

About Berry Street

Berry Street believes children, young people, and families should be safe, thriving, and hopeful. We have provided services to children, young people, and families for over 140 years to address the effects of violence, abuse, and neglect and are now one of Victoria's largest out of home care (OOHC) providers. We also provide a range of family support, parenting, education, leaving care, and family violence programs for vulnerable families, children, and young people, working with partners across sectors and the community.

As a major provider of child and family services, we see the impact of poverty and inadequate income support on Victoria's most vulnerable families and young people. As such, we are well-positioned to provide insights on the adequacy of Newstart and related payments and welcome the opportunity to submit to this Inquiry.

Introduction

The number of children and young people entering the statutory child protection system in Australia is growing exponentially and unsustainably. Across Australia the child protection systems are straining under increased demand. This results in significant continued harm to and poor life outcomes for children, young people, families, and the communities in which they live.

For example:

- 35% of young people leaving OOHC were homeless within the first year of leaving, 45% were involved in the youth justice system, and 29% were unemployed¹
- Of all the children sentenced and diverted in the Children's Court in Victoria in 2016-17, 38% were the subject of a child protection report and 15% had experienced OOHC²
- Children and young people in OOHC in Victoria were found to have 5 times higher rates of mental health issues and double the rate of serious suicide attempts than children and young people in the general population³

Nationwide, states and territories are attempting to abate the unsustainable growth of children in OOHC. In Victoria, we are rapidly approaching having 12,000 children and young people in OOHC. These are children who have experienced significant forms of neglect, abuse, and trauma. Based on the current growth rates, the number of children in OOHC in Victoria will grow from 7,500 in 2012/13 to approximately 25,000 in 2025/26, and the story for Aboriginal and Torres Strait Islander families, children, and young people in Victoria is particularly stark. Berry Street is advocating strongly to reorient the system toward early intervention and prevention to disrupt this disturbing trend.

There are a complex mix of factors that result in children entering OOHC. Poverty and disadvantage associated with long term unemployment, housing stress, and acute financial difficulty work to compound the issues that lead to family dysfunction and family separation.

¹ https://create.org.au/wp-content/uploads/2014/12/05.-CREATE-Report-Card_Transitioning-From-Care-Tracking-Progress_November-2009.pdf, p57

² https://www.sentencingcouncil.vic.gov.au/sites/default/files/publication-documents/Crossover_Kids_Report_1_3.pdf, pxx-xxi

³ https://www.audit.vic.gov.au/sites/default/files/2019-06/050619-Youth-Mental-Health_0.pdf, p15

One in six Australian children now lives in poverty.⁴ As well as working to reform the child and family system, we need to address those compounding factors of disadvantage that result in families being separated. There is a need to ensure that families' most basic needs are met.

Without a roof over their head, food on their table, and the ability to keep the lights on and pay for doctor's visits and school books, it is almost impossible for families to begin to deal with the complexities of parenting in difficult situations, addressing family violence, or transitioning from care to independence.

For these reasons, Berry Street recommends that the government:

- 1) Raises the single rate of Newstart, Youth Allowance, and related payments by at least \$75 per week, and indexes the payments to wages
- 2) Immediately increases Commonwealth Rent Assistance, indexing the payment to local housing costs rather than to the Consumer Price Index
- 3) Initiates an urgent review into the Transition to Independent Living Allowance

Adequacy of Newstart and related payments

Intervening early – when families are struggling but before they are separated – is the only way to sustainably reduce the number of children entering OOHC. Those efforts need to be supported with strong, universal platforms that help people move through the tough times, including a robust, universal system of income support. Adequate income support is essential for parents and families who are dealing with unemployment, financial stress, housing stress, family violence, complex trauma or mental health issues, and the range of other issues that can lead to family separation and child placement in OOHC.

Adequate social security payments like Newstart are critical to ensure parents and families can focus on addressing the causes of disadvantage. The current rate of Newstart and related payments is insufficient to keep families out of poverty, and compounds other disadvantages that result in families being separated.

