



Parliament of  
South Australia

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**INTERIM REPORT  
OF THE  
SELECT COMMITTEE  
ON  
POVERTY IN  
SOUTH AUSTRALIA**

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## **THE SELECT COMMITTEE**

### **Appointment and Terms of Reference**

On 30 May 2018, the Legislative Council passed a resolution on the motion of the Hon. Tammy Franks for the appointment of a Select Committee to inquire into and report on poverty in South Australia, and in particular:

- (a) The extent and nature of poverty in South Australia;
- (b) The impact of poverty on access to health, housing, education, employment, services and other opportunities;
- (c) The practical measures that could be implemented to address the impacts of poverty;
- (d) Any other relevant matters.

### **Membership**

Membership of the Committee:

Hon. T. A. Franks MLC (Chairperson)  
Hon. J. E. Hanson MLC  
Hon. F. Pangallo MLC  
Hon. I. Pnevmatikos MLC  
Hon. T. J. Stephens MLC

Secretaries to the Committee: Ms Leslie Guy and Ms Emma Johnston

Research Officer to the Committee: Ms Sue Markotić

### **Conduct of Inquiry**

On 7 July 2018, a notice was placed in *The Advertiser* to inform the public of the Terms of Reference for the inquiry and to invite submissions and oral evidence. The inquiry was also advertised in selected regional papers as well as a number of other publications. In addition, the Committee wrote to a number of individuals and organisations with an interest in the inquiry inviting them to provide oral evidence or make a written submission.

The Committee commenced hearing evidence on 21 August 2018. To date, the Committee has heard evidence from three groups of witnesses and received sixty-seven written submissions. In mid-September 2018, as part of its inquiry, the Committee also visited and heard evidence from a number of people and organisations in Whyalla, Port Augusta and Port Lincoln.

Lists of submissions received and witnesses who appeared before the Committee are provided in the appendices.

## Scope

The Select Committee recognises that poverty in South Australia is a complex and multifaceted issue requiring careful and considered analysis. Accordingly, the Committee thought it sensible to undertake its inquiry in a number of stages, each stage inquiring into and reporting on a key area of focus. The first of these focus areas examines issues related to the Newstart Allowance – a Commonwealth income support payment that provides financial assistance to people who are unemployed and aged 22 years or older who have not reached the pension age.

Many of the submissions received raised the Newstart Allowance as a key issue and repeatedly emphasised the need for the payment to be increased. Indeed, at the commencement of its inquiry, the Committee received evidence stating that:

there can be no discussion of poverty ... without discussing the low rate of the Newstart Allowance ... and its effect on the quality of life, as well as on the community and the economy.<sup>1</sup>

Subsequent focus areas will be determined by the Committee as the inquiry progresses.

## Interim Report

The Committee recognises that there are diverse groups of people in our community for whom poverty takes on an even greater burden, including Aboriginal people, people with disabilities or health issues, young people or lone parent households, particularly those headed by women. Although the emphasis of this interim report is on the Newstart Allowance, further examination of the specific impact of poverty on particular demographic groups as well as related socioeconomic issues will be examined as the inquiry progresses.

While this interim report is a subject-specific report, it should not be viewed in isolation of the Committee's subsequent reports examining other aspects of poverty in South Australia. This report lays the groundwork for the subsequent reports of the Committee. Future reports of the Committee will build on the findings and recommendations contained within this interim report.

## Acknowledgments

The Committee wishes to thank the agencies and individuals who provided evidence so far to this inquiry. In particular, it acknowledges and thanks those who wrote and spoke about their own experience of poverty. The Committee appreciates the effort many people took to tell their own stories, particularly given their often-limited resources. Their intensely personal accounts significantly deepened the Committee's understanding of the issues before it.

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<sup>1</sup> Anti-Poverty Network SA, Submission 21, p2.

## RECOMMENDATIONS

1. The Committee agrees with the overwhelming majority of submissions to the inquiry that the Newstart Allowance is far too low and falls well short of the state-based poverty line.

The Committee calls on the Federal Government to make a meaningful increase to the rate of the Newstart Allowance (and other base allowances) as a matter of urgency.

2. The Committee recommends that the State Government introduce a public transport concession scheme for the unemployed similar to that which exists for recipients of a Seniors Card.
3. The Committee recommends that the State Government monitor and analyse the results of the 12-month trial being conducted in Victoria in which eligible public transport users are issued with weekly or monthly public transport passes enabling them to travel for free during specified time periods.
4. The Committee recommends that the State Government simplify concession fare requirements and accept Health Care Cards as proof of entitlement to a concession fare.
5. The Committee recommends that the State Government examine the introduction of a fairer and more flexible fines and infringement notices system. In doing so, the Committee further recommends that the State Government consider the option of introducing an income-based fines system.
6. The Committee recommends that the State Government review the current demerit points system to develop more practical options to reduce the likelihood of licence disqualification due to relatively minor traffic infringements for those who are disadvantaged, particularly in regional and remote areas.

## EXECUTIVE SUMMARY

This is an interim report which is part of a broader inquiry by the Committee into poverty in South Australia. Its primary focus is on the Commonwealth Newstart Allowance, the principal income support payment for those who are unemployed.

Evidence to the inquiry repeatedly stressed that the Newstart payment – currently \$275.10<sup>2</sup> per week for a single person with no children, less than \$40 per day – is too low and well-below the state-based poverty line of \$408 per week, as defined by the South Australian Council of Social Service (SACOSS). The inquiry heard that the Newstart payment has not increased substantially in real terms for over 20 years and has lagged well behind other welfare payments.

For many people, unemployment is not a temporary state. The Committee heard that the longer the duration, the more damaging the impact. Evidence to the inquiry suggests that around half of all Newstart recipients remain on the payment for more than two years. The Committee recognises that the longer people are out of the labour market the more difficult it becomes to find employment.

Numerous submissions emphasised the day-to-day struggles faced by those living on limited incomes trying to make ends meet. The Committee heard ample evidence of the daily challenges confronting people living in poverty who are faced with having to make intolerable choices, such as going without a meal or medication to cover an unpaid bill. Many described how living in poverty too often means living a life of social exclusion.

