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Senate Standing Committees on Community Affairs
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Submitted Online

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Inquiry into Social Services Legislation Amendment (Strengthening Income Support) Bill 2021

Thank you for the opportunity to provide this brief submission to the inquiry into the *Social Services Legislation Amendment (Strengthening Income Support) Bill 2021*. Our comments remain limited to the provision this Bill makes to scale back the Coronavirus supplement to Jobseeker and implement a permanent raise to the Jobseeker rate by \$25 per week.

There are two key points that we wish highlight to the Committee:

1. We welcome the Government's acknowledgement that the rate of Jobseeker prior to the Coronavirus supplement was insufficient, and that a permanent rise is necessary.
2. The proposed \$25 per week increase to the permanent rate of Jobseeker is also inadequate, and considerably below the recommendations that have consistently been made about what is needed for low-income and disadvantaged Australians to rise above poverty.

The Government, via this same Committee who inquired into the adequacy of Newstart and related payments during 2019–2020, has been overwhelmed by evidence about the impact that the low rates of Newstart (now Jobseeker) has on disadvantaged Australians. To this inquiry, Good Shepherd Australia New Zealand provided a detailed submission¹ and we note that all of the recommendations made here, still stand. Core to our recommendations is support for a \$75 per week increase to Jobseeker and youth allowance and a 30 per cent increase to Commonwealth Rent Assistance. This recommendation arises out of data presented by Good Shepherd in our 2019–2020 submission that looks at comparative costs of living—provided for reference at Appendix A.

The final report of the 2019–2020 inquiry recommended that the rate of Jobseeker be reconsidered via a review of the income support system to ensure that all eligible income support recipients do not live in poverty. The decision to raise the rate by \$25 per week has not been done via a review of the system as recommended, or, with any reference to the evidence and recommendations made by the previous inquiry—the \$25 per week raise remains inadequate and will not have a meaningful impact for disadvantaged Australians.

Our submission to the 2019–2020 inquiry identified that a key challenge with the Jobseeker payment is that people accessing this payment are not able to engage in employment on a full-time basis including for reasons such as caring responsibilities, chronic illness or disability, experiences of family violence, advanced age or poor mental health. Good Shepherd rejects suggestions that the Jobseeker payment is only ever used to bridge a gap and that the priority should solely be focused on employment outcomes.

Further, the COVID-19 pandemic has seen unemployment rates soar, and still struggling to recover. Research released by Good Shepherd² in December 2020 illustrated that 41 per cent of all working Australians experienced a negative employment outcome as a result of the pandemic—in particular—from April 2020 the number of women working full-time whose hours were cut rose over 400 per cent, and, 300 per cent for men.

This research released by Good Shepherd also reported on research undertaken by Swinburne University, Australian National University, the Centre for Excellence in Child and Family Welfare and ourselves. The research surveyed people who have been receiving payments in 2020. The primary research question was whether the temporary increase in payments and the cessation of mutual obligations changed the way people spent their time, but people were free to list other benefits or drawbacks experienced as a result of the temporary changes. Many people said the supplement meant they could purchase healthier food, pay off debt, purchase school related items for children, buy some necessary but expensive items (such as appliances), visit the doctor or dentist and refill lapsed medication. Many also said they were able to put away some savings for when they need it.

Our financial counsellors have observed significant changes for individuals and families who received the coronavirus supplement; most dramatically the demand for financial counselling services actually dropped for core clientele as Australians in receipt of social security were reporting that for the first time in years they had enough income to make ends meet and take care of accumulated debt.

As a member of the Australian Council of Social Service, the Victorian Council of Social Service and the New South Wales Council of Social Service: we join with them in denouncing the meagre increase to the Jobseeker allowance, and call for the Committee to review the evidence before them that clearly illustrates that a \$25 per

week increase remains insufficient—and—that in order to make a sustained difference a rise of at least \$75 per week is necessary.

We provide our full endorsement to the submissions made by the Treating Families Fairly Alliance, an alliance which we are also a member of, and the Brotherhood of St. Laurence.

Thank you again for the opportunity to contribute to this inquiry, we welcome further opportunities to provide feedback to you.

