



25 September 2019

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

Dear Committee Secretary

RE: Inquiry into the Adequacy of Newstart and Related Payments

The St Vincent de Paul Society National Council of Australia (the Society) welcomes the opportunity to submit this response to the Senate Standing Committee on Community Affairs' inquiry into the adequacy of Newstart and related payments.

Introduction

The Society is a lay Catholic charitable organisation that comprises over 60,000 volunteers and members and over 3,000 employees who provide on-the-ground assistance across Australia. The Society is underpinned by the principles of social justice and is committed to identifying the root causes of poverty in order to contribute to their elimination. We provide help to all in need by alleviating suffering and promoting human dignity and personal integrity.

The Society is a significant provider of housing and homelessness assistance, emergency relief and settlement services in Australia. A range of other support services are provided across the nation including addiction services, disability services, financial counselling services, family relationships services, family and domestic violence services, children's services and community development programs.

Through our direct work with people we provide early intervention, assistance and referral as needed. We also witness, first-hand, the challenges faced by those living in poverty and trying to get a job while on Newstart.

In 2017-18 the Society:

- provided \$76.5 million in financial assistance to meet urgent and basic needs;
- delivered over 650,000 meals;
- assisted over 835,000 people; and
- conducted over 417,000 home visits.

Our members have first-hand experience with individuals and families living on Newstart and related income support payments.

The changing nature of work

The changing nature of work and the workplace has been fuelled by disruptive markets and technologies, the ageing population and workforce globalisation.¹ In Australia, part-time work has increased while full time hours have decreased as we move towards a service economy and away from manufacturing.

More people are also shifting from the formal employment sector to independent employment or contract work. Concerningly, precarious employment, such as inadequate hours and employment benefits, job insecurity and lack of employment rights and entitlements, has increased.²

The rapid and increased use of digital technology, along with a decline in industrial employment, has resulted in a significant shift in the type of employee skills needed.³

Increased costs of living, coupled with a stagnation in wages and welfare payments, have seen a rise in the 'working poor'.⁴ And while Australia has a relatively low unemployment rate, it has been growing over the last few years, along with underemployment.⁵

However, the effects of the changing nature of work can be managed if governments invest in human capital, infrastructure, and social protection (such as a solid guaranteed social minimum, enhanced social assistance and insurance systems).⁶

Building human capital means committing funds to improving cognitive (complex problem solving), socio-behavioural and foundational skills. And given the link between investment in health and education and the productivity of future workers, investment in early childhood needs to be prioritised.⁷

The inadequacy of current arrangements – children living in poverty

Children are not specifically referred to in the Inquiry's terms of reference. However, research shows that the effects of poverty on children are dire and long-lasting. If building human capital is essential to addressing the changing nature of work, then we are setting up a generation of children to fail.

Research indicates that, in Australia, most people below the poverty line (53%) rely on social security as their main source of income. Sole parent families have the highest poverty rates (32%) and children in these families are more than three times as likely to live in poverty as their counterparts in couple families (39% compared to 13% respectively).⁸

Changes in social security since the Global Financial Crisis have increased child poverty instead of reducing it, especially in sole parent families. This has happened because the Parenting Payment was excluded from the 2009 pension increase, Family Tax Benefits were frozen (after accounting for inflation) and, in 2013, 80,000 sole parents were transferred from Parenting Payment to the lower Newstart Allowance. This transfer saw the rate of poverty among unemployed sole parents rise from 35 per cent in 2013 to 59 per cent in 2015 (by contrast the rates for unemployed people rose from 35% to 38% for the same period).⁹

Children who experience poverty at some time in their childhood are likely to have poorer cognitive and social outcomes and lower levels of general health. There are also substantial differences in developmental outcomes for children who have experienced persistent poverty, compared to children who have never experienced poverty. Children are also more likely to experience poverty in the early childhood years, a time when its effects are most detrimental for both cognitive and health outcomes. However, these effects can be alleviated through early intervention programs in areas such as parenting practices and implementing healthy eating, engaging in physical activity and creating a cognitively stimulating home environment.

Policies that **increase** the disposable incomes of low-income households also have a significant impact on addressing the adverse consequences of child poverty.¹⁰ However, the Australian Government's recent expansion of the cashless debit card trial, which quarantines 80 per cent of an individual's income support payment, will only exacerbate an already difficult situation for these families.

Australia's Research Alliance for Children and Youth has developed an index of deprivation for five domains namely 'loved and safe', 'material basics', 'healthy', 'learning' and 'participating'. Children living in monetary poverty are more likely to experience deprivations across all five domains. The effects of poverty felt by children spread far wider than just the material basics and impact on all areas of their wellbeing.¹¹

The impact of the current approach to setting income support payments

As noted above, St Vincent de Paul Society members walk alongside people on Newstart and other income support allowances and provide material and cash supports to ensure those most in need are afforded the necessities of life. The case studies collected by our members from people residing in a range of local communities across the states and territories are attached to this submission (**Attachment A**). These case studies demonstrate the extent of the severity of hardships being faced by individuals and families trying to survive on Newstart.

