

1 August 2012

Committee Secretary  
Senate Education, Employment and Workplace Relations Committees  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia  
[eevr.sen@aph.gov.au](mailto:eevr.sen@aph.gov.au)

**Re: The adequacy of the allowance payment system for jobseekers and others, the appropriateness of the allowance payment system as a support into work and the impact of the changing nature of the labour market.**

Dear Committee Members

I could write this submission in the usual formulaic layout, but the debate around the ACOSS position which is capturing the national media and like the NDIS presents itself as the 'be seen to be doing something' in policy terms, means that I will simply say this.

ACOSS' submission that increasing the Newstart payment by \$50 will only kick the can down the road for affordable rentals and cost of living for **JUST 6 MONTHS**. Within 6 months in most states the investors will seek to gauge rents within 6 months under rent reviews by up to \$50 per week so I really do not understand from an economic or social perspective, the peak social policy body in Australia would be so wrong footed at a time we need them to speak accurately on the future of the economy.

To be clear, I have written to their office on this point. And now I say to your committee and to them again if they are reading this, you must comprehend the pressures on the Australian community are now beyond crisis but is a tsunami off Indonesia coming to our shores. And I am not talking about asylum seekers. They are a separate policy area that must be dealt with.

We must give social housing legislation, policies and funding to the federal government. Normally I am not a federalist on policy and as someone from WA normally more of a secessionist given our links to Asia and fights we have to have with Canberra to be heard, but on Social Housing policy, we need to make space for the federal government to takeover the reigns as Australia in the region shifts and changes.

Perth WA and Sydney NSW have been flagged by economists and housing bodies to have the most unaffordable housing. They are also the two states with rising unemployment in Sydney and pressure on migration in Perth. Therefore, to not overwhelm the system, there is absolutely no reason that I can see, that this committee could not include a recommendation that includes

#### **Recommendation 1**

COAG December 2012 Agenda – Federal pilot in WA and NSW to build social housing supply by having federal grants via competitive tender directly to Growth Providers in WA and NSW to boost supply of 5,000 social housing dwellings in both WA and NSW. That's 10,000 dwellings at a cost of around \$100,000 per dwelling in the 2013/14 federal budget. Then review and assess market need.

The housing model I envisage which can act as an NDIS model (without being NDIS in principle) is the Lifestyle Village type models. These are cheaper builds and quicker to construct. If necessary and States use planning permission to block their development then we should use the Indigenous Housing policy scenario and use Land Rent schemes or compulsory use of Crown Land on 50 year land leases. Either way, we need to get alternative quick builds built fast.

<http://www.nlv.com.au/our-villages/bridgewater/bridgewater---the-west-real-estate-program>

<http://www.nlv.com.au/our-villages/lake-joondalup/village-plan>

Longer-term I see the structural change to jobs and employment conditions and rising under-employment and unemployment predicted by Treasury and economists as clear flags that we must build dwellings for people whether they are in the private rental market, mortgages or homeless. To not do so now will mean that individuals will become homeless at a point when the system cannot respond within a 12 month period due to planning and building timelines and pressures building on the budget.

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Why are we waiting for the crisis to happen, when a tsunami is known to follow an earthquake? The earthquake in economic terms has been the shock to Treasury in commodity prices and tax receipts coming through. That is not only going to blow the deficit but its going to put pressure on capacity to retain the welfare state as it is when its most needed during the structural change and rising unemployment tipped to reach the media release of 6% by Christmas. Though anecdotally I am told by those in the sector that its double that figure in reality.

Therefore, this inquiry though worth discussing, does not take away from the fact that the Henry Tax Review argued for a relaxation of tax and transfer arrangements particularly for those on low incomes and welfare payments. That has not been done in reality, since people still lose Social Security benefits once income credits are expired and affectively move into large tax brackets making them more at-risk of rent arrears and homelessness (as fortnightly income fluctuates up or down and financial planning is difficult) than they were before they took part-time work for example, which the Henry Tax Review outlined clearly and Henry even now alludes to often.

So whether it's a \$50 increase in the base rate of the NSA or CRA or whether it's the increase in the taxable income threshold of \$18,600, the fact remains if someone is already of a Newstart payment or a Disability Support pension then they still would lose income to Centrelink or the Tax Office due to the rigid policy in these areas and therefore battle to retain 6 month rental leases in the private rental market when they cannot attain social housing due to high waiting lists in most States around the country. The ACTU Insecure Work Report describes some of the scenario's around what casualised work and tax and transfer impediments do to people of low and fixed incomes in this regard.

