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INITIATIVES FOR WOMEN IN NEED (IWIn)

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Initiatives For Women In Need (IWIn) Submission

on

The Adequacy of Newstart and Related Payments and Alternative Mechanisms To Determine The Level of Income Support Payments in Australia.

October 2019

Submitted Online to
the Senate Community Affairs References Committee

IWiN acknowledges Ms Manaswini IYENGAR and Dr Paramjit Kaur Saggu for providing inputs for this Submission.



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Initiatives for Women in Need (IWiN) Submission

on

The Adequacy of Newstart and Related Payments and Alternative Mechanisms To Determine The Level of Income Support Payments in Australia

(4 October 2019)

Initiatives for Women in Need (IWiN) welcomes the opportunity to contribute to Senate Community Affairs References Committee's Inquiry into the adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia.

IWiN puts forward this Submission with a set of recommended actions aimed at the provision of fair treatment to disadvantaged population, particularly from the culturally and linguistically diverse (CALD) community's perspectives.

As an organisation that has worked with socially disadvantaged and low-skilled women, children and families coming from CALD backgrounds for over six years, IWiN view is that the Newstart allowance (NSA) and other related payment system for jobseekers, particularly CALD women and others who are new migrants and/or over 55 years of age, is inadequate and ineffective as a support into work and to maintain a basic standard of living. The insufficient rates of payment force these disadvantaged CALD women and their families to live with constant financial struggle leading to both physical and mental stress manifesting into various social issues like domestic and family violence, depression, social isolation, low productivity, youth mental health issues etc; and do not provide appropriate and adequate support for recipients to be financially independent enough to exit from the income support system.

IWiN looks forward to participating in further actions and consultations on the adequacy of Newstart and related payments issues affecting the economic and social advancement of Australia's disadvantaged people, particularly women and others from CALD communities.

Key points in this IWiN submission include:

- The low payment rates of Newstart allowances and other payments are insufficient for recipients to maintain a basic livelihood during periods of unemployment. It also fails to consider additional expenses associated with looking for work - such as, training for upskilling, access to internet and stationaries, transport, interstate travel and accommodation.
- Newstart allowances and related payments ignore gender and culture sensitivity of the recipients totally. While the 2019-20 Budget announced investing \$328.0 million to include a range of measures to keep Australian women safe, give them greater choices about their lives and build financial security for them and their families, it remains silent on income support payments for the CALD women coming from disadvantaged migrant background who are not refugees. The Budget has also not mapped any specific strategy for these women facing multiple barriers to enter the labour force and thus being dependent on income support



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payments for long term, over 12 months. These barriers include low skills (qualifications, experience and interpersonal), non-recognition of overseas skills, age barriers, limited English language skills, cultural issues, carer responsibilities, limited access to transport and other supporting infrastructure, domestic and family violence, and related social exclusion. For these women, rent allowance provided with NSA is not sufficient to meet their need for more affordable and accessible housing.

- The demographic of the unemployed population in Australia has changed over time, with a high share of NSA recipients are now classified as 'long-term unemployed', implying they are out of work for more than a year. The long-term unemployed CALD unemployed people, particularly women, are highly disadvantaged as they are avoided by employers and hence tend to have complex needs while facing multiple barriers in their job search, including inadequate access to affordable housing and transport. Unfortunately, this challenge is neither recognised nor responded to appropriately by the Newstart and other related allowances in the social security system.
- The participation requirements for recipients of Newstart are tedious and overwhelming for long-term unemployed people. Long-term unemployed people require intensive and tailored support to assist them to become job-ready and to find work.

Recommendations:

1. Establish an independent commission to assess and determine various income support payments
 - To reduce the observed huge gap between Newstart allowances and average wage, an independent commission needs to be established to assess the cost of living and determine the rates at which various income support payments can allow people to meet their basic needs with dignity while looking for gainful employment.
 - The proposed independent commission would align welfare payments, including pensions and Newstart, with other independent payments mechanisms, such as the Remuneration Tribunal, which sets the salaries for federal politicians, and the Fair Work Commission, which determine s the minimum wage.
2. All social security payments, including Newstart allowances and related payments, should be determined in line with the minimum wage rate as set by the Federal government.
3. IWIn supports the ACOSS Raise the Rate campaign for an increase of at least \$75 per week to the Newstart Allowance Youth Allowance & related payments. However, for an immediate relief to the current 722,000 NSA recipients IWIn recommends an increase of the Newstart allowances and related payments by at least \$41 per week - restoring the 2000 relationship between minimum wage and Newstart allowance.
4. To remove disincentives to work and gain financial independence, all Newstart allowances and related payments should be tax exempt.



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5. A comprehensive gender and culture responsive income support strategy for socially and economically disadvantaged CALD women to be implemented, where:
- Newstart allowance for CALD women must be pegged to the minimum wage rate set by Federal government.
 - Raise the level of Commonwealth Rent Assistance to better meet the needs of these CALD women and their families, while increasing and maintaining the availability of housing;
 - Assist CALD women on NSA and related payments with priority vocational education and training on job ready courses with adequate support for child care, aged care and transport services.
 - Allocate fund for CALD community activities in the Federal Budget that directly support or create paid job opportunities for disadvantaged women and family, particularly women above 55 years of age and new migrants.