Fundamentally, if families and children do not have their basic needs met – a place to sleep, food on the table, the ability to get to school – they are significantly less likely to begin to be able to address the other, more complex issues in their lives. With Newstart and related payments set significantly below the poverty line, we are at significant risk of entrenching families in poverty and compounding risks of Child Protection involvement, family violence, poor mental health and other factors that adversely impact on the whole community and economy.

Recommendation 1: Raise the single rate of Newstart, Youth Allowance, and related payments by at least \$75 per week, and index the payments to wages

Adequacy of the Youth Allowance specifically

Most children placed in OOHC have experienced significant harm due to abuse, violence, or neglect and many will experience further trauma within the system. This often means they are dealing with complex and lasting trauma by the time they leave care.

In the general population, the increased cost of housing, stagnant wages, and a high youth unemployment rate are keeping young people at home longer than ever before. Almost 50% of young people aged 18 to 24 (with one or both parents at home) have never lived outside of the family home.⁵

⁴ https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf, p 12

⁵ <http://thehomestretch.org.au/learnmore/>

Current government policy requires young people in OOHC to transition to independent living at the age of 18. The child protection system begins preparing a young person to leave at 15 years old, and most young people leave their care placement at age 16 or 17.

In Victoria, around 500 young people between the ages of 16 and 18 leave care each year and most of these young people must make the transition to independence without the support of family. There are no records kept on young people leaving OOHC in Australia, but several Australian studies have shown that without adequate support services, including financial support, the outcomes for young people leaving care are relatively very poor. A lack of sufficient income has been identified as a key factor inhibiting a successful transition to independence.⁶

Transition to adulthood is a vulnerable period for all young people, but particularly young people leaving care. At a state and territory level, a range of services exist to support transition from OOHC. Such supports seek to smooth the transition and help young people connect to education, employment and develop living skills. However, income support is a Commonwealth Government responsibility, and most young people leaving care will rely on government income support. The Australian Institute of Family Studies (AIFS) estimates that more than two thirds of young people leaving care receive some form of government payment, with nearly half receiving the Youth Allowance.⁷

Presently, the maximum rate of Youth Allowance for a single young person living independently with no children is \$455.20 per fortnight. This is over \$100 per fortnight less than the maximum Newstart allowance and represents an income 47% lower than the poverty line (\$858.80 per fortnight at the time of writing).⁸ Young people leaving care who do manage to secure employment are also likely to be receiving 'junior pay rates' under the *Fair Work Act*.

The Youth Allowance is set lower than the adult Newstart allowance because of a presumption that young people will receive financial support from their family, possibly including a place to live, and that young people have fewer needs than older adults. However, this presumption does not apply for many young people leaving care.

As a result, the AIFS *Beyond 18* survey found that young people leaving care have poorer mental health, employment, and education outcomes than other young people their age. They also report higher rates of self-harm, suicidality, housing instability, and financial stress.⁹ More than 70% of the care leavers surveyed by the AIFS were living in poverty and 84% were experiencing financial stress. 58% of care leavers reported being unable to pay their bills (compared to 14% of low-income households in the general population) and 54% reported missing meals (compared to 6% of low-income households).¹⁰

The consequences of failing to support young people transitioning from care to independent living are long-term and intergenerational. Experience of the child protection system as a child is a significant predicting factor for involvement in the child protection system as a parent. The CREATE Foundation reports that within the first year out of care 35% of care leavers are homeless, 29% are unemployed, and 45% are involved in the youth justice system.¹¹ Other research, including a scoping study of leaving care in Victoria carried out by Berry Street, has highlighted exceptionally poor long-term outcomes for young people transitioning out of state care, including poor mental health outcomes, few opportunities for education, long-term

⁶ <https://learning.berrystreet.org.au/sites/default/files/2018-05/Just-Beginnings-Report.pdf>, p20

⁷ https://aifs.gov.au/sites/default/files/publication-documents/1812_b18_wave_2_final_report.pdf, p20;
https://aifs.gov.au/sites/default/files/publication-documents/1812_b18_wave_3_final_report.pdf, p10