While the impact of the increasing cost of living expenses was repeatedly raised in evidence, one of the other pressing issues raised by Newstart recipients was access to, and cost of, public transport. For those living on Newstart, many are often wholly reliant on public transport to get to necessary appointments including those with employment agencies. The Committee recognises that when a person's ability to access public transport is significantly reduced – whether due to its cost or unavailability in certain areas – it makes it near impossible to meet even the most basic tasks such as getting to job interviews or attending other employment-related appointments.

The Committee heard evidence about the particular difficulties experienced by many Newstart recipients who have mistakenly believed that their Health Care Card is sufficient evidence to prove their entitlement to a concession fare. As such, many low-income earners have been fined for not carrying a Transport Concession Card when travelling on a concession fare. The Committee was told that this additional requirement to prove concession fare eligibility was unnecessarily bureaucratic.

The Committee also heard numerous stories about the disproportionate financial impact that fines and infringement notices can have on the lives of disadvantaged people. Many vulnerable people too often find themselves caught up in the traffic infringements system. Evidence was presented about the significant financial stress placed on low-income earners because the

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<sup>2</sup> As at 20 September 2018.

current system does not consider income levels when calculating a traffic fine. The regressive nature of flat-rate fines means that the poor are harder hit by financial penalties than those earning more.

The Committee notes that there has been significant community support for an increase in Newstart including strong support from a broad range of charities, community organisations, and local councils as well as business and economic interest groups.

While the Committee understands that any reforms to the income support system would have significant budgetary implications for the federal government, evidence to the inquiry strongly suggests that raising Newstart makes good economic sense and would help create jobs, lift wages and benefit the entire community through increased consumer spending, especially in regional economies. The Committee also notes that while the Newstart payment is the responsibility of the federal government, if income support payments continue to decline well short of the state poverty line it will invariably fall to the state government and non-government agencies to continue to find the resources to assist the most vulnerable.

The recommendations outlined in the report should be seen as a starting point. The Committee intends to consider other aspects of poverty in more detail and put forward further recommendations as the inquiry progresses.

## OVERVIEW

Overall, the submissions so far have emphasised the diversity of people living in poverty and the multifaceted nature of the problem. Some of the key issues affecting those living in poverty that have emerged so far include:

- Government allowances and concessions not keeping up with rising costs of living
- Long wait times for public housing and high costs in private rental
- Cost of public transport and its unavailability in regional areas
- Excessive cost of electricity and other utility charges
- Long wait times to access health services, especially mental health services
- Lack of access to information and communication technologies
- The regressive nature of the current flat-rate fine and infringement system
- Lack of employment opportunities and training, especially in regional communities
- Social isolation and marginalisation
- The overrepresentation of particular demographic groups in poverty statistics.

## What is Poverty?

Evidence to the inquiry suggests that there is no universally agreed-upon definition or measure of poverty.<sup>3</sup> Most often, literature on poverty broadly discusses the issue in either absolute or relative terms.<sup>4</sup> Absolute poverty refers to a lack of life's most basic requirements such as food, clothing and shelter. Relative poverty broadens this notion by considering where a person sits in relation to the rest of the community; whether they have the requisite resources to enable them to function well and fully engage in the community in which they live. This latter view extends the definition to mean more than simply a lack of income and financial resources.

Not surprisingly, the majority of the written submissions received do not use any particular definition or measurement of poverty.<sup>5</sup> However, they do use income as a key starting point in defining poverty.

In its submission, the South Australian Council of Social Service (SACOSS) – the peak body for the non-government health and community services sector in South Australia – points out that although poverty is multidimensional embracing a whole range of issues, including health, housing, education, and employment – income is still important because it is the means by which we access goods and services. In other words, poverty cannot be defined in isolation of income levels:

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<sup>3</sup> SACOSS, Submission 19, p9.

<sup>4</sup> SACOSS, Submission 19, p9.

<sup>5</sup> In the past, the Henderson Poverty Line (developed by *Professor Ronald Henderson* in 1973) was widely used to estimate the extent of poverty in Australia – the poverty line was defined as a percentage of average earnings, adjusted for household size. Over recent years, there has been a shift away from this specific measure towards the use of alternative income-based poverty lines.

income and money measures of poverty ... [are] the easiest entry points to understanding poverty ... mostly because in our society, money is a crucial determinant of access to resources and services, and [therefore] crucial to living standards and life opportunities, and for getting out of poverty.<sup>6</sup>

## How is Poverty Measured?

How poverty is measured, therefore, differs depending on the definition applied. While the Australian Bureau of Statistics (ABS) publishes data for research purposes, it does not provide any definition or specific measure of poverty.<sup>7</sup> The Committee understands that social researchers often make their own assessments about the level of income deemed necessary to maintain a minimum socially acceptable standard of living. Data from the ABS is then used to determine who falls below that particular income level.

In its submission, SACOSS stated that one of the most accepted measures on poverty has been to use a cut off of 50 per cent of the median income across Australia. The 'national' poverty line is defined as a single adult living on less than \$433 a week, or \$909 for a couple with two children.<sup>8</sup> Using this poverty line, recent national research suggests that more than 3 million people are living in poverty including more than 700,000 children.<sup>9</sup> Recipients of government allowances such as Newstart and Youth Allowance are those who experience the highest levels of poverty.<sup>10</sup>

Further, SACOSS contends that any such national measure of poverty is problematic as it does not reflect regional differences in income and cost of living. With new data access from the ABS, SACOSS has been able to produce a state-based poverty line, based on 50 per cent of the median income in South Australia. SACOSS suggests that this new approach 'may better capture a summary of poverty in South Australia'.<sup>11</sup>

Using this analysis, SACOSS concludes that the poverty line for a single adult in South Australia (adjusted for 2018) is \$408 or below per week. As with any attempt to provide an accurate measure of poverty, there will inevitably be shortcomings. For instance, the aged-pension sits just above this poverty line at \$417.20 per week for a single person, and the line, therefore, does not capture low wealth aged-pensioners who may have few assets.<sup>12</sup> As such, SACOSS cautions that this state-based measure provides 'a fairly conservative snapshot of poverty in South Australia'.<sup>13</sup>

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<sup>6</sup> SACOSS, Submission 19, p9.