About IWIn

Initiatives for Women in Need (IWIn) is an ACT based volunteer led organisation that was founded in 2013 to support and advocate for socially and economically disadvantaged women and children. IWIn supports migrant families experiencing domestic violence, social exclusion and discrimination at home and at work, particularly coming from culturally and linguistically diverse (CALD) communities.

IWIn aims to educate, empower and enrich the lives of these women and children. Consequently, IWIn has been working relentlessly to raise awareness of the impacts of violence against women along with gender inequality and discrimination against women with disabilities in the ACT region. IWIn does this through seminars, panel discussions, workshops, public consultations, e-newsletters and policy advocacy. IWIn frequently advocates for issues faced by the CALD communities in Australia through policy submissions such as the:

- *IWIn Submission to the Australian Parliamentary Committee regarding the Senate Inquiry on the Practice of Dowry and Dowry Abuse (August 2018) –*
 - *Appeared before the Committee for the Hearing on this Inquiry on 30 Nov 2018*
 - *Interviewed by the local media, Canberra Times and SBS Radio on this submission*
- *IWIn Submission on the Family Law Amendment (Family Violence and Cross examination of Parties) Bill 2018 (To the Senate Legal and Constitutional Affairs Committee, Australian Parliament, July 2018)*
- *IWIn Submission on National Ageing and Aged Care Strategy for People from Culturally and Linguistically Diverse (CALD) Backgrounds – Review (To the Department of Health, Australian Government, May 2017)*
- *IWIn Submission on the Foreign Policy White Paper 2017 regarding professional migrant women employment issues (To the Department of Foreign Policy Affairs & Trade, Australian Government)*



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Over time, IWiN's scope of work has expanded to include advocacy and research on other broader social justice issues affecting the welfare of women and their families – such as job market discrimination, workplace flexibility, collaborative community action and national security. IWiN has initiated a new project *Her Kitchen Table*, to create job for 20 disadvantaged women coming from culturally and linguistically diverse (CALD) background, in consortium with Social Outcomes Lab (SOULAB), to be launched in February 2020.

IWiN is currently working on a report on the collective impact action plan it developed for the economic advancement of CALD women in the ACT region, supported by an ACT Government's 2018 Participation (Women's) Grant.

ISSUES

Current approach to setting income support payments in Australia, and their impact on recipients

Newstart allowances and other related payments are the main form of income support for the population between 18-64 years of age who are unemployed, students and those with temporary illnesses or disability that prevent them from working. As of April 2019, about 722,000 people in communities across Australia live on Newstart allowances and other related payments that do not cover the cost of housing, food, transport and healthcare. The single rate of Newstart is less than \$40 per day and living on Newstart and Youth Allowance alone implies living in poverty for the young labour force including skilled migrants. Given this scenario, raising the single rate of Newstart, Youth Allowance and related payments will be the most effective measure to reducing poverty in Australian society.

It is well evidenced now that allowance payments are too low, and the business and community sectors have been advocating for an increase in these payments for years. A 2012 Senate Committee Inquiry¹ into the adequacy of allowances heard from a broad range of interest groups, the overwhelming majority of which suggested that the current rate of payment needed to be lifted substantially as it was inadequate and hindered income support recipients' ability to meet their basic costs of living, keeping recipients well below the Henderson poverty line². While the committee examined all allowances, its focus was on Newstart Allowance (NSA), which had the most recipients. Also, the Committee was concerned that a significant portion was long-term NSA recipients suggesting that the low payment was impeding their efforts to find paid job.

1

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_Employment_and_Workplace_Relations/Completed%20inquiries/2010-13/newstartallowance/index

² The [Henderson poverty line](#) is a threshold for measuring a person or families circumstances and relative poverty. Anyone below the Henderson line is considered to be in poverty. The latest poverty line values for people out of work or over 65 years is set at \$974.14 per week for a family comprising two adults, one of whom is working, and two dependent children, inclusive of housing costs. This is an increase of \$0.88 over the poverty line for the previous quarter (December 2017) comprising two adults, one of whom is working, and two dependent children. This is an increase of \$0.88 over the poverty line for the previous quarter (December 2017).