Please forward all correspondence in relation to this submission to:

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Yours sincerely

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About Good Shepherd Australia New Zealand

Good Shepherd Australia New Zealand was established to address the critical, contemporary issues facing women, girls and families. We work to advance equity and social justice, and to support our communities to thrive. We aspire for all women, girls and families to be safe, well, strong and connected. For over 30 years Good Shepherd has partnered with community organisations and peak bodies, local, state and federal governments, and universities to work collaboratively and in place-based settings to improve outcomes for vulnerable people. Our service provision focuses on safety and resilience, economic participation and microfinance. More information is available at: www.goodshep.org.au

¹ Maury, S., Levine, J., Lasater, Z., Vidal, L., & Ulbrick, M. (2020) "Understanding the impacts of COVID-19 on vulnerable Australians: Insights from Good Shepherd Australia New Zealand." Good Shepherd Australia New Zealand, Melbourne. Accessible online: <https://goodshep.org.au/wp-content/uploads/2020/12/GSH031-COVID-19-Report-DP5.pdf>

² Maury, S., & Squire, S. (2019) "Submission on the adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia", Senate Community Affairs References Committee. Accessible online: <https://goodshep.org.au/publications/2019-inquiry-into-the-level-of-income-support-payments-in-australia/>

Appendix A

Table 1: Comparison of cost of living averages

	Cost of living		
	Australian average	Melbourne average	Sydney average
Rent, 1 bedroom apartment (outside city centre)	\$1,307.93	\$1,529.88	\$1,910.55
Rent, 1 bedroom apartment (close to city centre)	\$1,688.85	\$1,922.83	\$2,572.51
Public transportation monthly pass	\$148.40	\$150.00	\$217.39
Utilities per month	\$201.09	\$206.29	\$178.39
Childcare	\$1,739.61	\$1,861.88	\$2,189.20

Data from Numbeo.com (Updated August 2019). Retrieved from https://www.numbeo.com/cost-of-living/country_result.jsp?country=Australia

Table 2: Monthly income comparisons

Monthly Income	
Average Australian (individual earnings) ¹	\$6,535.20
Minimum wage ²	\$2,963.20
Poverty line (50 per cent of median income) (sole parent + 2 children household) ³	\$2,769.48
Newstart Allowance + rent assistance + energy supplement + maximum payment Family Tax Benefit A + B (1 parent + 2 children under 12) ⁴	\$2,594.96

¹ Full time adult average ordinary time earnings (Trend). ABS, 6302.0 - Average Weekly Earnings, Australia, May 2019. Retrieved from

<https://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>

² Employsure. Retrieved from <https://employsure.com.au/guides/wage-and-pay/minimum-wage-australia/>

³ ACOSS (2018). Retrieved from <https://www.acoss.org.au/poverty/>

⁴ Department of Human Services. Newstart Allowance rates, Department of Human Services: <https://www.humanservices.gov.au/individuals/services/centrelink/newstart-allowance/how-much-you-can-get>

Energy Supplement rates, Department of Human Services: <https://www.humanservices.gov.au/individuals/services/centrelink/energy-supplement/how-much-you-can-get/payment-rates-pension-or-allowance>

Rent Assistance rates, Department of Social Services: <https://www.dss.gov.au/housing-support/programmes-services/commonwealth-rent-assistance>

Family Tax Benefit Part A:

<https://www.humanservices.gov.au/individuals/services/centrelink/family-tax-benefit/how-much-you-can-get/ftb-part-payment-rates>

Family Tax Benefit part B:

<https://www.humanservices.gov.au/individuals/services/centrelink/family-tax-benefit/how-much-you-can-get/ftb-part-b-payment-rates>

Note: This figure assumes no other sources of income such as child support payments or earnings.

Table 3: Comparison in expenditure between all households, lowest income quintile and highest income quintile (2017)

	All households	20% lowest-income households	20% highest-income households	% Variance low-high
Food	16.6%	19.1%	14.3%	+28.7%
Clothing	3.1%	2.5%	3.1%	-21.4%
Housing	19.6%	23.4%	18.0%	+26.1%
Medical	5.8%	5.8%	5.7%	+1.7%
Transport	14.5%	12.5%	15.7%	-22.7%
Communications	3.3%	4.0%	2.6%	+42.4%
Recreation	12.1%	9.0%	13.4%	-39.3%
Utilities	2.9%	4.5%	2.1%	+72.7%

Source: Jericho, G. (2017), based on Housing Expenditure Survey data (2017). Retrieved from <https://www.theguardian.com/business/economics/2017/sep/14/flat-household-incomes-means-more-of-the-budget-goes-on-basics>

Source: Maury, S., & Squire, S. (2019) "Submission on the adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia", Senate Community Affairs References Committee. Accessible online: <https://goodshep.org.au/publications/2019-inquiry-into-the-level-of-income-support-payments-in-australia/>