We must use this committee to return the capacity of people already at least risk of entering the employment market in the current conditions, to have a chance to get a savings bank together. We are not giving these people an opportunity to improve their situation and return to work long-term.

Finally, despite writing to the Minister for Employment and Workplace Relations several times on this point, we must include a discussion in this committee on the relevancy of removing the Social Security Act 1991 section called "Move to Area of Lower Employment Prospects (MALEP)" to enable to move for either jobs in their chosen field and or affordable rents so they can satisfy shelter as a basic need.

[http://guidesacts.fahcsia.gov.au/guides\\_acts/ssg/ssguide-3/ssguide-3.2/ssguide-3.2.1/ssguide-3.2.1.35.html](http://guidesacts.fahcsia.gov.au/guides_acts/ssg/ssguide-3/ssguide-3.2/ssguide-3.2.1/ssguide-3.2.1.35.html)

### **Recommendation 2**

Remove clause 'Move to Area of Lower Employment Prospects (MALEP)' from the Social Security Act 1991. This will enable people in rising unemployment and or lack of affordable rentals to move interstate to find shelter and upskill in the new destination to assist in job search.

Let's look at what we are promising refugees when they arrive in Australia and how that is givingg government is given a very clear message in the next election. We are giving refugees the lure of shelter, food and a better life. What exactly are we offering our Australian citizens? Chances of unemployment, homelessness and food vouchers?

So I am writing this to you, use this inquiry to send a clear message to government, that we are now beyond a housing crisis. Decline is unfolding and we must build social housing dwellings to house our citizens. Job creation and base rate of the pension would not be the focus because social housing provided by the federal government would equate a cut in the rate of the pension as the federal government would be the landlord. Removing people out of the private rental market would bring down rents for the remainder of people working and renting and not cause so much drain on the welfare system longer-term.

It is my belief that we could potentially cut welfare payments of people in social and community housing by 50% if the rents paid currently which is around 25% of income to public housing and 30% of income for community housing could go back into the federal treasury via Centrepay (Centrelink) as income to firm up capacity for the future as unemployment climbs.

We are an island surrounded by potentially unstable countries and climate change with war a potential in our region by 2020. We must not forget what we owe to our citizens who have worked so hard to keep us stable economically. We owe them social housing when they need it and there is no evidence now that we have enough supply of dwellings that are affordable as people become unemployed or under-employed.

Your job as the Senate is to use this inquiry to revisit the Beveridge Report.

“Beveridge was opposed to "means-tested" benefits. His proposal was for a flat rate contribution rate for everyone and a flat rate benefit for everyone. Means-testing was intended to play a tiny part because it created high marginal tax rates for the poor (the "[poverty trap](http://en.wikipedia.org/wiki/Poverty_trap)")” retrieved from [http://en.wikipedia.org/wiki/Beveridge\\_Report](http://en.wikipedia.org/wiki/Beveridge_Report)

Now is the time to do so. If that costs the NDIS legislation being enacted and requires a raising of the GST then so be it. But lets not forget that most in social housing now are NDIS future cases and those needing welfare will be those who will have a basic standard of living if we increase the GST. On the NDIS; though I have been on State committees relating to mental health reform, the NDIS was not a policy I ever supported because given how hard we had to work to get the funding we have received for mental health in recent budgets which have now resulted in budget cuts and deferrals of programs, means that I could never see the budget coping with \$8billion per year to service only 400,000 disabled people nationally, so like Premier Newman, I could not promote false hope.

I believe my recommendation 1 deals with the issue more sustainably and equipment and other needs can be hired in the same way aged care equipment is. If Recommendation 2 is also adopted it means people can move to areas that promote improved quality of life and chances to improve their conditions. Being from the country, I don't accept that cities are the only place the unemployed should reside. That small town philosophy is now coming to the for with the UK version of the 'Big Society'.

I don't say any of this lightly. I am genuinely fearful for the future of my country and have observed what is happening the USA and the UK to those in the bottom quintile of the economy. We needn't be so harsh on *our* citizens. I hope you see that.

Should you have hearings in WA, I am more than happy to give evidence or broaden out my points in this submission. Thank you for getting this Inquiry to this stage, but I could not avoid submitting this paper when increasing the Newstart payment is not the point. Again the Henry Tax Review told us quite clearly what needs to be done. Building more social housing is the other purpose for this submission. Without doing so will keep people at-risk homeless. That will not be conducive to keeping people in jobs or even being job ready.

I hope you revisit that during this Inquiry. Thank you for having this inquiry now and I hope the findings are observed by the 44<sup>th</sup> parliament.

Regards

Leonie Ramsay