<sup>7</sup> SACOSS, Submission 19, p9.

<sup>8</sup> See, Davidson, P., Saunders, P., Bradbury, B. and Wong, M. (2018), Poverty in Australia, 2018. ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS, p21.

<sup>9</sup> Davidson, et al, p22.

<sup>10</sup> Davidson, et al, p6.

<sup>11</sup> SACOSS, Submission 19, p11.

<sup>12</sup> SACOSS, Submission 19, p15.

<sup>13</sup> SACOSS, Submission 19, p12.

Based on this state-based poverty line, SACOSS presented the following estimates for poverty in South Australia for 2015-2016 (being the most recent ABS census data):

- Over 130,000 people or around 8% of the South Australian population were living in poverty, including more than 22,000 children
- Pensions and benefits were the main source of income for 64% of all households in poverty, while 16% had employment as their main source of income
- A significant percentage of households in poverty (45%) were renting, and about half of those were in the private rental market
- The rate of poverty in rural areas is twice that of the city.<sup>14</sup>

While ongoing research and debate about how poverty is defined and measured will no doubt continue, it has been suggested that the ‘differences [in the debate] don’t matter that much [as] there will inevitably be some level of arbitrariness’.<sup>15</sup> Notwithstanding, evidence to the inquiry overwhelmingly accepts that those living on the Newstart Allowance are living in poverty. As put by one witness, ‘if you are on Newstart, by definition you are living in poverty’.<sup>16</sup>

The personal submissions to the inquiry move the debate away from statistics and provide ample evidence of the lived experience of poverty for those receiving Centrelink payments. This was elucidated in a submission from a recipient of Newstart Allowance (currently \$275.10 per week) who posed the following question in her submission:

Can you imagine living on \$40 a day, paying rent, food, bills, healthcare, dental, transport, clothing, footwear, haircuts, internet, phone, transport, attending job interviews ... and having even a small amount of social interaction?<sup>17</sup>

## **NEWSTART ALLOWANCE**

Centrelink – part of the Commonwealth Department of Human Services – is the agency responsible for administering income support and emergency payments to Australians. The Newstart Allowance is an income support payment that provides financial assistance to people who are unemployed and aged 22 years or older who have not reached the pension age.<sup>18</sup>

The Allowance was introduced in 1991, replacing the then unemployment benefit.<sup>19</sup>

Nationally, there are 727,533 people receiving the Newstart Allowance.<sup>20</sup> In South Australia, data shows there are 65,755 Newstart recipients with the overwhelming majority receiving the

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<sup>14</sup> SACOSS, Submission 19, p6; Ogle, Hansard, pp11-12.

<sup>15</sup> SACOSS, Submission 19, p10.

<sup>16</sup> Ogle, Hansard, p12.

<sup>17</sup> Annette [redacted], Submission 27, p1.

<sup>18</sup> *Social Security Act 1991* (Cth) pt 2.12 div 1 sub-div A s593.

<sup>19</sup> Social Security Guide at <http://guides.dss.gov.au/guide-social-security-law/1/2/1/10> accessed 30 October 2018.

<sup>20</sup> DSS Demographics, June 2018 at <https://data.gov.au/dataset/dss-payment-demographic-data/resource/57c91779-cce6-4ec4-b94f-50464ca55a77> accessed 30 October 2018.

single rate.<sup>21</sup> Evidence to the inquiry, however, suggests that these numbers may be an underestimate as some who are entitled to the payment choose not to apply.<sup>22</sup>

## Current rate

As indicated in the table below, the current<sup>23</sup> fortnightly rate of payment for a single adult with no children is \$550.20 (i.e. \$275.10 per week), equating to an income of around \$40 per day. The Committee notes that this current rate is \$132.90 below the state-based weekly poverty line of \$408 per week.<sup>24</sup>

**TABLE 1: EXAMPLES OF FORTNIGHTLY NEWSTART ALLOWANCE PAYMENTS<sup>25</sup>**

STATUS	MAXIMUM FORTNIGHTLY PAYMENT
<i>Single, no children</i>	\$550.20
<i>Single, with a dependent child or children</i>	\$595.10
<i>Single, aged 60 or over, after 9 continuous months on payment</i>	\$595.10
<i>Partnered</i>	\$496.70 each

The above examples are the highest Newstart payments made to those eligible at present. Depending on individual circumstances, the rates shown may vary. Those in receipt of Newstart may also receive additional support payments including, for example, rent assistance, energy supplement, pharmaceutical allowance and remote area allowance.

Although the Newstart Allowance is adjusted twice-yearly to the Consumer Price Index (CPI), its ‘purchasing power’ has decreased in real terms, meaning that Newstart recipients ‘are worse off now than those unemployed 20 years ago’.<sup>26</sup> In its submission, SACOSS provided an overview of data relevant to the Newstart Allowance emphasising that the rate has not increased in real terms for over two decades. Evidence also suggests that for single parents – overwhelmingly women, who are transferred from a sole parenting payment to the lower Newstart Allowance after their youngest child turns eight – the impact has been severe, placing them and their children under further social and financial stress.<sup>27</sup> The Committee notes that

<sup>21</sup> DSS Demographics, June 2018 at <https://data.gov.au/dataset/dss-payment-demographic-data/resource/57c91779-cce6-4ec4-b94f-50464ca55a77> accessed 30 October 2018. Data shows 51,616 people receive the single rate.

<sup>22</sup> Forgione, Hansard, p135.

<sup>23</sup> As at 20 September 2018.

<sup>24</sup> SACOSS, Submission 19, p20. Please note, the figures have been adjusted to reflect the current single adult rate of the Newstart Allowance as at the end of September 2018.

<sup>25</sup> Information sourced from the Australian Government, Department of Human Services website, <https://www.humanservices.gov.au/individuals/services/centrelink/newstart-allowance/how-much-you-can-get>, accessed 28 October 2018.

