants.

In 2019 a job is not necessarily a pathway into financial security and independence; more than ever an adequate social security safety net is needed to support those with a marginal attachment to the labour market. Positive change in the provision of income support will enable a pathway out of poverty for the communities that we serve.



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