Statistics from St Vincent de Paul Society NSW indicate that, in 2018-19, \$6.03 million in assistance was provided to 20,793 people on Newstart. The most common type of assistance was food (53%). Just over 40 per cent of people were in rental accommodation, around one quarter were homeless or in temporary accommodation and almost one third were in government housing. Just over half were aged 30 to 49 years, and just over one quarter were aged 50 years and over. Almost one quarter identified as Aboriginal and Torres Strait Islander. Half of the people assisted received in excess of five home visits.

These statistics speak for themselves. People need the basics, such as food, and the assistance is ongoing, not one-off in nature. We know that housing tenure has a major impact on poverty and with so many people in rental accommodation, there is little left over to cover the basics. Our experience tells us that housing instability is the most significant driver for people making repeated requests for assistance. For example, for each change in address, requests for assistance increase by 26 per cent.¹²

The impact of the current approach to setting income support payments – work first over life first approach

Intensive, long-term, client-centred services are also needed. International¹³ and Australian research have found that a ‘life first’ approach to unemployment works best. It recognises the importance of quality employment with long term support. It focusses on building the capability of the unemployed person by identifying their strengths, aspirations and preferences and recognising their circumstances and connection to family and local community. Importantly, it supports the person’s agency to determine their own pathways, with appropriate support.¹⁴ The principles that underpin a ‘life first’ approach align closely with the values of the St Vincent de Paul Society and we know this approach works; e.g. the more time spent with people in need initially reduces further requests for assistance by 25 per cent.¹⁵

The current approach to Newstart recipients is first and foremost a work first approach. This fails to deal with people individually or to recognise the inherent capacities or circumstances with which they live. It ignores the nature of disadvantage and its relationship to workforce exclusion, reducing unemployment to a simple matter of labour market supply and demand. Immediate economic productivity and exit from welfare are valued over sustainable attachment to quality jobs.¹⁶ The work first approach assumes a ‘level playing field’, whereby all unemployed people can obtain work if they are incentivised to do so. This ‘one size fits all’ approach does not recognise the barriers to employment that exist, particularly for the young, the old, those with disability and those in regional communities;¹⁷ or that social disadvantage also affects job seekers’ ability to retain employment.¹⁸ Consequently, Newstart recipients are subjected to ‘training churn’, where they are encouraged to attend funded training programs without consideration of their work preferences or suitability for the work¹⁹ and often with little demonstrated correlation to resulting job placements or increased employment prospects. Society members are also frustrated by the fact that under the National Disability Insurance Scheme, potential job opportunities are available in regional Australia but little or no suitable training opportunities are available to skill people up for this work.

We note that since the introduction of Job Services Australia in 2009, there has been a reduction in the overall budget available to assist unemployed people into employment, and that this reduction in assistance has been accompanied by a more punitive approach, with increased penalties for non-compliance.²⁰

Again, the attached case studies demonstrate the negative effects of people being shoe-horned into inappropriate training or unsuitable jobs. They also demonstrate the levels of disadvantage and substantial barriers to employment that exist across the country. In many instances, work is just not available and the inadequacy of Newstart is a disabling rather than motivating factor.

The inadequacy of Newstart – trying to survive whilst overcoming shame and stigma

A fundamental principle underpinning the approach the Society brings to people who are disadvantaged is to promote human dignity and personal integrity. We do this by listening to people, respecting their wishes and helping them to feel and recover their own dignity. Our aim is to help people help themselves so that they can forge and change their own destinies.

By adopting the mindset that Newstart is a ‘transitional’ payment, successive governments have continually failed to align these payments with community expectations about what it takes to financially survive on a daily basis. At the same time, governments have used language that vilifies Newstart recipients and implemented policies that punish and blame them for the misfortunes that follow job loss. The Society is saddened by the effect these attitudes and policies have on Newstart recipients. The Society is particularly concerned about the burden of shame that many are made to feel while on income support and the fact that income support has been refashioned from being a civil benefit to government largesse.

Recent research indicates that negative stereotypes such as ‘people aren’t looking hard enough’, are ‘job snobs’ or are ‘lazy’ are pervasive and commonly used in the political discourse and repeated in the media to justify the Australian Government’s current social policy agenda. There has also been a hardening of political attitudes since the 1990s, with the general approach being to blame people and their attitudes rather than focussing on the need to improve training options, create jobs and provide support services. These attitudes have been accompanied with mutual obligation requirements and a punitive approach applied to those who wish to retain benefits. Many Newstart recipients report that they commonly experience these stereotypes in their daily lives and are made to feel that they are unemployed because they have done something wrong.²¹

However, a four-year, mixed-methods study by the University of Queensland has found no evidence that unemployed people do not want work. Many unemployed people want to find suitable employment and are spending a lot of time and effort doing so but there are significant barriers. The inadequacy of Newstart means financial hardship, as just trying to survive is difficult. The mutual obligations that must be met are, in themselves, a full-time job. Most troubling is the social stigma and shame felt by unemployed people.

