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

(by email to community.affairs.sen@aph.gov.au)

25 September 2019

Dear Committee Secretary,

Re: Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia

About FamilyCare:

FamilyCare is the main provider of child and family services in the Goulburn Valley and West Hume region of Victoria. FamilyCare commenced operations in 1984, has its base in Shepparton, with offices in Wallan, Seymour and Cobram and an outreach presence in Kinglake, Alexandra and Kilmore.

We employ around 135 staff and engage around 70 volunteers in a variety of roles. FamilyCare also provides targeted aged-care and disability support services, particularly for carers, as well as a range of innovative community development activities. On issues of importance to our clients and when it is practical to do so, FamilyCare contributes to public policy discussion and debates.

At any given time, FamilyCare's Child and Family Service teams are working with around 500 families. A significant proportion of those families receive some form of benefit income. Across our service area, many communities are identified as requiring higher levels of social support, with elevated indicators of vulnerability and disadvantage in comparison to state and national averages. These experiences are not unusual in rural and regional communities across Australia.

Recognising the prevalence and impacts of financial pressure associated with surviving on a low income, FamilyCare makes available financial counselling referrals for its clients. The arrangement is delivered in partnership with Bendigo Family and Financial Services, with a financial counsellor based full-time at FamilyCare's Shepparton office, providing service across our region.

FamilyCare is a member of a number of peak bodies including the Centre for Excellence in Child and Family Welfare (the Centre for Excellence). In response to growing concerns about the adequacy of the Social Security system and the impacts of welfare conditionality, the Centre for Excellence established a forum of interested practitioners, advocates and researchers called Treating Families Fairly. I am the Co-Chair of Treating Families Fairly with the Centre for Excellence's Deputy CEO, Dr Michele Lonsdale.

FamilyCare has contributed to the submission prepared by the Centre for Excellence and supports the views it will be expressing on behalf of its members. Given the impacts of inadequate support payments on FamilyCare's clients, we also wanted to provide some brief comments directly.

Submission:

As noted in the introduction a significant proportion of the families FamilyCare works with receive some form of social security payment from the Commonwealth. For many, the primary payment is Newstart. Some have small amounts of work, at irregular times, or based on seasonal activities. Others cannot find or sustain employment, particularly single parents with primary school aged children, for whom few if any job opportunities exist consistent with their caring responsibilities. Not only are the lives of these people more difficult because their incomes are too low to meet essential expenditure, they are the constant subject of ill-informed public criticism.

The understanding of and respect for the plight of these families has regressed in the 25 years since the Newstart allowance was last increased. It is instructive to reflect on the landmark Commission of Inquiry into Poverty headed by Professor Ronald Henderson which reported in 1975.

Our evidence suggests that community attitudes towards those out of work are often based on ignorance and suspicion. It is unjust to blame people for being out of work when there are no jobs, when the available jobs are inaccessible, when the jobs are not suitable for unskilled and semi-skilled workers, or when the health of the workers concerned is not good enough for them to hold a regular job.¹

What would Professor Henderson make of our current public discourse? How would he react to the persistent references to 'job snobs', or to the latest catch phrases where people are required to 'have a go to get a go?'

To follow are several de-identified case-studies indicative of the day-to-day struggles our clients endure, because Australia's social security system has not received the attention or investment it requires. Current policy settings involve a deliberate choice to hold Newstart recipients in poverty. It hurts the people involved and their families. It also hurts the communities in which they live.

In the City of Greater Shepparton alone, there were 2829 registered Newstart recipients in December 2018, according to the latest publically released DSS data.² If those people were to

¹ Henderson R, Poverty in Australia: Australian Commission of Inquiry into Poverty; Volume 1; Australian Government Publishing Service; Canberra; 1975, p. 132.

² Available here: <https://data.gov.au/dataset/ds-dga-d5a08a25-253b-4466-b8e4-fcceb95095/details?q>

receive the \$75 per week increase to Newstart advocated by groups as diverse as ACOSS and the Business Council of Australia, there would be an extra \$11.5 million available in our community. It is highly likely this money would be spent locally on essentials, spreading the benefit far more broadly.

FamilyCare wrote to the Greater Shepparton City Council in July 2019 urging it to support the ACOSS 'Raise the Rate' campaign. We appreciate Council's decision to do so, communicated to the Prime Minister on 30 August 2019. Similar letters have been sent to two other major councils in our service region – the Councils of Mitchell and Moria.

The refusal to increase the rate of Newstart represents the worst of policy based on philosophy rather than fact. It is a form of state-sanctioned economic cruelty that diminishes us all.