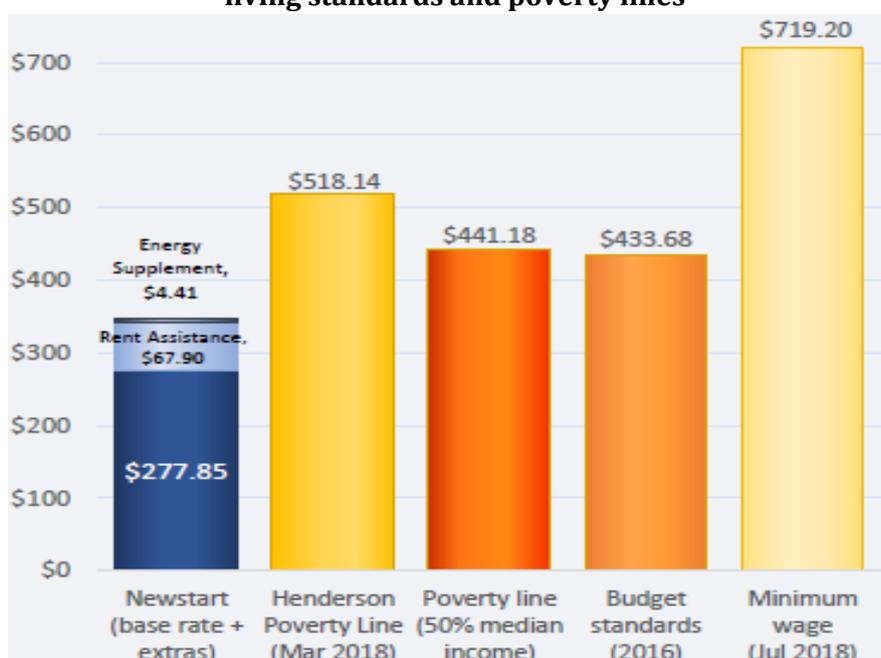
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The base rates of several income support payments, including the Newstart Allowance (NSA), have not been increased in real terms in the last 25 years, since 1994.^{3,4} Evidence shows that the value of income support payments has plummeted over time, as they fell short of wage growth and cost-of-living rises. The rates of Newstart and Youth Allowance are observed to be well-below standard benchmarks for income adequacy and poverty (see **Figure 1**) – even when additional supplement payments (e.g., rent assistance, energy supplement) are considered.

Figure 1: Newstart allowances and related payments as compared to standard benchmarks for living standards and poverty lines



Source: Briefing: Raising the Rate of Newstart, Vinnies website information⁵

Researchers from the University of NSW have calculated the ‘budget standard’ for an unemployed person (this is the minimum income a person needs to afford essentials such as housing, food, electricity, healthcare and transport)⁶. As per their calculations, a single unemployed person needed \$434 per week to cover the cost of the basics in 2016 (see **Figure 1**), implying it would be much higher in 2019 and beyond. But the current Newstart allowance for a single unemployed person sits at only \$278 per week, which is \$156 less even at the 2016 cost of living standard.

³ <https://www.tai.org.au/content/australia-institute-2019-budget-wrap>

⁴

[https://www.vinnies.org.au/page/Publications/National/Factsheets and policy briefings/Briefing Raising the Rate of Newstart/](https://www.vinnies.org.au/page/Publications/National/Factsheets%20and%20policy%20briefings/Briefing%20Raising%20the%20Rate%20of%20Newstart/), as accessed on 30/09/2019

⁵

[https://www.vinnies.org.au/page/Publications/National/Factsheets and policy briefings/Briefing Raising the Rate of Newstart/](https://www.vinnies.org.au/page/Publications/National/Factsheets%20and%20policy%20briefings/Briefing%20Raising%20the%20Rate%20of%20Newstart/), as accessed on 30/09/2019

⁶Saunders, P, & Bedford, M, (2017). New minimum income for healthy living budget standards for low-paid and unemployed Australians. <https://bit.ly/budget-standards>



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Findings from research showed that NSA recipients participated in the Government's compulsory 'Work for the Dole' program, could increase their chances of finding jobs only by an average of only 2 percent.⁷ In fact, for an unemployed family of four—two adults and two children—the total amount of government assistance is \$797 per week, working out to almost 20% below the poverty line.

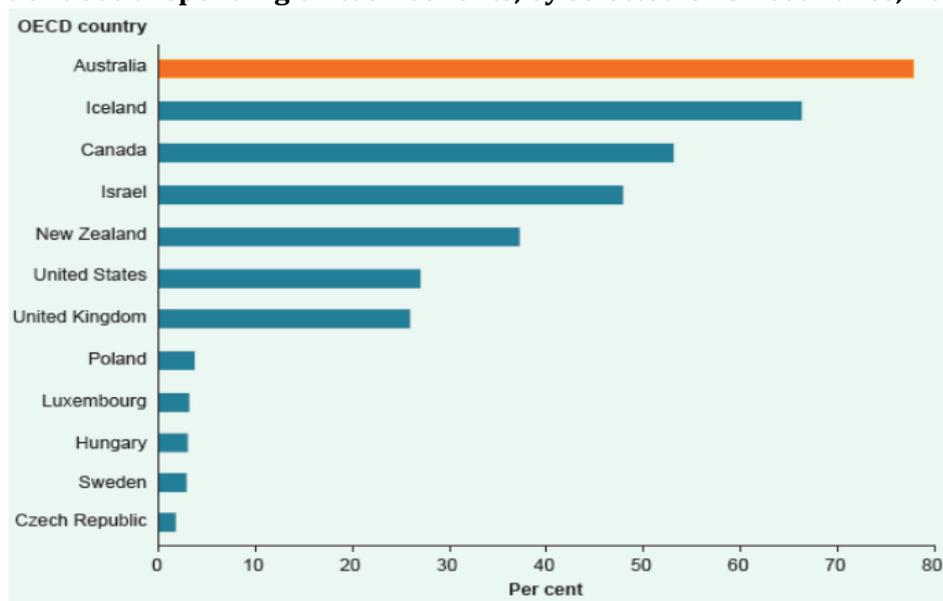
Recommendation 1:

