



Submission by UnitingCare Australia to the
Senate Community Affairs Committee Inquiry into the

*Social Security and Other Legislation Amendment
(Pension reform and other 2009 Budget measures)
Bill 2009*

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Who we are

UnitingCare Australia is an agency of the National Assembly of the Uniting Church in Australia (UCA). The agency represents the UCA's network of UnitingCare community services of which there are over 1,300 service delivery sites nationwide.

The UnitingCare network is one of the largest providers of community services in Australia providing services to more than 2 million Australians each year, employing 35,000 staff and 24,000 volunteers nationally. It provides services to children, young people and families, people with disabilities, and older Australians, in urban, rural and remote communities.

UnitingCare Australia connects the social justice concerns of the Uniting Church with the role and function of providing a continuum of care in the community and residential settings. Its work is focussed on representing the UnitingCare network of service providers' views to the Government, and advocating for those policies and practices which enhance the dignity of people, especially those who are most disadvantaged, vulnerable and/or marginalised. This includes Indigenous peoples, those in rural and remote locations, people who experience poverty and other types of disadvantage and people from culturally and linguistically diverse backgrounds.

Premises of this submission

This submission is premised on the view that all Australians have a right to live a decent life, which we define as being able to access appropriate food, clothing and healthcare; safe and secure housing; meaningful work, education, rest and enjoyment; and the opportunity to participate in and contribute to communities.

In its work, UnitingCare Australia supports the following principles:

- All people have intrinsic value; and physical, spiritual, and social needs
- All people have a just claim to be heard, either directly or through those who are close to them and understand their strengths and hopes
- All people have the right to participate in community as fully as they wish and are able and
- All people have the right to opportunities that will enhance their life chances and quality of life.

In a reform package of this type, we believe that:

- equity must be the first priority;
- support for the most disadvantaged should be prioritised; and
- the social and economic participation and inclusion of vulnerable and disadvantaged people in communities should be facilitated.

Issues and recommendations

In this economic downturn, significant changes that UnitingCare is seeing through its relationship with Australians include:

- An increase in the numbers of people experiencing financial hardship in meeting basic living needs;

- A change in the age profile of people seeking assistance, including a greater number of people in their 60s and 70s;
- Increased social isolation, particularly where prohibitive housing costs have resulted in people having to accept housing that is isolated from public transport and from established family and friendship networks;
- An increase in housing stress/insecure housing; and
- Increasing impacts of unemployment and underemployment.

In our submission of September 2008 to the pension review, UnitingCare Australia made the following proposals for change:

- Improve baseline levels of pensions and other income support payments;
- establish core principles for and an independent process through which income support payments would be set, indexed and reviewed;
- Focus on addressing circumstances that create vulnerability, rather than categories of people;
- Increase the maximum rate of Commonwealth Rent Assistance by 30% for low income households;
- Focus on incentives for labour market participations not disincentives;
- Increase access to emergency payments and bereavement allowances;
- Mitigate the impacts of climate change on costs for low income households; and
- Provide free access to public transport for people on income support.

UnitingCare Australia therefore would welcome the increases of \$32.49 a week for singles who receive the maximum rate of pension, and \$10.14 a week combined for couples on the maximum rate.

UnitingCare Australia is, however, disappointed by the exclusions from this proposal: those who receive the single parenting payment, unemployment benefits, youth allowance, and the disability support pension paid to people under 21 years old without children.

A critical issue to note is that non-pension income support recipients receive even less adequate income than pensioners.

Adequate income support is fundamental to building social inclusion. Current income support payments do not provide adequate resources for individuals, couples or families to access what we have defined above as a decent life. Financial hardship reduces a person's capacity to access the fundamental building blocks of a decent life. This includes affordable, appropriate and secure housing, education and health care which has flow on effects to access to job opportunities, poor amenity and impacts on health status, moving away from support and services; locational disadvantage (poor access to services, less informal networks that facilitate access to work opportunities, increasing co-morbidity).

UnitingCare Australia sees income support as an entitlement, rather than it being conditional on 'deservedness'. At the same time, we recognise that long term income support is not the solution to sustainable social and economic participation, and will not in itself enable all citizens to share equitably in the nation's prosperity. Long periods of reliance on income support reduce people's capacity to enter or re-enter the workforce. In many cases, it results in intergenerational poverty.

The fact that there are exclusions from this increase at this time (single parenting payments, unemployment benefits, youth allowance and the disability support pension paid to people under 21 without children) could be interpreted to mean that some sort of 'deservedness' principle is being applied – something that UnitingCare Australia would be firmly opposed to. There should be no pecking order of disadvantage or 'doing it hard' based on categories/groupings.

The exclusion of those on single parenting payments from this increase would be particularly disappointing. Without a partner to share the household duties and responsibilities, many sole parents face significant barriers to workforce participation, particularly early on in re-entering the labour market. For low income sole parents, arranging sustainable care for children, particularly school aged children, when they enter the workforce is often difficult and expensive. Obtaining affordable childcare out of regular hours (7.30am - 5pm) is very difficult, particularly for families with limited extended family and social networks. Socially beneficial personal and family circumstances such as the raising of children require, if anything, additional support, and certainly not exclusion from increases in income support.

We call for the government to monitor and report on demand for advance payments of income support, as one way to assess the adequacy of income support payments.

We call again for the establishment of core principles for and an independent process through which income support payments would be set, indexed and reviewed.

UnitingCare Australia considers the following principles important if an independent body for determining pensions and other entitlements is established:

- Independence from the political process
- A mandate to make recommendations to government and to have these recommendations considered as part of the Federal budget process;
- Development of a valid and reliable evidence base of 'adequate income' benchmarks for different stages of the life-cycle and under different circumstances – one benchmark is inflexible;
- Inclusion of consumer representation; and
- Long term sustainability to enable longitudinal research, creation of a credible bank of knowledge, and the development of a respected public profile.

UnitingCare Australia is grateful for the opportunity to make this submission.