<sup>26</sup> SACOSS, Submission 19, p15.

<sup>27</sup> National Council of Single Mothers and their Children Inc, Submission 16, pp5-6.

for a young single person who lives away from the parental home, the rate of the Youth Allowance payment is even lower, currently around \$32 per day, requiring young people to live ‘week to week with the barest of necessities to manage on little to no disposable income’.<sup>28</sup>

## **Lived Experience**

While statistics and data are necessary to help determine the scope and complex nature of poverty, they cannot adequately convey the full extent of the hardship experienced by those affected by poverty. The Committee is mindful that the lived experience of people living in poverty should also be reflected in any examination of this issue.

Evidence from those living on Newstart highlighted the financial, physical and emotional struggles they experience on a day-to-day basis. Many wrote of the isolation and loneliness that often accompany unemployment. Indeed, the Committee was reminded of the difficulty some people have even submitting evidence to this inquiry:

I am writing this submission with a laptop I have borrowed from a church, from a room I am renting from a family member, who can only keep me until the end of the month.<sup>29</sup>

The Committee heard from various members of the Anti-Poverty Network – a community advocacy group consisting of people affected by, and concerned with, poverty and unemployment in South Australia, the vast majority of whom are in receipt of welfare payments. Mr Pas Forgione, Campaigns Coordinator, Anti-Poverty Network, South Australia, provided some context to the South Australian experience, informing the Committee that the majority of Newstart recipients are dealing with a sub-optimal labour market that compounds their financial stress and profoundly impacts on their physical and emotional wellbeing.<sup>30</sup>

Importantly, Mr Forgione provided a historical context and spoke about the changing nature of the Australian labour market and the issue of unemployment. He explained that when unemployment benefits were first legislated in the 1940s, unemployment was a relatively short-term experience for most people but this is no longer the case; for many, it is not a temporary state:

I think our welfare system hasn't caught up with the fact that increasingly unemployment is a long-term phenomenon ... [Presently, around] 70 per cent of Newstart recipients are on the payment for more than 12 months. Over half are on the payment for more than two years ... It is the long-term nature of unemployment that I think really causes serious harm to the wellbeing of Newstart recipients.<sup>31</sup>

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<sup>28</sup> Youth Affairs Council of South Australia (YACSA), Submission 32, p3.

<sup>29</sup> Aidan [redacted], Submission 20, p1.

<sup>30</sup> Forgione, Hansard, p132.

<sup>31</sup> Forgione, Hansard, p132.

In her evidence, Ms Tammy Headon, State Coordinator, Anti-Poverty Network, South Australia, echoed these sentiments. She told the Committee that while it may seem to some that living on Newstart would be possible for a week or two, it is an entirely different proposition to manage on such a low income over the long-term. She spoke about the ‘compounding effect’ of long-term unemployment and the stress and stigma attached to this existence.<sup>32</sup> Another spoke about the inability to plan ahead when living on Newstart for significant periods of time, ‘people can’t plan ... they can’t gain control over their lives.’<sup>33</sup>

The inquiry also heard about the concept of ‘poverty premiums’ – a term used to describe circumstances in which people living in poverty pay more for equivalent goods and services than those on higher incomes. For example, those who are poor may pay higher cost of living prices as they are unable to purchase more cost-effective solar technology or benefit from bulk-buying groceries.<sup>34</sup> The Committee heard that regional communities pay even greater poverty premiums as there are far fewer opportunities to purchase cheaper food locally or access lower-cost internet services.<sup>35</sup> Put simply, the Committee was told that ‘it costs more to be poor’.<sup>36</sup>

The challenges faced by older jobseekers was also a recurrent theme in evidence to the inquiry. In one submission, a 57-year-old woman explained that she was living a ‘relatively comfortable and ... happy life’ before the company in which she had worked full-time for many years closed ‘without warning’.<sup>37</sup> Even with her university qualifications and extensive work experience in a variety of fields, as an older worker she has been unable to secure employment. She explained:

Being forced to depend on this payment for extensively long periods of time puts people into such a desperately severe state of extreme poverty that becomes impossible to recover from.<sup>38</sup>

In another submission, a concerned mother wrote on behalf of her 24-year old son who is in receipt of Newstart. She described how her son, who is living in a share-house, has experienced a significant deterioration in his mental health trying to ‘survive’ on Newstart and feeling he is ‘judged and looked down upon by others’ because of his social and financial circumstances.<sup>39</sup>

In her submission, Ms Denise [redacted] wrote about how any savings a person may have accumulated are quickly eroded after a job loss and how it is impossible to recover these savings after a sustained period on Newstart. She highlighted how financial stress is exacerbated for those on low incomes when unexpected expenses arise such as medical costs

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<sup>32</sup> Headon, Hansard, p132.

<sup>33</sup> Martin, Hansard, p64.

<sup>34</sup> SACOSS, Submission 19, pp16-17.

<sup>35</sup> Martin, Hansard, p64.

<sup>36</sup> SACOSS, Submission 19, p16.

<sup>37</sup> Wendy [redacted], Submission 38, p1.

<sup>38</sup> Wendy [redacted], Submission 38, p1.

<sup>39</sup> Rioghnach [redacted], Submission 48, p2.

or having to repair household items, for example, ‘if the hot water service blew up or the fridge stopped working in the middle of summer’.<sup>40</sup> Another witness explained that her car was ‘off the road for about four months’ because she could not afford to get the brakes repaired.<sup>41</sup>

Evidence about the impact of chronic disease on poverty was also highlighted in submissions. For those who have a chronic illness but are deemed ineligible to receive a disability support pension, their length of time on Newstart causes even greater economic hardship.<sup>42</sup>

During the Committee’s regional visit, Ms Noblelene Mackenzie-Stuart, Aboriginal Community Development Officer, Port Augusta City Council highlighted the impact of chronic disease on many Aboriginal people living on Newstart:

[We] have a high number of Aboriginal people who live with chronic diseases ... When you have those chronic diseases ... it’s ... difficult because the added cost of other complications that arise from those chronic diseases is costly and not everybody can afford that ...<sup>43</sup>