The stigma experienced by many unemployed people has a corrosive impact on their social and emotional wellbeing and this, in turn, negatively impacts on their ability to search for jobs. The impact on mental health is significant, with many unemployed people reporting feelings of anxiety, depression, worthlessness. The causal relationship between poor mental health and unemployment is well researched. We refer the Committee to Mental Health Australia’s submission that cites the significant risk factors associated with being unemployed and mental health issues.

Of most concern to the Society is the fact that many unemployed people feel that others are ‘looking down on them’, ‘judging’ and ‘blaming’ them for the situation they are in. Consequently, unemployed people are having to spend a lot of time trying to manage their emotions, maintain a degree of good mental health and be positive so that they can present well to employers. The overwhelming social messaging with being unemployed is one of moral failure. And what is even more troubling is the impact social stigma and shame have on relationships. Many unemployed people end up withdrawing from social circles to protect their dignity and emotional wellbeing. These are the very networks that are important to finding jobs.²²

In 1993, the Australian Catholic Social Welfare Commission issued a Moral Accord with people who are long-term unemployed, in recognition of the value of meaningful employment to the character of the individual and of the adverse effects of being long term unemployed on the social and economic wellbeing of the individual, families and society.²³ The Moral Accord recognises and affirms that each of us has ‘an equal human dignity’. It calls on all Australians, including government, employers, trade unions and churches to take responsibility for addressing long-term unemployment. The principles are based on respect for the human dignity of every person and the interests of the common good of the community. The Moral Accord is attached and is as relevant today as it was when written 26 years ago. (**Attachment B**)

During the 1990s, a quarter to a third of the people unemployed had been unemployed for 12 months or more.²⁴ Recent statistics indicate that 76 per cent of Newstart recipients have been on the payment for more than 12 months.²⁵ Since a Moral Accord was written, no progress has been made by the Australian community to adopt a compact of support for those on income support.

Can people maintain an acceptable standard of living on Newstart?

The attached case studies demonstrate that for those living on Newstart:

- most cannot meet their day to day living expenses and survive by having to make difficult decisions, forgoing one essential item over another;
- most have precarious housing arrangements;
- most have significant and chronic health conditions, cannot cover their medical costs and do not qualify for the Disability Support Pension;
- most are socially isolated and feel marginalised;
- most have limited and costly transport options, particularly in regional locations; and
- most are not competitive in the job market, as costs associated with preparing for and attending interviews or completing training programs are unaffordable.

The issues illustrated in the case studies were similarly identified by Conference members drawn from across New South Wales at a recent meeting in Sydney. Those on Newstart:

- are living in poverty;
- cannot access secure and affordable housing;
- have significant health and mobility issues;
- struggle to pay transport, food, energy and utility costs;
- are socially isolated; and
- are trying to manage alcohol, other drug and mental health issues without access to appropriate support services, particularly in regional and rural areas.

Many identified the difficulties with applying for and attending job interviews, particularly if there are limited transport options, health and mobility issues and children to look after.

Suggested improvements made by Conference members included:

- increased access to safe and affordable housing;
- improved access to free medical services and medications;
- delivery of wrap-around support services and case manager assistance;
- improved access to skills-building courses such as budgeting, financial counselling and life skills training;
- targeted training for young and older people;
- improved avenues of education (for example, vocational education and training) that are suited to a person's skill set and interests and lead to employment at the completion of training;
- free childcare while looking for jobs; and
- subsidies for those who want to move for work (for example, seasonal work).

In general, the feedback indicates that the availability of support services is limited and, if they were available, they were not culturally appropriate. In addition, the income support system did not allow sufficient time for people to gain trust with providers. People from culturally and linguistically diverse background had very limited information on, and understanding of, how the income support system worked or what assistance was available to them.

The inadequacy of Newstart, the lack of affordable housing, the judgemental societal and political discourse towards the unemployed and the mismatch between skills, jobs and training are all reasons why many unemployed people find it difficult to move off income support. While the privatised job search market might work well for short-term unemployed people, it is failing long-term unemployed people, who make up almost half of all Newstart recipients.²⁶ Long-term unemployed people need extensive packages and wrap-around support, including post employment. Resources are also needed to support a lifelong approach to learning and education as, with the changing nature of work,

people will be moving more frequently in and out of the job market. As a social insurance system is lacking, those who find themselves unemployed are immediately pushed into poverty simply because they are out of work. This can happen to anyone, at any time and often through no fault of their own.²⁷

There is no doubt that the current Newstart allowance is a root cause of poverty for many Australians and that while the Society is doing all it can in many practical ways to alleviate hardship, it must also speak out clearly against the current circumstances, while contributing to and demanding improvements.

