

9 September 2019



Committee Secretary  
Senate Standing Committees on Community Affairs  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

### Senate Inquiry Newstart

The City of Port Adelaide Enfield welcomes the opportunity to contribute and make a submission into the Senate Inquiry into Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia.

At the ordinary meeting held on 13 August the following was resolved by Council:

*"Cr Mitchell moved that Council make a submission to the senate enquiry into Newstart, stating our position of support for an increase to Newstart payments. Cr Vines seconded. CARRIED UNANIMOUSLY."*

The City of Port Adelaide Enfield is the third largest Council in metropolitan Adelaide. The ABS Estimated Residential Population in 2018 was 126,120 persons. At the ABS Census conducted in 2016 33.3% of residents were born overseas, many of whom have entered Australia on humanitarian grounds. This is reflected in the 2016 Census where almost one quarter of households (24.4%) in the City of Port Adelaide Enfield were classified as low income households (i.e. a household income of less than \$650 per week), compared to 21.6% in South Australia. In some parts of our Council, this figure is substantially higher, for example 30.7% in Kilburn - Blair Athol, 29.9% in Ferryden Park - Mansfield Park and 29.8% Croydon Park - Devon Park - Dudley Park.

Many of these household are reliant on income support payments: Of all persons over the age of 15 years, just over three in ten (31.6%) rely on Newstart, the Aged Pension, DVA, carer payments or a Disability Support Pension. Numbers of Newstart recipients in the City of Port Adelaide Enfield have increased consistently in recent years, from 4,376 in 2011 to 5850 in 2018. In the Port Adelaide Enfield Council area, there are 5,850 persons reliant on Newstart, 1,760 on Youth Allowance (7,619 recipients in total), according to the Department of Social Services (9 December 2018). Equally concerning is that the proportion of residents receiving Newstart has increased by 36.7% between 2011 and 2018. The proportion receiving Newstart Allowance for more than a year has also increased over this period.

In the March 2019 quarter, the unemployment rate in the City of Port Adelaide Enfield was 6.87% (compared to 5.9% for South Australia). This figure masks the many residents who are underemployed, unable to find work in the field which they have trained for, whose skills and qualifications are not recognised in Australia, or who are among the 'working poor'.

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There is also a high dependence of other forms of pensions and allowance by residents in the Council area. In 2018 14,126 residents received the Aged Pension, 1,020 received a pension from the Department of Veterans Affairs, 1,866 received a Career Payment and 6457 received a Disability Support Pension.

We could add, in far greater detail, to the figures and statistics in this submission, however what these attempt to point to is the impact - at a community level - when a significant proportion of people are beset by poverty. Poverty impacts on the choices and opportunities available to an individual, their children and broader family network. It also has a significant impact at the community level. Widespread poverty across a local area:

- Contributes to stigma and stereotypes which can be difficult to shift
- Contributes to poor community amenity as people prioritise immediate needs over maintaining or improving their properties and disposing of rubbish
- Diminishes the ability to make community, cultural and sporting activities viable. For example, if many local children are unable to pay club fees, have no transport - or their parents can't afford fuel to transport them, sports clubs become unviable. Similarly, if people have no capacity to pay for entertainment or activities, businesses fail - and what remains are limited numbers of no-cost activities delivered by NGOs or Councils.
- Reduces the collective social capital of the area.

Council supports residents experiencing poverty and those living on low income support payments in a range of ways. These include, for example:

- Providing libraries and community centres which offer free wi-fi, books, and electronic resources, together with a range of education, services and activities at low or no cost. Many of these promote positive wellbeing, provide access to food, or simply offer places for constructive and meaningful activity in the company of others including job search programs.
- Providing discounted or free services ranging from dog registration, to waste disposal, immunisation, or practical home support.
- Providing free community transport to enable people to access shopping centres, libraries, community centres and other services.
- Encouraging and brokering volunteering opportunities – which give people a sense of purpose, contribution, dignity, and work ready skills.
- Providing small grants to individuals or community groups to enable participation and activities to happen.
- Providing services to those looking to start up a business or employ staff – so that we can grow our local economy.