Establish an independent commission to assess and determine various income support payments

- To reduce the observed huge gap between Newstart allowances and average wage, an independent commission needs to be established to assess the cost of living and determine the rates at which various income support payments can allow people to meet their basic needs with dignity while looking for gainful employment.*
- The proposed independent commission would align welfare payments, including pensions and Newstart, with other independent payments mechanisms, such as the Remuneration Tribunal, which sets the salaries for federal politicians, and the Fair Work Commission, which determines the minimum wage.*

Australia's Social Security system is a universal/comprehensive one as payments are not contributory. It provides financial assistance to those in need, as income support payments are subject to means testing, where mean testing refers to a procedure applied to ensure that benefits are focused on supporting people with lower incomes and limited assets.

Figure 2: Public spending on income and means-test benefits as a proportion of public social spending on cash benefits, by selected OECD countries, 2012



⁷ https://www.acoss.org.au/wp-content/uploads/2018/08/ACOSS_submission-on-future-employment-services_FINAL.pdf



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Compared to other countries (particularly continental Europe), Australia is found to be the highest means testing country in the OECD, with around 80% of spending on cash benefits (for example, Newstart allowances, age pensions and youth allowances) determined by means testing (see **Figure 2**).⁸ Along with the tax system, it plays a key role to reduce income inequality and enhance economic growth as low income earning people spend rather than save most of the money.

Social Security payments can broadly be split into two categories - pension payments (Age Pension, Disability Support Pension) and unemployment benefits (NewStart allowance, and Youth Allowance). Social Security legislation sets the eligibility criteria, indexation methodology, and maximum payment limit (MPL) for all payment types. Eligibility criteria include income and asset test – measures of financial hardship.

Different payments are indexed differently – for example, NewStart allowance (NSA) is indexed by the Consumer Price Index (CPI), and Age pension is indexed by higher of the CPI and Pensioner and Beneficiary Living Cost Index. However, the legislation neither clearly state the objective of payment nor does not describe the measures of adequacy for setting the MPL.

Table 1: MPLs for MWR, NSA and Age pension payments

	Federal Minimum Wage rate	NewStart Allowance		Age Pension (b)	
	\$	\$	% ^(a)	\$	% ^(a)
1-Jul-00	400.4	\$172.45	43.07	\$184.98	46.20
22-Sep-19	740.8	\$277.85	37.51	\$424.04	57.24
Change					
	\$ 340.4	\$105.40		\$239.05	
	85.01%	61.12%		129.23%	

a) % of the minimum wage rate

b) Computed based on annual rate

Federal government sets the Minimum Wage Rate (MWR) considering several factors including need to stay competitive and needs of the low paid. It can safely be used as a measure to test the adequacy of MPLs. **Table 1** presents a comparison of the MPLs for NSA and Age pension payments with the MWRs between July 2000 and Sept 2019, which shows the following:

- Newstart allowance as a share of the minimum wage rate declined to 37.5% from 43.1% .
- Age Pension rates grew by 129% during this period, which was much higher than minimum wage increase (85%) and Newstart allowance growth (61%) - implying that pensioners' needs were adjusted above wage rate growth while the needs of low paid and unemployed people were not adequately met.

⁸ Organisation for Economic Co-operation and Development (OECD) 2014, *Social expenditure update: insights from the OECD Social Expenditure database (SOCX)*, November, Paris: OECD Publishing.



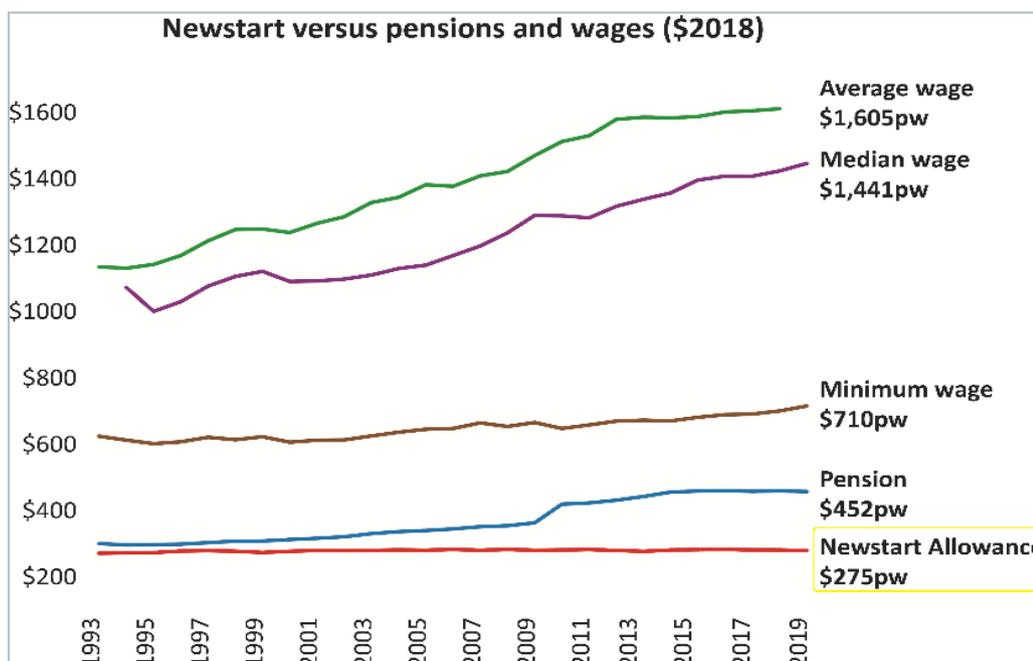
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NSA payments are adjusted each year according to the Consumer Price Index (CPI). But the cost of essentials (such as, housing, utilities, healthcare, transport, education and food) increased much more rapidly than CPI, while average wage grew keeping in pace with essentials costs. Thus, CPI growth remained lower than the growth in average wages creating a gap between what an unemployed person received and what the average worker earned. As the unemployed low-income households spend their major income share on these essentials, the rising gap between NSA payments and average wages affected the basic lifestyle of these NSA recipients. Even age pensions increased at a higher rate than Newstart allowances (see **Figure 3**).