Finally, we draw the Committee's attention to the many inquiries and reviews that have been conducted by the Parliament and Commonwealth government agencies, and to the extensive evidence that has been previously provided on the inadequacy of allowances such as Newstart.

- *A hand up not a hand out: Renewing the fight against poverty (Report on poverty and financial hardship)*. 2004. In particular, recommendations 45 and 95.²⁸
- The Henry Tax Review. 2008.²⁹
- *Living on the Edge: Inquiry into Intergenerational Welfare Dependency*. 2019.³⁰ In particular, recommendations 1,3, 14 and 15.³¹

Common recommendations have included increases to Newstart, rent assistance and housing; reviews of rules relating to young people, parents and single parents to ensure that children are not at risk of hardship; and establishment of an independent authority to develop and monitor anti-poverty strategies (including income support).

The St Vincent de Paul Society Victoria is currently finalising a study on the aspirations and needs of people who are medium to long term welfare recipients and regularly seek material assistance from the Society's Conferences and Assistance Centres. The anticipated completion date is October 2019. As the study is directly relevant to the Inquiry's terms of reference, the final report will be forwarded to the Committee once it is finalised.

The Society supports ACOSS' recommendations to this Inquiry in full and welcomes the opportunity to provide further evidence before the Committee, if required.

Yours sincerely



Mr Toby OConnor
Chief Executive Officer



Foreword

These case studies have been collated from St Vincent de Paul Society Conferences from across the country. Names, locations and details of people assisted have been amended to protect their privacy. The case studies demonstrate the extreme financial and emotional stress faced by people trying to live on Newstart.

- 1. Most cannot meet their day to day living expenses and survive by having to make difficult decisions, forgoing one essential item over another.**
- 2. Most have precarious housing arrangements.**
- 3. Most have significant and chronic health conditions, cannot cover their medical costs and do not qualify for the Disability Support Pension.**
- 4. Most are socially isolated and feel marginalised.**
- 5. Most have limited and costly transport options, particularly in regional locations.**
- 6. Most are not competitive in the job market, as costs associated with preparing for and attending interviews or completing training programs are unaffordable.**

Most of these studies do not have neat endings. They demonstrate that, for a wealthy country like Australia, those citizens who rely on Newstart and Youth Allowance are not living in line with community standards; they are simply surviving. However, against the odds, most people show a strength of spirit, a willingness to give back to their communities and an optimism that defies the hardships they face on a daily basis.

Based on our experience of working alongside people in need, we know that there are no quick fixes, particularly for the long-term unemployed who represent just over three-quarters of all Newstart recipients.³² And with over half of people on Newstart and almost two-thirds on Youth Allowance living in poverty,³³ the most immediate need is to increase these payments. Pushing people into poverty is a barrier to employment. However, increasing these payments is not enough.

Intensive, long-term, client-centred services are also needed. International³⁴ and Australian research have found that a 'life first' approach to unemployment works best. It recognises the importance of quality employment with long term support. It focusses on building the capability of the unemployed person by identifying their strengths, aspirations and preferences and recognising their circumstances and connection to family and local community. Importantly, it supports the person's agency to determine their own pathways, with appropriate support.³⁵ These principles align closely with the values of the St Vincent de Paul Society. We know this approach works. For example, the more time spent with people in need initially significantly reduces further requests for assistance by 25 percent.³⁶

However, we cannot address poverty and, ultimately, support people to get meaningful, quality and long-term work without addressing the chronic housing shortage. Our experience tells us that housing instability is the most significant driver for people making repeated requests for assistance. For example, for each change in address, requests for assistance increase by 26 percent.³⁷

Finally, we take heart in knowing that Australians care, are sympathetic to people experiencing poverty and believe that Australia should be a country that looks after people in need.³⁸ We witness this every day, through the commitment, generosity and work of our 60,000 members and volunteers. Our members and volunteers help people in need to recover their dignity and personal integrity, so that they can forge and change their own destiny and the future of their local community.³⁹

Claire Victory

A handwritten signature in black ink, appearing to read 'Claire Victory'.

National President

1. Most cannot meet their day to day living expenses and survive by having to make difficult decisions, forgoing one essential item over another.

Ms L is in her forties, single and lives on Newstart in North Queensland. She is renting a three-bedroom public house for \$69 per week. Several months ago, her two children were transferred into her mother's care and are currently living interstate but will return to her in a few months.

Ms L is careful with her electricity and phone bills but, despite this, she has a \$350 power bill and \$290 outstanding on her phone bill. She owns a vehicle and must pay fuel, maintenance and registration. Although she lives frugally and keeps a budget, she is not able to make ends meet.

Ms L has had a couple of major health scares over the years and recently experienced a mild heart attack for which she spent one week in hospital. While in hospital she missed a work placement appointment and her Newstart was cancelled.

However, Ms L remains in good spirits and is hopeful of finding employment one day. In the meantime, the Society will continue to assist her. (Qld)

Mrs B is in her fifties, is married and has two teenage sons. She has been diagnosed with a major heart condition but does not qualify for the Disability Support Pension and is on Newstart.