Another of the submissions summed up much of the evidence received by the Committee about what it means living on a Newstart Allowance:

**What is it like on Newstart?**

It is wondering where the next cent is going to come from.  
It is struggling every day to make ends meet.  
It is going without meals.  
It is not being able to pay your bills if you do eat.  
It is not being able to turn on your heating or your cooling so you are either sweating profusely or have uncontrollable shivering.  
It is not buying Christmas or birthday presents for family or grandchildren.  
It is not being able to be inclusive in society as you cannot afford to attend social gatherings.  
It is not being able to afford take away or meals out with family or friends.  
It is not being able to even afford public transport or have your own car.  
It is a barrier to finding employment as you cannot afford to get dental care, get your hair done or even at times, afford public transport, buy suitable clothing or footwear.  
It is not being able to buy electrical items because you cannot afford it.  
It is becoming lonely, isolated and depressed.<sup>44</sup>

<sup>40</sup> Denise [redacted], Submission 25, p3.

<sup>41</sup> Mackenzie-Stuart, Hansard, p57.

<sup>42</sup> ME/CFS Australia (SA) Inc, Submission 61, p2.

<sup>43</sup> Mackenzie-Stuart, Hansard, p53.

<sup>44</sup> Annette [redacted], Submission 27 (Adapted) p1.

To make the challenges faced by those managing limited incomes more tangible, SACOSS provided the weekly budgets of 5 Newstart recipients:<sup>45</sup>

**TABLE 2: HOUSEHOLD WEEKLY BUDGETS OF 5 NEWSTART RECIPIENTS<sup>46</sup>**

Item	Tracey	Wendy	Jai	Marie	Tanya
Age	50	50s	20s	60	50s
Relationship status	Single	Single	Single	Single	Single, p/t care two children
Housing Type	Public housing	Private rental	Private rental	Public housing	Community housing
Rent	\$89.43	\$190.00	\$150.00	\$80.30	\$115.00
Groceries	\$50.00	\$20.00	\$60.00	\$50.00	\$50.00
Power	\$35.00	\$17.50	\$35.00	\$50.00	***
Phone/Internet	\$21.25	\$15.00	\$27.50	\$5.00	\$15.00
Insurance	\$21.25				
Pets	\$37.50*			\$12.50	\$15.00
Medications	\$4.00		\$10.00	\$6.50	
MetroCard	\$4.00		\$10.00		\$10.00
Vehicle	****	\$30.00		\$36.00	
Centrelink deduct		\$24.25		**	\$10.00
Debts repayment	****	\$85.00			\$12.50
Fines					\$15.00
Saving for bed	\$12.50				
<b>Total Expenditure</b>	<b>\$262.43</b>	<b>\$381.75</b>	<b>\$292.50</b>	<b>\$240.30</b>	<b>\$252.50</b>
<b>Income</b>	<b>\$357.70</b>	<b>\$345.25</b>	<b>\$320.00</b>	<b>\$245.00</b>	<b>\$270.00</b>
<b>Difference</b>		<b>-\$36.50</b>	<b>\$27.50</b>	<b>\$4.70</b>	<b>\$17.50</b>

\* Ongoing vet bill

\*\* Debt repayment incorporated in reduced Centrelink payment

\*\*\* Power provided by social housing provider

\*\*\*\* Tracey's household expenditures include vehicle expenses and an overdraft repayment but dollar figures not specified

Any surpluses shown in the table should not be taken to mean that there is capacity to save as this amount is used for other essentials not listed. This often means there is little to no money left for contingencies. For example, in one case it is estimated that it will take at least five months to save for a basic mattress and even longer for a full bed or better-quality mattress.<sup>47</sup>

## Increasing the Newstart Allowance

During the course of the inquiry, Deloitte Access Economics released its report – commissioned by the Australian Council of Social Service (ACOSS) – examining the impact

<sup>45</sup> One recipient in the example receives AbStudy which is equivalent to the Newstart Allowance.

<sup>46</sup> SACOSS, Submission 19, p36.

<sup>47</sup> SACOSS, Submission 19, p35. It should be noted that the estimate is based on there being no other urgent matters arising in the recipient's budget.

of poverty in Australia and also the potential impact of raising a range of Centrelink allowance payments, including Newstart. The Deloitte Access Economics report finds that those on Newstart live on ‘around 36% of the average wage after tax and a little more than half of [those] working full-time on the minimum wage’.<sup>48</sup> The Committee notes that among other things, the report concludes that by raising the Newstart Allowance by \$75 per week, a range of ‘prosperity’ and ‘fairness’ benefits would flow to the economy and the community as a whole, especially regional communities.<sup>49</sup>

In its submission, SACOSS supports the national campaign to raise the Newstart Allowance. It considers an increase in the Allowance would be ‘one of the most effective practical interventions to directly alleviate poverty, both nationally and in South Australia’.<sup>50</sup>

According to its submission, SACOSS believes that there would be a broad economic value in raising the Newstart Allowance.<sup>51</sup> Specifically, SACOSS estimates that an increase in the Newstart Allowance of \$75 per week, (around \$10 per day), would put \$222 million per year into the South Australian economy.<sup>52</sup> While Newstart is the responsibility of the federal government, the state carries a significant financial burden in supporting people whose income is woefully inadequate to meet basic needs.<sup>53</sup> In describing Newstart as ‘largely a federal issue’ SACOSS also points out that ‘the state government funds anti-poverty services and often ends up picking up the tab for inadequate income support’.<sup>54</sup> As such, SACOSS considers that the state government should take an active role in ‘advocating for the needs of ... [the] most vulnerable and disadvantaged’.<sup>55</sup>

Numerous other submissions called for an increase in the Newstart Allowance,<sup>56</sup> with some suggesting it ought to be raised by \$75 per week<sup>57</sup> while others argue for an increase of \$100 per week.<sup>58</sup> Based on their own lived experience, the Anti-Poverty Network is calling for an increase to Newstart of at least \$100 per week. According to the Network, an increase of \$100

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<sup>48</sup> Deloitte Access Economics, Analysis of the impact of raising benefit rates, 2018, Report Commissioned by Australian Council of Social Service. The percentages cited are based on a 38 week at the 2017-18 minimum wage, after personal income tax. See p3.

