

The Australian Unemployed Workers' Union submits to the Treasurer and their department that all welfare payments must be increased to, at a minimum, the Henderson poverty line for single people of working age, currently \$616.62 per week, as a matter of urgency. While other measures of poverty exist, this is the only one in Australia that is grounded in what people actually need to live, not on an arbitrary percentage of average wages. It is in line with the level that a single person on Jobseeker received when the full covid-19 supplement was in place and, as a result, is backed by strong evidence demonstrating it is an amount that can raise people out of poverty. This is the only measure the government could introduce with the immediacy needed to end our poverty crisis now.

The effects of poverty are well known and impact all areas of a person's life. This submission will cover the link between poverty and health, mental health, housing, domestic and family violence, social inclusion, employment, and education.

Social determinants of health have been extensively studied by academics and government agencies like the Australian Institute of Health and Welfare over many decades. It has been found time and time again that people on the lowest incomes have higher rates of health risk factors, chronic conditions, burden of disease, and death (AIHW, 2022). These effects are also known to be cumulative, with health issues associated with socioeconomic disadvantage building and worsening over time at a rate higher than those experiencing less disadvantage. This means that while people who need to get by on our low rates of welfare payments for short periods will experience a deleterious effect to their health, the effects can be overcome over the long-term if their socioeconomic conditions improve. However, those that receive payments below the poverty line for extended periods of time do not get this opportunity. Their health will continue to worsen, developing disabilities and chronic conditions they cannot afford to properly treat and experiencing risk factors they are unable to combat. This is not a result of poor choices they are making, or a lack of health education or access to services; it is because they are poor and being kept below the poverty line by choices the government has made and continues to make to keep payments below a level that gives them the means to look after themselves and their families.

A similar story exists in the rates and effects of problems with mental health. It has been well established that people's mental health is poorest among those on the lowest incomes and experiencing financial stress (HILDA, 2022). The cost of treatment for these problems is also high, putting most treatments out of reach of those who are receiving welfare payments below the poverty line. Medicare does not cover more than 10 sessions with a psychologist and even then the gap fees to see a psychologist under medicare are large enough that subsidised sessions are often

unattainable for people on welfare payments. In addition to greater rates of mental health problems and an inability to get treatment for them, many welfare recipients are subjected to punitive and costly mutual obligations as a condition of their payment. This system of punishment and compliance pushes those subjected to it into unsuitable, demeaning, and sometimes dangerous activities that require them to spend their own meagre supplies of money and time to manage and attend. As previous and current Workforce inquiries, Parents Next inquiries, and reviews into DES system and providers have shown, these mutual obligations cause great stress and fear in their participants with little in the means of employment outcomes to show for it. Putting people who are already forced by the government to live below the poverty line into further financial stress through the mutual obligations system is needless cruelty.

Another area where people receiving welfare payments below the poverty line struggle is finding a home that is suitable, attainable, and affordable. The low rate of payments is the key factor in whether people in receipt of them can afford suitable housing. In 2021, a report by Anglicare Australia found only three out of 74,000 available rental properties were considered affordable for a single person trying to survive on the Jobseeker payment. This was after the previous Morrison led government had increased the payment for the first time since 1994 by just \$50 per fortnight. Further, of the 74,000 properties listed, only 236 were affordable for people surviving on the disability support pension, 386 for people receiving the old age pension, and just 44 for a single parent who was on the Jobseeker payment. Since the report was conducted, the rental market has continued to tighten and rents have increased. For those who have been able to secure a house through purchase, mortgage rates have increased at their fastest rate in decades. This means many people who have been forced onto welfare payments below the poverty line due to a loss of work, illness, disability, or old age and own their own home but are still paying a mortgage are at risk of losing their home and needing to find housing on the private rental market.

However, it is not only the cost of housing that is making it hard for people trying to survive on welfare payments below the poverty line. The low number of public houses in Australia is making this problem worse. As state and territory governments have sold off large amounts of public housing stock, the wait lists for public housing have blown out and the percentage of public housing dwellings has almost halved. People surviving below the poverty line have been forced into the private rental market by successive government decisions and inaction. These people report discrimination by private landlords who are reluctant to rent out properties to them due to stigma associated with receiving welfare payments and their extremely low level. Unsurprisingly, this has resulted in high rates of housing stress, defined as spending over 30% of income on housing costs,

among those trying to survive on payments below the poverty line and steady increases to rates of people experiencing homelessness. It is hard to look at the current issues in housing among people receiving welfare payments and not feel the government has neglected and completely failed them at one of the most basic levels we can measure.

One of the common anecdotal arguments made against increasing this country's poverty level of welfare payments is the misguided idea that it will make people 'dependent on welfare'. However, this submission is concerned with a different type of dependence, the dependence on abusive and violent relationships that welfare payments below the poverty line force people into. Among the exceedingly small number of homes available to people on welfare payments identified in the report by Anglicare Australia, the majority were for shared accommodation. This shows that for welfare recipients to afford housing, in most cases they will have to share the cost with a partner, family, or housemate. They may also need to share the cost of bills, food, and healthcare to survive; something which is further entrenched by the reduced base rate of payments for families and couples, and rental assistance for people living with housemates. This financial and housing dependence forced on people by the government through rates of welfare payments below the poverty line and the partner income test leaves them at risk of abuse and violence. The system of poverty created by governments is wielded as a weapon of abuse and the possibility of losing a home, or someone to share the cost of surviving with, is a lingering threat that underpins the power and control abusers have. What choice are we giving victim-survivors of abuse when the options are staying with their abusive partner, family member, housemate, landlord, or employer, or a situation where they will struggle to afford housing, enough food for them and their children to eat, enough money to spend on maintaining their health, to put clothes on their backs, and to live as a part of society – in dignity? People should be able to depend on the government, on our obligation to ensure the collective well-being of each other, for these things when needed, not their abusers.