The Society has assisted Mrs B by advocating for her work requirements to be eased but this only buys time and extends the length of time job seeking is required. It is not a long-term solution. The family moved from interstate to escape violence and a family member has recently been incarcerated. This has put extra strain on the family, especially when trying to pay for fuel to visit the family member.

Mrs B and her family are struggling to survive. The Society has frequently provided food, household necessities and financial assistance with utilities and school needs over the years. Medical and dental costs have meant that the family has been fully reliant on charities. With the best management in the world, there is simply not enough money to cover the basics and unexpected costs of raising two boys. (Qld)

Ms L is in her mid-thirties and is from South Central Africa. She has never attended school and has limited English. However, she has gained a Certificate 3 in cleaning. Ms L was married in Africa and arrived in Australia in 2005. She lived in NSW until 2018 but then moved to Adelaide to escape domestic violence. Ms L is isolated as she knows no one and wants to make a fresh start.

Ms L is on Newstart and lives in a private rental home and is left with nothing after the rent is paid. She lives mainly on bread and has been accessing the Society assistance since she came to Adelaide.

"Vinnies is very helpful. I get bread most times then I am ok."

Ms L has no friends, no television and not much in the way of clothing or bedding. On cold nights she wears all her clothes. She has a fridge that does not work, and the landlord refuses to repair it. (SA)

Ms A presented to the Society for assistance in a distressed state. She suffers from Post Traumatic Stress Disorder and had been struggling both mentally and financially for a long time. Ms A is on Newstart and does some casual work. She has no family in Tasmania.

Ms A had started a horticulture course at TAFE where a fee-waiver was arranged on condition that she attend regularly. Although she had received financial counselling, her bills had built up and were overwhelming her. These included rental arrears, dental bills, car repairs, and vet bills. The Society provided some assistance with food and finances.

Ms A decided to put her studies on hold so she could get as much work as possible. To avoid eviction, the Society assisted with rental arrears and Ms A set up automatic deductions to prevent falling behind again.

Ms A received counselling and further financial advice. She has resumed her studies, obtained a little work and is getting job interviews. Ms A is now on top of her bills and has not sought emergency relief assistance since July 2019. (Tas)

2. Most have precarious housing arrangements.

Mr D has been solely responsible for his four-year-old son since his child was 18 months old. However, the child's mother now has custody of her son and Mr D has commenced legal action to regain contact with his son. However, without sufficient money to pay his rent, Mr D's case is likely to fail as he is facing homelessness and is unable to provide appropriate housing for his son. The Salvation Army and the Society covered Mr D's rent for two weeks while he tried to get work. It is just not possible to pay private rent and meet day to day living costs, while on Newstart. At the time of writing, Mr D's case had not been before the Family Court. (Qld)

Mr P is on Newstart, has numerous on-going health issues, is currently boarding at his daughter's house and has no assets. Mr P also has several debts that he is unable to pay. A Financial Counsellor employed by the Society worked with Mr P to complete a budget, noting that he had no capacity to pay anything towards his debts. After sending letters to Mr P's creditors outlining his position, all debts were waived. Mr P is now able to manage his finances going forward. He is debt free and is focussing on finding work (WA).

Mr A was referred to the Bakhita Centre. He had recently arrived in Darwin after losing his job and a experiencing a relationship breakdown. His goal was to secure safe, affordable housing and employment while managing his physical and mental illness. He had spent one month sleeping in his car and was suffering from exhaustion. After giving Mr A some time to rest and settle into the hostel environment, a support plan was developed. The plan involved working closely with the local Mental Health Service, a trusted GP, specialists at Royal Darwin Hospital, referrals to jobactive and training and education services to improve his employment prospects and managing his tenancy issues. The Society also funded Mr A to obtain his Forklift Licence and complete Test and Tag Training.

After three months of support Mr A was up to date with his rental payments and was a functioning and productive member of the Bakhita Community. Mr A developed positive relationships with his medical support team and obtained part-time employment driving a forklift. With an increase to his income and positive management of his health, Mr A was ready to transition into private accommodation. He secured accommodation in a shared private rental in a location close to work. (NT)

Two years ago, Mr D had an executive level position in the public service. Today he is experiencing homelessness while surviving on Newstart. When Mr D's mother had a fall last year, he had to give up his job to care for her. After nine months of living with and caring for her, she needed to move into a nursing home and Mr D became homeless. Mr D mostly gets by thanks to staying on friends' couches, and support from charities like the Society.

"Newstart is not enough to cover basic living costs, let alone afford rent or the additional costs of looking for work. I've had to learn how to access support, and how to supplement the Newstart payments with help from community organisations... It's a maze unless you know how to get the support."

Managing this ongoing stress and struggle to make ends meet significantly detracts from being able to look for work. (ACT)

3. Most have significant and chronic health conditions, cannot cover their medical costs and do not qualify for the Disability Support Pension.