<sup>49</sup> Deloitte Access Economics, Analysis of the impact of raising benefit rates, 2018, Report Commissioned by Australian Council of Social Service. See Executive Summary, p.ii.

<sup>50</sup> SACOSS, Submission 19, p20.

<sup>51</sup> SACOSS, Submission 19, p20.

<sup>52</sup> SACOSS, Submission 19, p20.

<sup>53</sup> Numerous welfare agencies provided written submissions to the inquiry outlining the numerous social welfare programs and concessions funded (or part-funded) by the state government.

<sup>54</sup> SACOSS, Submission 19, p7.

<sup>55</sup> SACOSS, Submission 19, p20.

<sup>56</sup> See, eg, Submissions: 6 (Child Protection Advocacy); 13 (Travellers’ Aid Society in SA Inc); 24 (South Australia State Committee of the Communist Party of Australia), 28 (Offenders Aid and Rehabilitation Services SA -OARS Community Transitions); 30 (Council of the Ageing, COTA); 33 (Australian Unemployed Workers’ Union); 34 (A/Professor Ziersch and Dr Dew – Flinders University); 41 (St Vincent de Paul Society); 43 (Anglicare SA); 49 (Australian Refugees Association); 56 (Uniting Communities); 54 (Welfare Rights Centre (SA) Inc).

<sup>57</sup> See, eg, Submissions: 30 (COTA); 32 (YACSA).

<sup>58</sup> See, eg, Submissions: 24 (South Australia State Committee of the Communist Party of Australia); 61 (ME/CFS Australia (SA) Inc); 44 (Margie [redacted]).

per week would be a ‘meaningful and substantial increase’ with the aim that it may ‘ultimately be lifted to the poverty line’.<sup>59</sup>

When asked whether Newstart should be increased and if so by how much, Mr Brian Martin, Executive Manager of Services, Uniting Country SA, told the Committee that a ‘starting point’ would be for the ‘Newstart Allowance [to be] paid at the same level as pensions’.<sup>60</sup>

Local councils have also submitted evidence highlighting the detrimental impact of the inadequate rate of Newstart on the people within their regions.<sup>61</sup> The Committee understands that in total 13 South Australian Councils, representing 700,000 residents, have called for Newstart to be raised: Salisbury, Playford, Port Adelaide Enfield, Prospect, Onkaparinga, Streaky Bay, Mount Gambier, Kangaroo Island, Copper Coast, Clare Valley, Elliston, Tea Tree Gully, and the Adelaide City Council.<sup>62</sup>

The Committee notes that a wide range of prominent individuals and interest groups have also called for an increase in the payment including former political leaders, business and industry groups. Mr Forgione told the Committee that such broad support for an increase in Newstart is a demonstration of ‘how far we have come’ and that raising the allowance should no longer be a contentious issue.<sup>63</sup>

## **PUBLIC TRANSPORT**

Many submissions to the inquiry raised the cost of, and access to, public transport.<sup>64</sup> In regional communities, access to public transport is even more limited making it near impossible for those who are unemployed to meet their job-seeking obligations.<sup>65</sup>

## **Social Isolation**

In its evidence, the Anti-Poverty Network spoke about the difficulty unemployed people experience in having sufficient funds to pay for transportation, hindering their capacity to look for work and meet other Centrelink obligations such as training and work-for-the-dole.<sup>66</sup> The inability to cover the costs of transport also exacerbates feelings of stigma and social isolation.<sup>67</sup>

In his submission, Mr Joel [redacted] wrote about how the cost of public transport had a socially isolating effect on him:

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<sup>59</sup> Anti-Poverty Network SA, Submission 21, p4.

<sup>60</sup> Martin, Hansard, p65.

<sup>61</sup> See, eg, Submissions: 29 (Cr Phillip Martin – Adelaide City Council); 46 (City of Port Adelaide Enfield).

<sup>62</sup> Forgione, Hansard, p136.

<sup>63</sup> Forgione, Hansard, p136.

<sup>64</sup> See, eg, Submissions: 21, 23, 25 and 50.

<sup>65</sup> Hunt; Patterson, Hansard, p99.

<sup>66</sup> Forgione, Hansard, p133.

<sup>67</sup> Forgione, Hansard, p133.

I don't leave the house unless I have to, because the cost of transport is too much to use all the time. I volunteer for 25 hours a week at a café, and just catching the bus there and back is a major blow to my income ... I would also be able to leave the house more if public transport were free or cheaper, even just part of the time. I would be able to visit friends, I would be able to volunteer more, and get to job interviews easier with a better, cheaper public transport system.<sup>68</sup>

As explained by Mr Aidan Jarvis, member of the Anti-Poverty Network:

[Currently] a peak concession fare with a metroCARD costs \$1.83. It is not much in the grand scheme of things, but when Newstart is under \$40 per day and rent alone for a single person is often over \$30 per day, that is already basically one-fifth of your daily budget. Naturally, this forces welfare recipients to try to travel both during interpeak periods and within the two-hour grace period and, again, this forces people to both leave and return to their house within two hours.<sup>69</sup>

Others wrote about similar hardships:

As an unemployed person who struggles to pay rent each week, the added cost of public transport fares means I do not venture anywhere that I cannot walk to. The cost of catching public transport is an added cost I cannot afford. There are things just about every day where if there was not a friend or family member to take me, I would not be going.<sup>70</sup>

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I would be able to stay a whole lot more connected to the community, if I didn't have to worry about the cost of public transport. Most weeks I am a few days without money, so making it to different events can really depend on what day of the week it is. There is no difference between \$5 and \$2.60 when you have no money.<sup>71</sup>

In their written submission the Anti-Poverty Network explained that purchasing transport tickets in bulk as a monthly pass offers further potential savings on transport costs, but is beyond the reach of many low-income people.<sup>72</sup> The Committee notes that this is another example of the 'poverty premiums' paid by those living on low incomes.

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<sup>68</sup> Joel [redacted], Submission 23, pp1-2.