Another area where rates of welfare payments below the poverty line is felt is in employment. People experiencing poverty, caused by decisions of successive governments to keep them there, are unable to afford clothes for job interviews, transport, haircuts, proper nutrition, and the cost of maintaining the level of physical and mental health needed to find work. The stigma of needing to try to survive on poverty-level payments also acts as a barrier to finding and maintaining work. Our members report a loss of self-worth, severe anxiety, and fear due to the repeated rejections they experience trying to find work while trying to survive in poverty. Even the Business Council of Australia reports the need for a rise in payments to address these issues, making submissions to government inquiries and media statements supporting an increase for over a decade. During this

current skills shortage, increasing payments above the poverty line is necessary to support those who have been neglected by government to re-enter the workforce. The current policy of laying siege to people receiving payments and forcing them into punitive employment service programs has utterly failed.

Many of the same issues that confront people in poverty and employment also apply to education. Young people and adults are unable to complete or even enter further study and training due to the costs associated with it. Transport, equipment, supplies, and technology required to undertake study and training are out of reach of those trying to survive on payments below the poverty line. The inability to afford food, the costs associated with maintaining physical and mental health, and those needed to maintain social connectedness are vital to being able to enter and complete further study and training. The poverty-level payments that parents with children over 8 years receive also make it impossible to afford to provide a foundation adequate enough for these children to succeed in school. Paying for uniforms, school supplies, extracurricular activities, excursions, camps, and the costs of participating socially with peers outside of school hours are not covered by payments set below the poverty line. By not raising these payments above this line, the government is denying young people, adults, parents and their children, the ability to get an education and condemning them to a life in poverty.

Thankfully, the solution to many of these problems has already been found. During 2020 the government introduced a \$550 supplement to help the large numbers of people who lost work during the start of the covid-19 pandemic and related economic downturn and lock downs. While the supplement has since been withdrawn, studies were conducted on what effect the supplement had on those who, prior to receiving it, had been living below the poverty line. This evidence, collected in a series of reports by ACOSS (2020, 2021, 2022) showed that poverty rates for households on the Jobseeker payment fell sharply during the period the full \$550 supplement was in place, from 75% to 15%. If these payments had remained, it is likely poverty rates would have fallen even further as the supplement allowed people to pay for services and materials that enabled them to reverse the cumulative effects of long-term poverty. However, after the payments were withdrawn, poverty in households on Jobseeker had risen back to 48% by the end of the year. Poverty among single parent families fell to a similar level during this time and people reporting severe financial stress also fell. People receiving the supplement were also able to begin to save money and create a necessary buffer to save up for household items like fridges and to cover emergencies. People reported eating better, being able to catch up on bills, pay rent, consider moving to more appropriate and safer accommodation, and generally having less anxiety and stress.

These sentiments are echoed by Australia's Mental Health Think Tank, who have argued that reintroducing the \$550 supplement "is absolutely the first and most decisive action the Australian government could take" to help the country's mental health crisis, especially among young people.

The Henderson poverty line for a single person of working age currently sits at \$616.62 per week, or \$1233.24 per fortnight. This is just \$25 a fortnight more than the current rate of Jobseeker would be if the \$550 per fortnight supplement was reintroduced. An increase to all welfare payments currently below it to the single person of working age level of the Henderson poverty line would ensure that people receiving these payments would have the best chance to be lifted out of poverty. It would ensure the government would be doing what it could to begin to reduce poverty for these people. It is the only level that is grounded on what is needed for people to live properly and backed by real world evidence of its effect. By not increasing payments to this level the government would be continuing to choose to leave people in poverty and to suffer its effects. Any lower increase would risk not having the benefit of lifting people out of poverty. It could, instead, end up being swallowed up by the increasing cost of living without having the benefits to people's health, mental health, housing, experiences of domestic and family violence, employment, and education that only an escape from poverty can guarantee. An increase to the Henderson poverty line is the only measure the government can take with the immediacy the current poverty crisis in Australia deserves. Just as the previous government introduced the covid-19 supplement as a matter of urgency, so could the current government increase welfare payments to the level needed to lift people out of poverty.

For these reasons, the Australian Unemployed Workers' Union submits that only an increase to the single person of working age rate of the Henderson poverty line, for all welfare payments currently below it, represents value for money for the government. It would mean long-term savings in areas of health, mental health, emergency housing, and social services and would increase the ability for people receiving welfare payments to enter employment, education, and fully participate in our society. For the reasons highlighted in our submission we also recommend ending the partner income test for welfare recipients, abolishing the mutual obligation system, and increasing public housing stock to, at least, the level it was at it's peak. We also recommend expanding the public health system to eliminate costs to the end-user, including mental health and dental care. Finally, we would like to work with government to establish a new measure of poverty that ensures the current welfare system properly supports all people to both be lifted out of poverty and to continue to remain free from poverty into the future.