Ms P is in her forties, has run her own sole-trader business and has been self-sufficient for many years. However, in the last two years she has developed significant health issues. She is losing sight in both eyes (and now uses a cane), experiences extreme headaches and must manage extensive discharge from both eyes. Currently, she does not qualify for the Disability Support Pension, is required to be registered with a jobactive agency and is expected to apply for multiple jobs in a rural

area where unemployment is high. The jobactive agency is sympathetic to her plight and recognises the difficulty of the demands on her but is constrained by Government guidelines.

As the nature of her blindness and its cause are still being investigated, Ms P has monthly blood tests and currently pays full price for nearly all tests. Medications are very expensive as doctors are trialling treatments to control the symptoms. Specialists can cost up to \$400 a visit, putting further strain on the budget. Travel costs to specialists are also an extra burden.

As stated by Ms P, personal hygiene has become an even higher priority now that she feels less acceptable because of her disability. Often there is no money for either food or personal care products, which is where the Society can assist.

Ms P is very dependent on friends to drive her as she has no entitlement to taxi subsidies or National Disability Insurance Scheme funding. She fears that this is putting a strain on her friends as she is having to rely on them for help. There is no way her situation is sustainable on Newstart at its current rate. (Qld).

Mr V is in his forties and shares public housing with his partner. Mr V previously worked as a truck driver but due to an accident several years ago, was left with a permanent injury. Today he suffers from chronic medical issues and struggles to make ends meet as Newstart is not enough to cover his living expenses and health costs. Mr P comes to the Society for food, clothing and money management assistance.

"Vinnies is great. There should be more places like Vinnies. Others cut you off after two or three visits.... I feel comfortable coming to Vinnies because they help you. It's fantastic - it's a one stop shop for me - without Vinnies I would be walking around in my jocks."

Mr V had dental issues and could not afford a full set of dentures, so he stopped smiling. The Society helped him to get a set of dentures and now, he says, he has not stopped smiling.

Mr V wants to give back to the community and is currently exploring how some of his skills might be used in one of the Society's Community Capacity Building Projects in South Australia. (SA)

Ms J is in her sixties and has lived in Sydney and Brisbane before moving to Adelaide with her two young children in 1990s to escape domestic violence. Ms J's younger child died shortly after moving to Adelaide, but she is close to her adult son, who often helps with bills. Ms J lives alone in a unit and struggles with asthma and a heart condition that require six-weekly hospital check-ups. Her health conditions affect her mobility and she can only walk with the support of a walker.

Ms J has many qualifications in the social sciences. She applied unsuccessfully to change from Austudy to a Disability Support Pension and is now on Newstart. While Ms J qualifies for a low- income pension and Seniors Card, she only receives \$6.20 a fortnight for her scripts which cost up to \$60 a month.

When the Society volunteer met with Ms J, she had not taken her medication for the past six weeks. Due to her mobility issues, Ms J relies heavily on her car which takes up most of her money and leaves her with little to pay for her electricity bills, prescriptions or food. Ms J said she is lucky to have a meal a day as she often skips meals so that her electricity does not get cut off.

Ms J has worked since she was 14 years old and despite her health challenges, she continues to undertake different activities including volunteering as a Lifeline counsellor. However, she finds the Newstart requirement of 15 hours per week physically demanding.

Despite her difficulties, Ms J wants to contribute her skills to building her community.

Mr and Mrs M are in their late 30s with two children. They have large, unsecured debts arising from many credit cards and mortgage arrears.

Mr M, who is currently on Newstart, has been diagnosed with depression and is working with his doctor and counsellor to help with his illness. He has reduced his hours of work due to his illness and

cares for an elderly in-law. Mr M was referred to the Financial Counselling service through a Society Conference.

Mr and Mrs M attended an appointment with the Financial Counsellor where they completed an income and expenditure assessment and discussed options on how to speak with their creditors. The Financial Counsellor contacted the unsecured creditors and \$49,000 of debt was waived.

Mr and Mrs M are now able to manage their regular mortgage repayments, creditor repayments and household budget and focus on finding work. (WA)

4. Most are socially isolated and feel marginalised.

Mr and Mrs C and their family live in public housing in an outer Adelaide suburb. Prior to this, they had been living in a tent as the house they were renting had burned down.

Currently there are six other people living in their home – their adult son, two adult daughters, a son-in-law and two grandchildren. All are on the Newstart allowance and two family members have medical conditions.

Mrs C said when they had money her family sometimes went to the cinema together or dined out. However, they are no longer able to participate in these sorts of activities because of their financial situation. They are currently under severe financial stress, having just received a large electricity bill.

Mrs C is socially isolated as she does not feel safe talking to any of her neighbours and has requested a move to another location.