⁸ https://melbourneinstitute.unimelb.edu.au/data/assets/pdf_file/0009/3121686/Poverty-lines-Australia-March-Quarter-2019.pdf

⁹ https://aifs.gov.au/sites/default/files/publication-documents/1812_b18_wave_3_final_report.pdf

¹⁰ https://aifs.gov.au/sites/default/files/publication-documents/1812_b18_wave_3_final_report.pdf, p11 -12

¹¹ <https://www.berrystreet.org.au/our-work/providing-a-safe-home/leaving-care>

unemployment, substance use disorders, vulnerability to sexual exploitation, early parenting, disconnection from culture and identity, and significant poverty.¹²

Social security payments from the Commonwealth Government need to provide an adequate safety net to help people who are dealing with disadvantage to reach a point where they can support themselves. Young people leaving care represent a cohort of people who have experienced significant harm and trauma and are trying to establish themselves in housing and employment at a younger age than people in the broader population and without equivalent family support. The Youth Allowance payment should be increased in order to support them to do so.

Recommendation 1: Raise the single rate of Newstart, Youth Allowance, and related payments by at least \$75 per week, and index the payments to wages

Adequacy of Commonwealth Rent Assistance

This year's Anglicare Rental Affordability Snapshot¹³ found that only 1.1% of rental properties in Australia would be affordable for a couple with two children relying on the Newstart Allowance. For a single parent relying on the Parenting Payment the situation is even more dire, with only 0.5% of rental properties in the country affordable on this allowance.

The benchmark for housing stress for lower-income households is spending more than 30% of income on rent.¹⁴ In Victoria, couples receiving Newstart and Commonwealth Rent Assistance (CRA) must spend 79% of their income to meet the median rent in Melbourne metro, 99% in Melbourne inner, 76% in Melbourne middle, 62% in Melbourne outer, 55% in Geelong, and 46% in Ballarat and Bendigo, putting them in significant housing stress in all these regions.¹⁵ Only two regions in Australia are affordable for a family receiving Newstart and CRA, and each has an extremely high unemployment rate.

Housing stress, inadequate housing, and risk of homelessness are important predictive factors for family separation and placement in OOHC. It is significantly harder for families to stay safely together where they don't have a stable, safe, and secure place to live.

With 35% of young people leaving care becoming homeless within the first year, we know that they need support around meeting the costs of housing. This year there was just one rental property in the entire country that would be affordable for a single person on the Youth Allowance.¹⁶ Approximately a quarter of young people leaving care receive CRA in addition to the Youth Allowance. However, the CRA is so low that even when the amount is combined, and even when we factor in that most young people will first live in shared housing, it is still insufficient to prevent significant housing stress.¹⁷

A single person receiving Youth Allowance and CRA receives \$273.34 per week. Data from the Real Estate Institute of Australia¹⁸ showed that the median rent for a single person living in a share house in Melbourne is \$225 per week. This means that a young person leaving care and receiving Youth Allowance and CRA to help them get on their feet must spend 82% of their income on rent. After rent they would be left with \$48.37 per week after rent: less than a quarter of the \$216 per week benchmark for healthy living.¹⁹

¹² <https://learning.berrystreet.org.au/sites/default/files/2018-05/Just-Beginnings-Report.pdf>, ch2.3

¹³ <https://www.anglicare.asn.au/docs/default-source/default-document-library/final---rental-affordability-snapshota302da309d6962baacc1ff0000899bca.pdf?sfvrsn=4>, p7

¹⁴ <https://www.ahuri.edu.au/policy/ahuri-briefs/3040-indicator>

¹⁵ <https://www.abc.net.au/news/2019-09-23/city-share-house-rents-use-most-of-newstart-rental-stress/11537584>

¹⁶ <https://www.anglicare.asn.au/docs/default-source/default-document-library/final---rental-affordability-snapshota302da309d6962baacc1ff0000899bca.pdf?sfvrsn=4>, p7