Figure 3: Newstart allowances as compared to Average Wages and Pensions



Source: Briefing: Raising the Rate of Newstart, Vinnies website information⁹

There is no evidence that the financial needs of senior Australians (Age pensioners) increased while the needs of low paid and unemployed declined to justify treating NSA payments differently from age pension. This practice simply reflects a lack of measures and/or process to assess the adequacy of various income support payment rates. A financial support greater than the adequate amount is an inefficient allocation of scarce resources and encourages long-term dependency. Similarly, despite providing some support, an inadequate payment would not help recipients to overcome financial barriers to employment and gain financial independence. In fact, it would force people, with no alternative support, to depend on social security payments for a longer period.

9

[https://www.vinnies.org.au/page/Publications/National/Factsheets and policy briefings/Briefing Raising the Rate of Newstart/](https://www.vinnies.org.au/page/Publications/National/Factsheets%20and%20policy%20briefings/Briefing%20Raising%20the%20Rate%20of%20Newstart/), as accessed on 30/09/2019



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Recommendation 2:

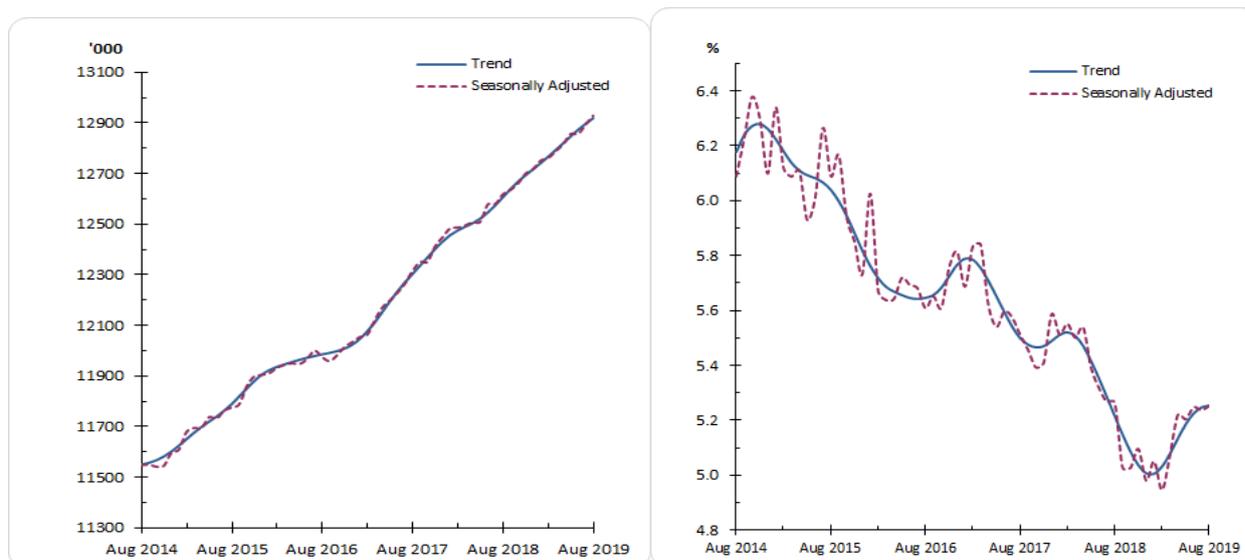
All social security payments, including Newstart allowances and related payments, should be set in line with the minimum wage rate as set by the Federal government

The labour market, unemployment and under-employment in Australia

Australia is doing well in terms of growth in employment, though unemployment rate is on rise again after a consistent drop till December 2018 (see **Figure 4**).

- Employment increased by 22,000 (2.5% growth) to 12.92 million persons in August 2019 over the previous month – out of which full-time employment increased by 7,200 (32.7% growth) to 8.83 million persons and part-time employment increased by 14,700 (66.8% growth) to 4.09 million persons.
- At the same time, unemployment increased by 2,700 (3.2% growth) to 715,700 persons, while unemployment rate increased by less than 0.1 pts to 5.3% in August 2019 over July 2019.