Due to her health issues, Mrs C stopped working when she was 25. However, she has gained skills working with animals and currently volunteers for an organisation that helps people build relationships with their dogs. (SA)

5. Most have limited and costly transport options, particularly in regional locations.

Ms S is in her forties and lives by herself. Her Newstart payment is \$546 plus Rent Allowance of \$157, giving her a total of \$703 per fortnight. Out of this she pays \$500 a fortnight in rent. This leaves her with \$203 a fortnight to spend on living expenses such as food, petrol, electricity, water rates, phone and car registration.

As she is determined at some stage to gain full-time employment, she is currently enrolled in a TAFE course in Aged Care. She drives her own vehicle three times a week to the TAFE College, which is approximately a 120 km return trip from home. She buys fresh vegetables and food at the local Community Foodbank. It is just not possible to meet day to day living costs, complete training and look for work while on Newstart. (Qld)

6. Most are not competitive in the job market, as costs associated with preparing for and attending interviews or completing training programs are unaffordable.

Ms A is a single mother in her forties. She has been supported by the Society for nearly 10 years and had, in the past, successful employment as a courier with a sanitary equipment company. After some mental health issues including anxiety, she completed job training and was directed to undertake a traffic management and forklift course. She had indicated what her skills and capacities were including her pride and sense of accomplishment in her former job. Her training was a complete misfit. Ms A was unnerved by the prospect of directing traffic on busy highways and was competing with much younger candidates who took these duties in their stride. Her former sense of being a good employee was undermined by this experience.

In addition, neither of these areas fitted with her responsibilities as a mother of two teenage daughters, both of whom were suffering from school refusal and needed her constant and consistent attention to keep them in education. Ms A recognised the importance of her daughters continuing with their education to break the poverty cycle and avoid being in her situation when they reached adulthood. Mandatory training that is not matched to personal capabilities or skills is not beneficial to the person. It not only reduces time available for engagement in active job seeking, it can undermine health and wellbeing and reduce employment outcomes. (Vic).

Ms E has been on Newstart on and off for six years. She was previously employed in temporary positions over an eight-year span. Ms E receives \$754 per fortnight including rent assistance (\$137.20pf). She has \$154 left after paying \$600 in rent.

Ms E is prepared to give evidence before the Committee, if required.

Ms E uses the Energy Accounts Payment Assistance Scheme twice a year. She is very frugal with electricity use, sometimes using candles and sitting under blankets to avoid putting on the heater. Ms E is also very frugal with water usage and always requests extra time to pay her bills.

Ms E cannot cover her basic living expenses. She gets her food through charity assistance, crisis centres, neighbours and family. She does not buy fruit or vegetables and lives on porridge. She skips meals on a daily basis. Ms E often seeks assistance from the Society and the Salvation Army. If Newstart was increased, Ms E could buy cheap fruit and vegetables and have a balanced diet.

Ms E cannot afford health cover and cannot get dental work, which is desperately needed.

Ms E stays at home on a regular basis. She cannot afford fares and petrol. She only fills up her car when her daughter gives her money to buy petrol. She is embarrassed about having to put tyres on layby. Ms E has been refused a no interest loan scheme because she is unable to service the loan repayments.

Ms E goes without many things including clothes and birthday presents for family, which she finds especially difficult for her grandchildren.

Ms E is socially isolated and often sits at home feeling very depressed and that life is not worth living.

The Newstart allowance makes it impossible to present properly for an interview. Ms E cannot cover the costs of clothing, makeup, haircuts, fares and internet access. Paid training was only offered once during her time on Newstart and she did not have the money for petrol to get there.

If Newstart was raised, Ms E has stated that she could

".. actually start living like a human being, and a grandmother.. I could have a grandchild over and give them a biscuit. I feel as though I am living in past times where food was a luxury. Basically, I walk around with no money in my purse because I just don't have any. There is never any money left over."

The increases to age eligibility for the Age Pension have worsened Ms E's situation. She is seen as being too old to employ but cannot access the Age Pension and feels stuck. (NSW)

Attachment B

A Moral Accord

Introduction to Moral Accord

We recognise and affirm that each one of us has an equal human dignity. And human dignity is served best when we are in community and solidarity with one another. Our common human dignity leads us to promise that we will act to meet the needs and dignity of all people, especially people who are long-term unemployed.

The model for a Moral Accord presented here has two parts. The first part contains a series of seven commitments based on moral values to be made by all Australians to fellow Australians who are long-term unemployed. The second part of the Accord outlines some of the responsibilities involved in addressing the issue of long-term unemployment.

Although applied in this instance to long-term unemployment the Moral Accord has universal application. The community's response to every social problem must have a moral component. No matter what specific strategies are ultimately developed to deal with long-term unemployment, or any other social problem, there should be a moral touchstone for all social and economic initiatives. Such a touchstone provides both a reason for national commitment and a driving force for community action.

The principles contained in the commitments listed in part one of the Moral Accord are applicable to many other social areas. These principles are built on the universal concepts of respect for the human dignity of every person and the interests of the common good of the community.