Recommendations:

1. The Australian Government should immediately Raise the Rate of Newstart by \$75 per week.
2. To prevent future erosion of the rate of Newstart, or any comparable benefit paid to unemployed people, it should be regularly and automatically indexed to wages.

Yours sincerely,



David Tennant
Chief Executive Officer

Annexures:

(Please note names have been changed where requested.)

Case Study One

Wendy is 61 years old. Wendy was forced to leave work several years ago as a result of poor health, however at that time her husband's income was sufficient to support the couple. That changed when Wendy's husband died unexpectedly in March 2019.

Without her husband's income and limited savings, Wendy had no choice than to apply for Newstart. Since that time Wendy's age and health problems have made finding suitable work impossible.

The low rate of Newstart has been a real challenge for Wendy, who has struggled to pay for essentials while waiting for her husband's estate to be finalised. She has been encouraged to apply for a Disability Support Pension but her conditions have so far not been deemed debilitating enough to qualify. Wendy has described her circumstances as 'soul destroying, psychologically disturbing and heartbreaking'.

Case Study Two

Mandy and Ian have a daughter attending university in Melbourne. Continuing to tertiary study is a major challenge for regional families, with extra costs including those associated with travel and relocation. In addition, navigating the rules around allowances is a nightmare.

Mandy and Ian's daughter had to change her course loading to take account of health challenges. It resulted in a debt being raised and her being moved to Newstart. They are providing their daughter with assistance to dispute the amount of the debt but also noticed that after the switch to Newstart her health deteriorated further and she had lost considerable weight. With accommodation costs, Newstart was not sufficient for their daughter to eat properly. Mandy and Ian are now supplementing their daughter's income on an ongoing basis, so she can stay well and continue with her studies. They feel angry and let down by a system that penalises regional students and their families.

Case Study Three

Irene and Des are 63 and 65 years old. They live in a small regional town with their son, who will soon turn 18.

Des has a number of chronic health problems, including diabetes, emphysema, heart problems and cognitive decline that prompted further medical inquiry. The wait period for referral to the Cognitive Dementia Advice and Management Service for assessment and diagnosis was 6-9 months. Des worked full-time as a truck driver until last year when he was forced to resign, because driving was not safe or sustainable anymore.

None of Des's conditions were considered bad enough to entitle him to a Disability Pension. That also meant that Irene could not claim a Carer's Allowance, even though she spends a considerable amount of time caring for Des. Irene looks after Des's medications, all home duties, household finances, driving him to appointments and so on.

Both Des and Irene were surviving on Newstart. It was a huge struggle. The job application requirements were a significant practical burden and realistically Des is unemployable and requires Irene's assistance most of the time. They relied on FamilyCare to provide fuel vouchers and accommodation costs to attend appointments.

Things improved when Des was provided early access to superannuation, which allowed them to catch up on bills and pay for medical tests. The tests confirmed Des has dementia, which meant they could switch to more appropriate benefits.

Irene and Des found the process stressful and hard to navigate. Had it not been for an understanding landlord, who was a friend of the family, they may well have ended up homeless as a result, while they waited for a payment from super and access to disability and carer payments.

Case Study Four

Stacey is a 32 year old single mother. Stacey's five children had been placed in the care of the Victorian Department of Health of Human Services (DHHS), while she faced a number of personal challenges. The plan was for the three youngest children, all of whom are under 4 years of age, to be reunited with Stacey.

As soon as the five children were removed from her care, Stacey stopped receiving various parenting benefits and was moved to Newstart allowance. Stacey found it very difficult to deal with the drop in income, which meant she accrued debt, was unable to manage payment of her rent, utilities and her own basic needs. For a period of time, Stacey became homeless and her mental health deteriorated, impacting on her functioning and engagement with community services.

For Stacey to reunify with her children, she was required to follow the directions of DHHS Child Protection. The requirements included securing suitable housing, attending case plan meetings at DHHS, engaging with a local family violence counsellor and a mental health worker who was located out of town. In addition to these tasks, Stacey was required to actively seek employment to maintain her Newstart allowance.

The reunification process was gradual and impeded by Stacey's limited income. Even as her contact with and responsibility for the children increased, Stacey remained on Newstart. During this time Stacey relied on financial assistance from several service providers, the DHHS and her mother in order to meet the children's basic needs and to make positive progress toward reunification.

Stacey actively sought reinstatement of Parenting Payments and Family Tax Benefit when she met the criteria, however there were significant processing delays. By this stage the three youngest children had returned to Stacey's full time care. The change in payment categories and amount only commenced when one of Stacey's local care team advocated directly with Centrelink, on her behalf.