Among the ways which this Senate Inquiry into the Adequacy of Newstart might work to address poverty and its impacts on low income are:

- Advocating, in the strongest possible terms, to the Federal Government to raise the rate of Newstart and other income support payments.
- Work with State Governments to advocate that concessions keep pace with the true costs of living.
- Properly addressing the increasing costs of energy and the relative capacity of those experiencing poverty to be able to pay.

- Supporting initiatives such as the Adapt West Climate Change program, which focus on things such as increasing the 'green canopy' and the thermal performance of homes in areas of high social vulnerability/ poverty – thereby improving living conditions and reducing costs.
- Advocating to State Governments to enable a broader range of people on low incomes to access free public transport via expansion of concessions available to people on low incomes including job seekers.
- Working directly with State Governments to increasing the number of public housing tenancies available.
- Working with the Housing Industry to increase the number of short term and transitional accommodation beds for people who become homeless.
- Increasing counselling and case work support and services to reduce lengthy waiting times for children and adults experiencing mental health concerns or family conflict. Our experience, through the services delivered by Council, is that lengthy delays often compound issues (or contribute to new ones) before the child or adult receives appropriate counselling or case work. This should include enabling schools in areas of high poverty and disadvantage to employ staff with professional backgrounds to provide these services.
- Investing in direct supports to Aboriginal people which keep them connected to culture; reduce stressors on family members caring for others; support people to work through trauma, grief and loss; and facilitate transitions to meaningful employment.
- Ensuring ongoing financial support (and certainty) to community and neighbourhood houses which provide an important source of local connection, activities and services to those on low incomes.
- Providing support to organisations and groups attempting to address food insecurity and redistribute unused food. The Foodbank Report on Hunger (2017) indicates that three in five Australians experience food insecurity at least once a month. NGO's and food distribution organisations across our City consistently report growing demand for their services.

Being a part of community life on a low income such as Newstart Payments is also more challenging. The entry costs of attending or participating in music, sport and cultural events and activities, combined with transport costs mean that participation in community life is often beyond what people can afford. Put simply, leaving the house can be cost-prohibitive. The true societal cost of social isolation, made worse by entrenched poverty (linked to low income support payments), is disquieting and not often well recognised.

With the Australian economy currently at the crossroads, the Reserve Bank has taken measures to stimulate the economy through lowering interest rates to some of the lowest levels we have seen. This is an attempt to increase spending and stimulate the economy. An economic argument can be mounted that would suggest an increase to the Newstart Allowance would benefit the economy as people on Newstart don't have the funds to save money and any additional funds would go directly back into the economy to support their cost of living. So the net effect of increasing the allowance provides people a greater chance to meet the basics required for living and seek employment - whilst providing a direct stimulus to the economy.

The Business Council of Australia and KPMG have stated that the rate of unemployment payments is so low it is acting as a barrier to work. An increase to Newstart and other support payments would improve quality of life for unemployed people and their ability to engage with the labour market. It would also generate a multiplier effect, through increased spending that would go straight into the local economy. Low income families often experience poor nutrition due to higher cost of healthy food options. High levels of poverty are known to lead to poor health and wellbeing outcomes for people.

Newstart has not increased in real terms for more than 20 years. At approximately \$40 a day, it's simply not enough to cover the basics of life and living. Whilst the intent of Unemployment Benefits is a safety net for people between employment or seeking work for the first time, the reality is the low rate is trapping people into poverty and creating barriers for actively seeking employment. When people don't know where the next meal is coming from or how they will feed their children, there is a perpetual spiral that often occurs where people simply look to survive, rather than actively seeking work or to better themselves. With confidence down, and the number of (particularly lower-skilled or entry) positions significantly lower than the numbers of people seeking work it can become a long road for someone to enter or re-enter the workforce. When the numbers of people in this predicament reside in a local area, such as the City of Port Adelaide Enfield, this has broader social implications for economic prosperity and community life.

The City of Port Adelaide Enfield appreciates the Senate Inquiry into the Adequacy of Newstart and strongly advocates for a rise in all income support payments on behalf of its residents and the broader Australian community.

Yours faithfully

Claire Boan  
Mayor-City of Port Adelaide Enfield