<sup>69</sup> Jarvis, Hansard, p140.

<sup>70</sup> Anti-Poverty Network SA, Submission 21, pp5-6.

<sup>71</sup> Anti-Poverty Network SA, Submission 21, p6.

<sup>72</sup> Anti-Poverty Network SA, Submission 21, p5.

The Committee heard that these difficulties are compounded in regional areas where the availability of public and private transport is even more limited.<sup>73</sup> This not only places further financial stress on regional consumers but may also result in greater risk-taking behaviour:

If they miss the bus, there may not be another one for hours. In some areas there are only two buses per day; in others, there are none. The pressure on people to attend meetings [or risk being penalised by Centrelink] ... is counterproductive and can encourage risk-taking behaviours such as hitchhiking. Some people have reported walking for hours into town to attend a 15-minute meeting and then walking back without food or drink.<sup>74</sup>

### *Practical Measures*

The Committee understands that the Victorian Government has recently introduced a new scheme to enable disadvantaged people to travel for free on public transport. The scheme – conducted as a 12-month trial – offers significantly discounted weekly and monthly travel tickets to a range of community organisations who then are able to pass them on at no cost to disadvantaged consumers. The scheme which commenced in October 2018 was introduced as a direct result of the findings of a review which found many poor and disadvantaged people were using fare evasion as a way of accessing public transport. As a result of this fare evasion, many vulnerable consumers were fined and faced significant financial and legal difficulties.<sup>75</sup>

The Committee questioned members of the Anti-Poverty Network about their views in relation to the possible introduction of such a scheme in South Australia. While the Anti-Poverty Network expressed an interest in such an initiative, they have instead recommended that the South Australian government introduce a scheme similar to that provided by the Seniors Card which allows recipients to receive a range of benefits including free public transport outside peak times.<sup>76</sup> In one submission, a 63-year old Newstart recipient explained that being eligible for the Seniors Card concessions have made an enormous difference to her wellbeing and capacity to engage in the community. For her, the Seniors Card has been a ‘life saver’ and she would like to see others on Newstart have the same public transport travel benefits.<sup>77</sup>

While the Committee notes that disadvantaged consumers are entitled to concession fares which help to reduce the cost of travelling, it recognises that even when concessions are applied, public transport costs can still be out of reach for the most disadvantaged. The

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<sup>73</sup> Forgione, Hansard, p135.

<sup>74</sup> Hunt, Hansard, p99.

<sup>75</sup> Victorian Government, Minister for Housing, Disability and Ageing, ‘Cheaper, fairer public transport for vulnerable Victorians, Media release, 6 October 2018 at <https://www.premier.vic.gov.au/cheaper-fairer-public-transport-for-vulnerable-victorians/>

<sup>76</sup> Forgione, Hansard, p133.

<sup>77</sup> Eugenia [redacted], Submission 39, p1.

Committee also recognises that access and availability of public transport in regional and remote areas remains an ongoing issue requiring further attention.

## **FINES AND INFRINGEMENT NOTICES**

One of the other issues repeatedly raised by Newstart recipients who provided evidence to the inquiry was the impact of flat-rate fines and penalties. A number highlighted how they have been directly affected by public transport fines and the hardship that this has caused.<sup>78</sup> The Committee heard that fines are often issued when consumers inadvertently believe that their Health Care Card is sufficient identification for eligibility of a concession fare.<sup>79</sup> While in some jurisdictions a Health Care Card does entitle the holder to concession benefits on public transport, this is not the case in South Australia.<sup>80</sup> To travel on concession fares on public transport, Newstart recipients, among others, are required to apply for a Transport Concession Card.

The Anti-Poverty Network highlighted the difficulties that people have in acquiring transport concession cards using an online process describing it as ‘needlessly bureaucratic’.<sup>81</sup> According to the Network, this often results in disadvantaged consumers unnecessarily paying full fare or taking the risk of being fined for not having sufficient proof of eligibility.<sup>82</sup> They supported the approach applied in other jurisdictions where the possession of a Health Care Card is sufficient to prove eligibility.<sup>83</sup>

## **Disproportionate Impact**

Evidence suggests that flat-rate fines, such as those for traffic offences or fare evasion, have a greater adverse impact on those who are poor. By way of example, SACOSS submitted that a fine incurred as a result of a failure to give way at a roundabout is equal to 156 per cent of the weekly income for someone on a basic Newstart Allowance. This compares to 27 per cent for a person on an average full-time wage. Put simply, the same fine may have a negligible effect on a high-income earner but will be potentially ‘catastrophic’ for those who are poor.<sup>84</sup> The most disadvantaged are further penalised if they are unable to pay the fine in a timely way and often incur further costs as part of the fines enforcement system.

### *Practical Measures*

A number of suggestions were put forward to alleviate the impact of fines on those who are poor. Included among the suggestions was the introduction of a system in which payment of

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<sup>78</sup> See, eg, Submissions: Anti-Poverty Network SA 21, p5; Joel [redacted], 23, p1.

<sup>79</sup> Headon, Hansard, p133.

<sup>80</sup> Forgione, Hansard, p133.

<sup>81</sup> Anti-Poverty Network SA, Submission 21, p5.

<sup>82</sup> Forgione, Hansard, p134.

<sup>83</sup> Anti-Poverty Network SA, Hansard, pp133-134; See also, Submission 21, p5.

<sup>84</sup> SACOSS, Submission 19, p30.

finer is delayed until a person's financial situation has improved.<sup>85</sup> Another suggestion put forward in evidence was the adoption of an income-based fines system,<sup>86</sup> similar to that which exists in Finland where low income earners pay less than higher income earners for driving or traffic offences. The Committee considers that such measures are worthy of further examination.

## **CONCLUDING REMARKS**

The Committee appreciates that sharing personal stories about the day-to-day struggles of living on Newstart was difficult for most of those who have come forward.

The Committee has developed a number of recommendations from the findings of its inquiry so far. Overwhelmingly, the recurring theme in the evidence is the inadequacy of the Newstart Allowance. The Committee agrees that the Newstart Allowance is far too low and adds its voice to calls that it be raised as a matter of urgency.