Figure 4: Trend in Employed Persons ('000) and Unemployment Rate (%) in Australia



Source: ABS Catalogue 6202.0 - Labour Force, Australia, Aug 2019

However, a recent research showed that this growing job market is unable to support those facing substantial barriers to securing jobs¹⁰, such as, people with low skills in terms of qualifications and/or experiences (e.g., migrants, 55+ yrs old), people returning to the workforce after a long break (e.g., returning mothers, long term unemployed persons), or those living in regional or remote areas. A most recent Jobs Availability Snapshot, released in October 2018 showed that the recent boom in full-time employment failed to deliver paid jobs to 110,735 unemployed with low skills and only 15% (26,000) of total jobs advertised was at entry level,

¹⁰ Pre Budget Submission 2019-20, Anglicare Australia, January 2019



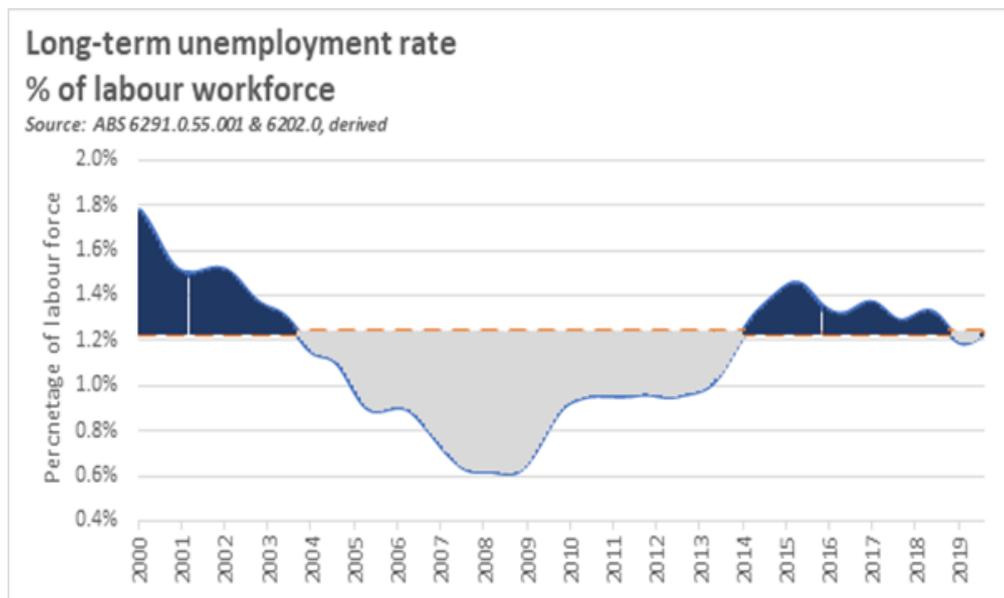
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implying there were up to five of these jobseekers for each entry-level position across Australia.¹¹ This also implies that the job market growth itself cannot assure paid employment for NSA recipients and therefore appropriate policy intervention is necessary to support these people looking for paid jobs. A recent research by the Productivity Commission (PC) also echoed the same, where they found that the proportion of Australians living on “very low incomes” (9-10%) has not changed in the last three decades, in spite of 27 years of uninterrupted economic growth driven by mining boom and other factors.¹² In fact, it has impacted young people entering the workforce adversely, as most jobs created in 2017-18 for people under the age of 25 are part-time positions, estimated at 9 out of 10 new positions.¹³

Long term unemployment rate (defined as a person being unemployed for over 52 weeks) has been decreasing recently (see **Figure 5**), but is still very high compared to September 2008. Long-term unemployment in general is associated with many factors including but not limited to poor physical and mental health, social isolation and poverty, loss of skills, age discrimination, adverse work history, poor education levels, outdated skill, and decline in demand for skills.

Figure 5: Trend in Long term Unemployment Rate in Australia



In such labour market environment, people on Newstart allowances (NSA) – who are looking for paid work, and do not have adequate resources of their own (that’s the reason they are receiving NSA), nor are provided adequate assistance through Government support - are finding livelihood extremely tough. An increase in the allowance rate would help NSA recipient to overcome some

¹¹ Ibid

¹² Productivity Commission (2018) *Rising inequality? A stocktake of the evidence*. Available at: <https://www.pc.gov.au/research/completed/rising-inequality/rising-inequality.pdf>

¹³ Conrad Liveris (2018) *Growth and Change Australian Jobs in 2018*. Available at: https://conradliveris.files.wordpress.com/2018/07/australian-jobs-in-2018_liverisjune2018.pdf



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of the barriers to employment, and would boost the economy faster as they are more likely to spend money locally on essential items. An estimate by Deloitte Economics¹⁴ suggests that an increase of Newstart Allowance by \$75 per week (\$3 billion cost to the Federal government) would boost growth in the economy by \$4 billion and create 12,000 jobs.

After allowing for payment of modest housing costs, a single recipient of NSA with no other income is left with very little money to pay for other expenses including food, clothing, utilities, personal care, transport, medical and education, as well as the costs of job seeking. The low NSA payments do not allow recipients an opportunity to save for necessary major expenses like car registration and insurance, replacement of furniture or white goods, or major health and dental expenses including emergency medical expenses. Subsequently, long term recipients rely on credit cards or high interest loans for major expenses, leading to a cycle of deepening personal debt, which in turn push them to entrenched poverty and social exclusion.