The second part of the Moral Accord serves to highlight the fact that the problem of long-term unemployment does not belong to one particular group. Likewise, the 'answer' to unemployment does not come from any one group or sector in the community. The Moral Accord seeks to begin the collaborative process that is necessary if our nation is to be united in its resolve to deal with the problems associated with prolonged unemployment.

Seven Moral Commitments

United in a desire for a just and equitable society for all Australians, this Moral Accord represents a new beginning and a rejection of social injustice.

In accepting our social responsibility for the suffering that long-term unemployment brings we invite all Australians of goodwill to join in making the following commitments to people who are long-term unemployed.

1. We will give a guarantee of support for all members of the Australian Community in need.

As a community we promise to be united in solidarity to solve the social harm caused by long-term unemployment.

2. We will promise justice and not charity.

As members of one of the world's oldest continuous democratic nations, we promise to acknowledge that those people who are long-term unemployed have social rights as citizens to receive benefits and social services and to live in equal dignity with all Australians. The assistance received will not be given as a privilege which must somehow be earned but will be acknowledged as a social right of all Australians.

3. We will persevere in responding to need.

As citizens of equal standing, we promise that the right to receive financial support will be honoured by the Government acting on behalf of the Australian community. We promise to urge our Government and business leaders to implement innovative programs designed to assist people in obtaining meaningful work.

4. We will share and allocate resources according to need.

With the same generous spirit that has seen every generation of Australians meet the relentless trials of floods, droughts and other natural disasters, we promise to be generous with our personal and community resources. We promise to use that same generous spirit to alleviate the desperate need caused by the social disaster of long-term unemployment.

5. We will change any community attitudes and language that demean people.

Building on the acceptance and tolerance that has become characteristic of our multi-cultural nation, we promise to change any demeaning attitudes we have towards people who are long-term unemployed. People who are long-term unemployed are 'victims' of economic restructuring and recession. It is important that we deliberately drop from common usage all demeaning attitudes and discriminatory language towards people who are unemployed. People who are unemployed are not the problem, unemployment itself is the problem.

6. We will not exclude unemployed people from any aspect of community life.

Australians have always been proud of our ability to give people a 'fair go' and so we promise to remove any obstacles that will prevent any person from participating as much as they would like the life of our community. Every person, regardless of their level of income or employment status, should be able to enjoy a reasonable quality of life and the freedom to actively participate in community life.

7. We will acknowledge unemployment as impacting on family life.

In making a commitment to justice and solidarity, in relation to long-term unemployment, we acknowledge that community responses to the crisis must be redefined as a critical family issue.

Six Responsibilities Towards Accord

The basis of this Moral Accord is an acceptance by the whole community of responsibility for the problem of long-term unemployment. There needs to be an awareness of a shared moral responsibility for long-term unemployment across the whole Australian community.

The following list is merely an example of the shared responsibilities that exist within the community.

1. It is the responsibility of Government to:

- care for the common good by pursuing economic restructuring and developing national fiscal policy that will always respect the human and social needs of all Australians;
- guarantee a reliable network of support services that primarily operates as a family support system in helping the long-term unemployed;
- ensure that bureaucratic procedures in Government Departments do not disadvantage any long-term unemployed person who seeks to blend the receipt of benefits with part time work;
- set macro-economic policies which are conducive to both social and economic growth
- implement appropriate interventionist Labour Market Programs which assist people who have experienced a loss of workplace skills to regain such skills as required to re-enter the labour force and to ensure that these programs are long-term and accessible; and
- provide employers with incentives to employ people who have been unemployed for a long period

2. It is the responsibility of Employers to:

- acknowledge and change existing prejudice against employing a person who has been unsuccessful in gaining employment for a long period of time;
- manage their business with a social conscience and give a person the opportunity to re-enter the workplace;
- avoid using labour as a readily disposable unit of production;
- examine means of restructuring businesses other than retrenchment;
- provide conditions of employment conducive to family life;
- resist using the threat of unemployment to reduce the pay and conditions of workers; and
- provide quality training that will significantly develop the skills of workers.

3. The responsibility of Trade Unions to:

- be a responsible voice in the community for the human dignity needs of workers and their families;
- be responsible in the demands for wages and conditions that they make;
- have a continuing concern for former members who are now long-term unemployed;
- advocate realistic retraining alternatives by Government and industry for the unemployed;
- ensure expanding sectors in the economy are able to draw on the pool of people who are long-term unemployed; and
- advocate a review of the level of unemployment benefits and services to reflect the contemporary costs of living.

4. The responsibility of Churches to:

- be a voice for the powerless victims of long-term unemployment;
- focus community attention on the unjust and immoral aspects of unemployment; and
- provide pastoral care to people who are unemployed and their families.

5. The responsibility of all Australians to:

- make social harmony and not just economic advancement a priority;
- make economic sacrifices so that people who are unemployed can be adequately assisted; and
- avoid using demeaning language about people who are long-term unemployed.

6. The responsibility of the people who are Long-term unemployed to:

- continue to strive to be active members of the community; and
- participate in retraining courses in an effort to obtain new skills.

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