Evidence to the inquiry strongly suggests that failure by the Federal Government to increase Newstart directly impacts on both the State government and non-government agencies which will need to continue to fund and support people living in poverty. The Committee calls on the Federal Government to act without delay.

The Committee will continue to consider other aspects of poverty in South Australia as part of its broad terms of reference as the inquiry progresses.

Hon. Tammy Franks MLC

**Chairperson**

4 December 2018

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<sup>85</sup> Forgione, Hansard, p133.

<sup>86</sup> See, eg, Submissions: Uniting Care Wesley Bowden 53, p3; Uniting Communities 56, p5.

## APPENDIX 1: LIST OF SUBMISSIONS

	<b>Submissions to the Select Committee on Poverty in South Australia</b>
1	Dr David Faber
2	Greg [redacted]
3	Mark Jones
4	Corinne Rose
5	Matt Stedman, The Big Issue
6	Nadia Berginetti, Child Protection Advocacy
7	Alex [redacted]
8	Graham Brown, Baptist Care SA
9	Kelley [redacted]
10	Commissioner for Children and Young People
11	Angus [redacted]
12	Renfrey Clarke
13	The Travellers' Aid Society in South Australia
14	Australian South East Asian Women's Association
15	Rhonda Loechel, Community Pantry
16	National Council of Single Mothers and their Children Inc.
17	Kat Lee, Food for the Community Inc.
18	Tracey [redacted]
19	SACOSS
20	Aidan [redacted]
21	Anti-Poverty Network South Australia
22	Claudia [redacted]
23	Joel [redacted]
24	SA State Committee of the Communist Party of Australia
25	Denise [redacted]
26	Stand Like Stone Foundation
27	Annette [redacted]
28	OARS Community Transitions
29	Councillor Phillip Martin
30	Jane Mussared, COTA SA
31	Dr Alice Clark, Shelter SA
32	Youth Affairs Council of South Australia
33	Australian Unemployed Workers' Union
34	Anna Ziersch and Dr Clemence Due, Flinders University and University of Adelaide

	<b>Submissions to the Select Committee on Poverty in South Australia</b>
35	UnitingSA
36	Councillor Gail Kilby
37	Accountable Income Management Network
38	Wendy [redacted]
39	Eugenia [redacted]
40	Bob [redacted]
41	St Vincent de Paul Society
42	Uniting Country SA
43	AnglicareSA
44	Margie [redacted]
45	Alayna [redacted]
46	City of Port Adelaide Enfield
47	[redacted]
48	Riognach [redacted]
49	Australian Refugee Association
50	Greg Goudie, DOME
51	MarionLife Community Services
52	Kym [redacted]
53	UnitingCare Wesley Bowden
54	Welfare Rights Centre SA
55	[redacted]
56	Uniting Communities
57	Red Cross
58	Nat Cook MP
59	Spire Community
60	Save the Children Ceduna
61	ME/CFS Australia SA
62	Relationships Australia SA
63	Universities Australia
64	Anna [redacted]
65	Adelaide University Union
66	Port Augusta City Council
67	Hon. John Darley MLC

## APPENDIX 2: LIST OF WITNESSES

	<b>Witnesses who have appeared before the Select Committee on Poverty in South Australia (in order of appearance)</b>
1	Department of Human Services <ul style="list-style-type: none"> <li>• Mr Tony Harrison, Chief Executive</li> </ul>
2	SACOSS <ul style="list-style-type: none"> <li>• Dr Greg Ogle, Senior Policy and Research Analyst</li> <li>• Ms Rebecca Law, Policy Officer, Energy and Water</li> </ul>
3	Port Lincoln Aboriginal Health Service <ul style="list-style-type: none"> <li>• Ms Carolyn Miller, Chief Executive Officer</li> </ul>
4	West Coast Youth and Community Support <ul style="list-style-type: none"> <li>• Ms Jo Clark, Chief Executive Officer</li> </ul>
5	Community House <ul style="list-style-type: none"> <li>• Ms Linda Davies</li> </ul>
6	Port Augusta Aboriginal Community Engagement Group and Port Augusta City Council Aboriginal Advisory Committee <ul style="list-style-type: none"> <li>• Ms Noblelene Mackenzie-Stuart, Aboriginal Community Development Officer</li> </ul>
7	Uniting Country SA <ul style="list-style-type: none"> <li>• Mr Brian Martin, Executive Manager of Services</li> <li>• Ms Anne Crouch, Program Manager, Financial Inclusion</li> </ul>
8	The Salvation Army, Port Augusta <ul style="list-style-type: none"> <li>• Mr Scott Cugley, Manager</li> </ul>
9	Aboriginal Legal Rights Movement <ul style="list-style-type: none"> <li>• Mr Ralph Coulthard, Field Officer, Financial Counsellor</li> </ul>
10	Whyalla Ripples Support Group <ul style="list-style-type: none"> <li>• Ms Karen Harrison</li> </ul>
11	Australian Unemployed Workers' Union <ul style="list-style-type: none"> <li>• Mr Hayden Patterson, National Branch Coordinator</li> <li>• Mr Paul Hunt, Whyalla Branch Coordinator</li> </ul>
12	Plaza Youth Centre <ul style="list-style-type: none"> <li>• Ms Joanne Jones, Coordinator</li> </ul>
13	Mr Edward Hughes MP, Member for Giles
14	Nunyara Aboriginal Health Service <ul style="list-style-type: none"> <li>• Ms Cindy Zbierski, Chief Executive Officer</li> </ul>
15	Anti-Poverty Network South Australia <ul style="list-style-type: none"> <li>• Ms Tammy Headon, State Coordinator</li> <li>• Mr Pas Forgione, Campaigns Coordinator</li> <li>• Ms Sue Berry, Member</li> <li>• Ms Denise Chesney, Member</li> <li>• Mr Aidan Jarvis, Member</li> <li>• Ms Margie MacDonald, Member</li> <li>• Ms Kym Mercer, Member</li> <li>• Ms Wendy Morgan, Member</li> <li>• Ms Tracey Phillips, Member</li> </ul>