¹⁷ https://aifs.gov.au/sites/default/files/publication-documents/1812_b18_wave_3_final_report.pdf, p10

¹⁸ <https://www.abc.net.au/news/2019-09-23/city-share-house-rents-use-most-of-newstart-rental-stress/11537584>

¹⁹ <http://unsworks.unsw.edu.au/fapi/datastream/unsworks:46141/binaaacbcf3-915f-40bc-a70f-2052746ab643?view=true>

It is also notable that the only region in Australia where rent might be affordable for a young person leaving care who is receiving Youth Allowance and the CRA has a youth unemployment rate of 16%.

The current rate of the CRA does not reflect the soaring cost of housing and the experiences of significant housing stress faced by people across Australia. An adequate housing safety net is essential for families to stay together safely and to ensure that young people can transition from OOHC successfully.

Recommendation 3: Immediately increase Commonwealth Rent Assistance, indexing the payments based on local housing markets rather than to the Consumer Price Index

Adequacy of the Transition to Independent Living Allowance

The Commonwealth Government currently provides eligible young people leaving care with a Transition to Independence Living Allowance (TILA). This is a one-time payment of \$1500 to young people leaving or who have left care aged 15-25 and who meet the eligibility criteria. The TILA must be spent within 24 months of leaving care on costs associated with leaving OOHC, such as “a fridge or couch...counselling, education and training courses, medical expenses, a drivers licence or any other items or services agreed between the young person and their care worker.”²⁰ Some state governments also provide limited brokerage funding for young people leaving care to be used for costs associated with education, training, and employment.²¹

Young people leaving care and many other stakeholders report that the TILA process is complex and the payment difficult to access.²² There have been calls from the sector to review the payment for over a decade.²³ Reviews and stakeholder feedback have highlighted that young people leaving care are denied TILA based on strict eligibility rules, difficulty preparing all the application documentation, or because TILA funds for that year have been exhausted. Only half of the young people leaving care surveyed by the AIFS had received the TILA and/or brokerage funding,²⁴ and those that did receive it found the amount was insufficient to prevent housing stress or homelessness.²⁵

The TILA should be urgently reviewed and recommendations actioned. The review should investigate and provide clear recommendations on:

- the amount of the allowance necessary to support young people to transition from care
- the TILA budget necessary to ensure that all young people leaving care and needing this support can access the full allowance
- actions necessary to ensure the application process for the TILA is clear, streamlined, and well communicated to young people leaving care
- parameters for spending the TILA to ensure they are appropriate and consistent with the needs of young people leaving care and community expectation; this includes what the TILA can be spent on, the timeframe within which it must be spent, and documentation requirements.

Recommendation 4: Initiate an urgent review into the Transition to Independent Living Allowance

²⁰ <https://www.dss.gov.au/our-responsibilities/families-and-children/benefits-payments/transition-to-independent-living-allowance-tila>

²¹ <https://providers.dhhs.vic.gov.au/leaving-care>

²² https://www.dss.gov.au/sites/default/files/documents/whats_the_answer.pdf, p18

²³ For example: https://www.dss.gov.au/sites/default/files/documents/whats_the_answer.pdf

²⁴ https://aifs.gov.au/sites/default/files/publication-documents/1812_b18_wave_2_final_report.pdf, p13

²⁵ https://aifs.gov.au/sites/default/files/publication-documents/1812_b18_wave_3_final_report.pdf, p37

Conclusion

People facing multiple disadvantages – like families involved with the child protection system and young people leaving care – need a strong safety net to ensure they can focus on addressing the complex issues that lead to family dysfunction and family separation. Worrying about whether they have food on the table and a roof over their head will only exacerbate other factors of disadvantage and result in entrenched poverty and increased risk of Child Protection involvement. Adequate Newstart and related payments is critical to help the families, children, and young people Berry Street works with to be safe, hopeful, and thrive.

Berry Street welcomes the opportunity to submit to this Inquiry and would welcome any opportunity to provide more information to the Committee.