

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

Submission to the Senate Community Affairs Reference Committee

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About CREATE Foundation

CREATE Foundation is the national consumer body for children and young people with an out-of-home care (OOHC) experience. We represent the voices of all children and young people currently in care, and those who have transitioned from care up to the age of 25.

Our vision is that all children and young people with a care experience reach their full potential, in line with our mission to:

- **CONNECT** children and young people to each other, CREATE and their community; to
- **EMPOWER** children and young people to build self-confidence, self-esteem, and skills that enable them to have a voice and be heard; to
- **CHANGE** the care system, in consultation with children and young people, through advocacy to improve policies, practices and services and increase community awareness.

We achieve our mission by facilitating a variety of programs and activities for children and young people in care and developing policy and research to advocate for a better care system.

Response


CREATE welcomes the inquiry into the adequacy of Newstart and related payments to the Senate Community Affairs References Committee. We have provided comment below on relevant sections from the Terms of Reference.

The impact of the current approach to setting income support payments on older unemployed workers, families, single parents, people with disability, jobseekers, students, First Nations peoples, people from culturally and linguistically diverse backgrounds, people living in regional and remote areas, and any others affected by the process;

The current level of Newstart is more than \$100 below the poverty line and less than 40% of the minimum wage. As argued by a recent survey undertaken by the Australian Council of Social Services (ACOSS, 2019) of the experiences of Newstart recipients, this level of funding often does not allow people to cover basic living expenses such as food and healthcare, however also impinges on their quality of life such as reducing opportunities to engage in social activities. Single parents, people with a disability, Aboriginal and/or Torres Strait Islander peoples and people living in regional and remote areas are disproportionately recipients of income support payments. CREATE wishes to draw the committee's attention to a particular cohort who are disadvantaged by the current inadequacy of the Newstart allowance, that being young people with an out-of-home care experience.

Young people with a care experience are overrepresented in other groups experiencing disadvantage and thus reliant on income support: over a quarter of young people in care have a disability, and a third identify as Aboriginal and Torres Strait Islander (Australian Institute of Health and Welfare, 2019; McDowall, 2018). Young people in care are therefore at an intersection of disadvantage, not only struggling with issues such as cultural disconnection or disability that impacts on the ability to find stable employment, but also often have to cope with ongoing effects of trauma, abuse and neglect that precipitates entry into care. This early trauma is often compounded with experiences of placement instability, separation from siblings, lack of opportunities to build trusting relationships with adults due to caseworker turnover, as well as perceptions of lack of safety, particularly if placed in a residential environment (McDowall, 2018).

Such experiences account in part for the range of adverse life outcomes young people in care are at increased risk of when they leave care at 18. A third experience homelessness during their first year of



independence, and only a third complete year 12 (McDowall, 2009). Other research identifies the higher rates of mental health concerns, contact with the criminal justice system, early pregnancy, and the intergenerational cycle of involvement with statutory systems (indeed, the inadequacy of financial assistance to birth parents is often a contributing factor as to why they themselves came into care). An outcome of such experiences is that a significant proportion of young people leaving care are reliant on Centrelink payments such as Newstart and Youth Allowance; research by the CREATE Foundation has identified that 60% of young people having left care utilise these payments (McDowall, 2016).

The adequacy of income support payments in Australia and whether they allow people to maintain an acceptable standard of living in line with community expectations and fulfil job search activities (where relevant) and secure employment and training;

The commitments associated with Newstart can be difficult for young people with a care experience to adhere to; it is difficult to apply for work or engage in further education and training when confronted with the issue of leaving a placement to enter into public housing or homelessness, when you have a criminal history, have a young child whom you cannot afford child care for when you have a work shift, or when struggling with a mental health concern for which you cannot afford medication or specialist assistance. This situation is demonstrated by the quote below from a young person who participated in a CREATE consultation regarding financial management skills of care leavers:

Not being able to afford to live. Have a four year old and it is scary. Losing my job or becoming unwell. Live week to week- don't have any savings. (Female, 20 as cited in CREATE Foundation 2019)

Managing applications and seeking assistance is also difficult, when there has been a lack of comprehensive planning from a caseworker, or limited engagement from caseworkers in equipping young people in care with knowledge of what support is available.

Getting a good job is difficult. Getting Centrelink is difficult. Accessing services can be difficult. It would be great to have more support workers help in dealing with Centrelink. Having care workers have information. (Female, 18 years, as cited in McDowall, 2009)


Applying for Centrelink Youth Allowance is very lengthy, the questions don't allow you to reflect appropriately of your experience especially being in OOHC, the process of obtaining and maintaining payments is not appropriately translated to young people. (Young Person, 22 as cited in CREATE Foundation, 2019)

While other young people may have social support networks to draw upon for assistance, whether practical assistance in putting together a resume or babysitting, young people in care often lack this same network of support.

The relative merits of alternative investments in health, education, housing and other programs to improve outcomes

CREATE supports the position of the Australian Council of Social Services to raise the rate of Newstart, and related payments such as Youth Allowance, by at least \$75 per week. However, this needs to occur in the context of other commitments to improve outcomes for at risk members of society, including those with a care experience. This includes, as ACOSS also argues for, indexing payments to wages, and increasing the Commonwealth Rent Assistance for those on Newstart.

CREATE also argues for state and territory governments to provide the right to supported placements for young people in care until they are 21. While statutory orders will still end when the young person



turns 18, they should have the option to remain with foster carers (who are reimbursed) or in a supported living arrangement. This scheme will mitigate the increased risk of homelessness experienced by young people leaving care, and facilitate their engagement in further education and employment.

A safe way to have expenses without having the risk. E.g. having to pay rent but while you're still at home and at the end of the year you get it back and you just learn the ways to budget in a practical manner without having that risk of homelessness. (Female, 17, as cited in CREATE Foundation 2019)

CREATE strongly opposes alternative measures that expose individuals requiring assistance to stigma and shame. This includes measures such as cashless welfare cards, which are not cost effective and instead expose the individual to harassment, social isolation, and lack of autonomy.

Conclusion

Ultimately CREATE argues that the lack of adequate financial assistance with the current Newstart allowance compounds the difficulties for young people leaving care in becoming independent and resilient members of society. Not only should the Newstart allowance be increased, but the government should make concerted efforts in other systems such as child protection to break the cycle of disadvantage.

References

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