However, for long-term unemployed, an additional payment will not be enough. Particularly for people with partial capacity to work because of illness (physical and/or mental) or disability, it is practically impossible for them to find a suitable employment. Along with the increase in payments, support in the form of health, family, education, and training should be provided in association with community organisations.

Recommendation 3:

IWiN supports the ACOSS Raise the Rate campaign for an increase of at least \$75 per week to the Newstart Allowance Youth Allowance & related payments. However, for an immediate relief to the current 722,000 NSA recipients IWiN recommends an increase of the Newstart allowances and related payments by at least \$41 per week - restoring the 2000 relationship between minimum wage and Newstart allowance.

Another major barrier for NSA and Youth allowance recipients to engage in paid job is the rapid downward adjustments of their income support as they start working in a casual or part-time position. This narrowing of allowances fails to recognise the fact that in effect it imposes a high marginal tax rate on these people who are actually surviving on very low incomes and discourages them from achieving a minimum wage level through a combination of income support and variable casual or part time work earnings.

For example, an unemployed person on NSA gets \$556 per fortnight currently, compared to the minimum wage of \$1438.40 (before tax) per fortnight. But this person's NSA gets cut by \$75 per fortnight for earning an extra \$254 a fortnight through a casual part time job. This amount is actually equivalent of only 13 hours of paid work at the adult minimum wage rate. So, instead of being rewarded for securing a paid work and supported with income stability to reach minimum wage levels, the NSA recipient is, in effect, gets financially penalised for working. Therefore,

¹⁴ Analysis of the impact of raising the rates of Newstart and other allowances rates, a Report by Deloitte Access Economics for ACOSS, September 2018



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subjecting NSA and other related payments to income tax creates a disincentive for the recipients in searching for a paid job. This disincentive issue was noticed by the Henry Tax Review and many other experts who consequently recommended that all welfare payments should be non-taxable.¹⁵

Recommendation 4:

To remove disincentives to work and gain financial independence, all Newstart allowances and related payments should be tax exempt.

Gender and culture sensitivity of the current income support payments in Australia, and their impact on recipients

As an organisation supporting culturally and linguistically diverse (CALD) women disadvantaged by low skills, legal barriers (visa status), age barriers, cultural and language barriers, IWIn is seriously concerned about the total absence of gender and culture sensitivity of the income support payments, including Newstart allowances and related payments. These women often are on NSA for long term and hence face a range of barriers to employment, as people who rely on allowances for long term are at higher risk of compounding hardships in multiple areas, such as, education, housing and health, and social exclusion.

Women coming from CALD and migrant background are severely impacted by discrimination at work due to non-recognition of overseas qualifications and experiences by the Australian employers, carers' responsibility for family members, limited access to resources (e.g., trainings, internet, equipment, stationaries, transport etc), family practices/expectations and language barriers, in addition to social exclusion and violence they face at home. Rent allowance provided with NSA is not effective enough to meet their need for more affordable and accessible housing. This affects these women's ability to benefit from the income support mechanisms and their capacity to live with dignity while in receipt of Newstart allowances. These women and their families with young children and aging parents often live in poverty because of low income support coupled with inadequate housing assistance. In fact, it is next to impossible for these women to be economically secure without affordable housing.

The federal budget is the most important policy statement of the Australian government. And yet it failed to recognise women's unpaid labour in the household, particularly migrant women's unpaid role in caring work for young and old, and the extent to which it limits their participation in the job market and therefore gaining economic security and empowerment over the life course. While the 2019-20 Budget announced investing \$328.0 million to include a range of measures to keep Australian women safe, give them greater choices about their lives and build financial security for them and their families, it remains silent on income support payments for the CALD women coming from disadvantaged migrant background who are not refugees. The Budget has also not mapped any specific strategy for these women facing multiple barriers to

¹⁵ Ingles, D. and Plunkett, D. (2016) *Effective marginal tax rates*. Crawford School of Economics, Australian National University.



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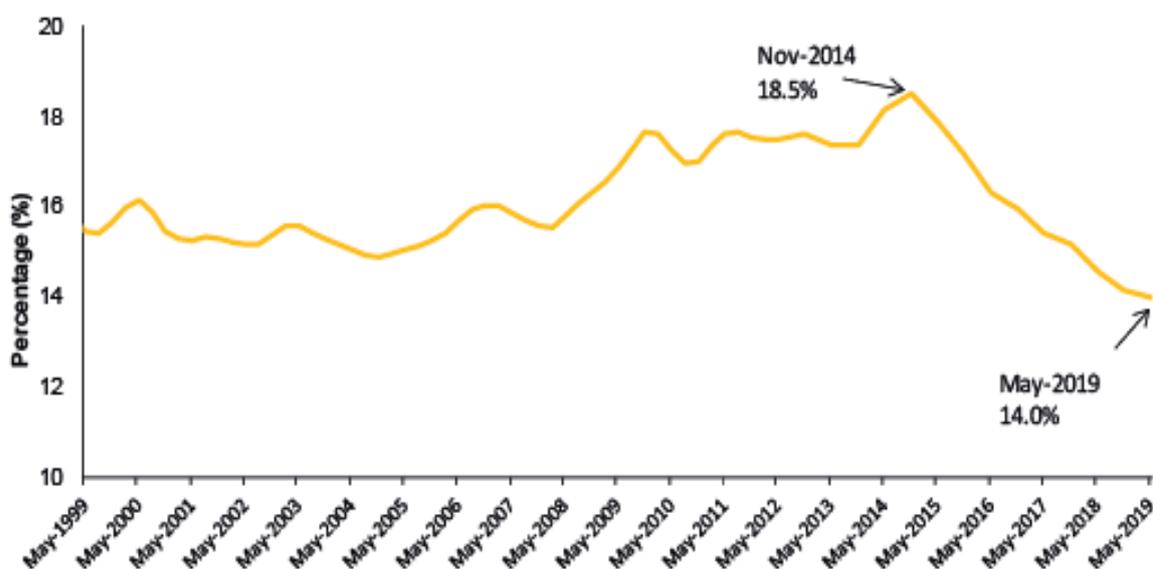
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enter the labour force and thus being dependent on income support payments for long term, over 12 months. These barriers include low skills (qualifications, experience and interpersonal), non-recognition of overseas skills, age barriers, limited english language skills, cultural issues, carer responsibilities, limited access to transport and other supporting infrastructure.

This Budget allocated fund for pre-school places (\$453 million in the next year) and support for carers (\$84.3 million over four years), which will enable women with bulk of unpaid caring duties to participate in paid work. However, these budget measures are limited in scope and fail to address the fundamental issues of the gender pay gap, insecure and under-employment, economic insecurity and systematic gender bias in the workforce. It is well known now that gender pay gap still exists in the Australian economy in favour of male employees, though falling since November 2014 (see **Figure 6**) and on average, a woman currently earns \$241.50 less per week than a man.¹⁶ In fact, a man can expect to take home 21.3% more in total remuneration than a woman, according to the 5th Workplace Gender Equality Agency review to pay discrepancies between men and women employees.

Figure 6: The Australian National Gender Pay Gap, May 1999 - May 2019



Source: Figure 1, Australia’s Gender Pay Gap Statistics August 2019, Workplace Gender Equality Agency, Australian Government

Given the existing gender bias in the Australian job market, CALD women (who are disadvantaged) require more support from the federal government with adequate financial assistance and access to job oriented vocational education and training opportunities, in addition to affordable housing and transport to ensure they are not socially excluded. These women with social security problems tend to face additional hardships like homelessness, disability, physical or mental ill-health, or family and domestic violence. As social security supports for these women

¹⁶ <https://www.theguardian.com/world/2019/aug/15/australias-gender-pay-gap-still-14-with-men-earning-240-more-a-week-than-women>



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include Newstart allowances (NSA) and related payments that aid them when they are at their most vulnerable state, this very low rate of NSA hurts these women most. In principle, the social security system plays a critical role in supporting people who are locked out of paid work or don't have the ability or means to support themselves and the inadequacy of NSA payments for these women defeats this role.

In fact, the low rate of NSA impacts the wellbeing of the family of these women, including their children. Studies found that children in low income families have nearly five times less spent on their education each week than those in high income households, with implications for their future employment prospects.¹¹ It is common for these children to miss out on school excursions and leisure activities because their families simply cannot afford them. In addition, economic circumstances affect children's lives in several ways, including the quality of their family relationships and their educational, developmental and mental health outcomes.

We find that more and more CALD families IWIn works with are experiencing financial hardship due to barriers they face in securing jobs, which has significant effects on their housing stability, health, education and social inclusion. IWIn's range of community workshops and awareness sessions with women from CALD backgrounds found that these women felt more comfortable about seeking help from their own community due to their existing cultural and language issues. Therefore, CALD community organisations need to be encouraged to support their own disadvantaged women and family, particularly women above 55 years of age and new migrants, through targeted job trainings/work experience, housing and transport assistance, access to internet and social network to overcome several blockades they face.

Recommendation 5:

A comprehensive gender and culture responsive income support strategy for socially and economically disadvantaged CALD women to be implemented, where:

- Newstart allowance for CALD women must be pegged to the minimum wage rate set by Federal government.*
- Raise the level of Commonwealth Rent Assistance to better meet the needs of these CALD women and their families, while increasing and maintaining the availability of housing;*
- Assist CALD women on NSA and related payments with priority vocational education and training on job ready courses with adequate support for childcare, aged care and transport services.*
- Allocate fund for CALD community activities in the Federal Budget that directly support or create paid job opportunities for disadvantaged women and family, particularly women above 55 years of age and new migrants*



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Conclusion

IWIN appreciates the efforts taken by the Australian Senate to consult with the community on its proposed inquiry on the adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia. This submission contributes to this consultation process by adding the views, concerns and suggestions of the ACT's multicultural community.

IWIN welcomes this opportunity to participate and engage our members on this important income support payments related policy development. IWIN will look forward to taking part in any future consultation processes, as required.

Yours sincerely,

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