



## Introduction

Seven in ten of us will live in a household that receives social security at some stage of our lives.<sup>1</sup> Our social security system is one of the most important pieces of civic infrastructure we have. Without it, we would have deep inequality that destroys the fabric of society. There would be widespread abject poverty, hunger and starvation, extremely poor health and education outcomes for a large portion of the population, severe homelessness, and other devastating consequences of not having money to live.

Our social security system should be a source of great pride, given its role in our society. However, over recent years we have witnessed a consistent undermining of our social security system by government and some media commentators. This has been carried out in three ways: through social security cuts that hurt those on the lowest incomes, increased conditionality tied to payments, and unfair criticism of people receiving social security that implies they are deficient in some way. Below we outline measures designed to strengthen our social security system to ensure it best achieves its goal of preventing poverty and deprivation. These measures aim to put the dignity of people first and facilitate access to the system for all who need it.

## Improve payment adequacy

### Raise the Rate to reduce poverty for the 900,000 people on allowance payments

The biggest risk to living in poverty in Australia is to receive Newstart, Youth Allowance or another allowance as your sole source of income. These payments have not been increased in real terms in 25 years and trap people in poverty. They must be raised as a matter of urgency.

**Recommendation 1** Maximum rates of Newstart, Youth Allowance and related payments for single people should be raised by at least \$75pw and these payments should be indexed to wage movements. This immediate increase should apply to:

- + *Newstart Allowance (including the single parent rate);*
- + *Youth Allowance (both away from home rates for student/apprentice and Other);*
- + *Austudy;*
- + *Abstudy;*
- + *Sickness Allowance;*
- + *Special Benefit;*

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<sup>1</sup> Wilkins R (2017): 'The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 15', *The 12th Annual Statistical Report of the HILDA Survey*, Melbourne Institute: Applied Economic & Social Research, The University of Melbourne. Available: [https://melbourneinstitute.unimelb.edu.au/\\_data/assets/pdf\\_file/0010/2437426/HILDA-SR-med-res.pdf](https://melbourneinstitute.unimelb.edu.au/_data/assets/pdf_file/0010/2437426/HILDA-SR-med-res.pdf) p.40



- + *Widow Allowance;*
- + *Crisis Payment.*

**Cost: \$3,300 million<sup>2</sup>**

### **Establish a Single Parent Supplement**

More than one in six children live in poverty, with children in single parent families at highest risk of living in a household that cannot afford the essentials. Government policy changes have reduced the incomes of single parent families, which has led to an increase in child poverty rates. Payments for children should be sufficient to cover their essential costs, and should rise as they grow older and become more expensive.

#### **Recommendation 2 Family payments for single parent families should be increased:**

- (1) Family Tax Benefit Part B should be replaced with a Single Parent Supplement for single parent families;<sup>3</sup>
- (2) The supplement should be benchmarked to the costs of children of different ages and reflect the diseconomies of scale experienced by single parents.
- (3) As a starting point, the Supplement should be set at a level that brings single parent families with children in the middle and teenage years at least up to the same income level as families with children under eight years of age (currently receiving Parenting Payment Single), in conjunction with increases in unemployment payments.

**Cost: \$630 million**

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<sup>2</sup> The cost of this policy would be offset by significant economic benefits and increased tax revenue, reducing the net cost to less than \$1.5 billion per annum by 2028/29 - Deloitte Access Economics (2018) 'Analysis of the impact of raising benefit rates' September, <https://www.acoss.org.au/wp-content/uploads/2018/09/DAE-Analysis-of-the-impact-of-raising-benefit-rates-FINAL-4-September-...-1.pdf>

<sup>3</sup> The existing Part B payment for couples would be integrated with the Family Tax Benefit Part A payment.



## **Restore indexation of Family Tax Benefits, and link the maximum rate of Family Tax Benefit Part A to wage growth**

Family payments have been eroded over time because of cuts to indexation and the freezing of payment rates. It is crucial that family payments maintain pace with the cost of living, which requires reform of the indexation formula.

**Recommendation 3** Rates of Family Tax Benefit should be unfrozen and the maximum rate of Family Tax Benefit Part A should be linked to wage growth to ensure it increases in line with community incomes.

*Cost: \$650 million*

## **Let's get social security right – establish a social security commission**

The setting of social security payment rates has largely been a political process. An independent body to advise the parliament on the setting of payment rates and payment settings would enable a fairer approach to social security design.

**Recommendation 4** A social security commission should provide independent expert advice to the Parliament about the setting of social security payment rates (including family payments), covering adequacy, means test settings and indexation.

*Cost: \$4 million*

## **Making payments fair**

### **Abolish compulsory Cashless Debit Card and Income Management**

Around 25,000 people across the country are subjected to the quarantining of their social security payment largely because of where they live, the type of payment they receive and, for some, the length of time they have received their payment. This means they lack access to cash to meet regular expenses such as school meals for children. There is no reliable evidence that this kind of intervention improves people's lives. The next government must genuinely engage with people subjected to cashless debit and income management about how to resolve issues affecting them and their communities.

**Recommendation 5** Compulsory income quarantining should cease. People should be given the option to continue cashless debit or income management on a voluntary basis or leave the schemes.



## **People who are unemployed should have a \$4,000 income bank**

People receiving unemployment payments should be able to earn more income before losing payments. This would also reduce the number of debts accrued, particularly for people in casual employment.

Unlike students and pensioners, people receiving Newstart and Youth Allowance (Other) start to lose payment after earning relatively small amounts of income. Not only does this reduce the benefit of getting some paid work, it increases the risk of social security debt as reporting income accurately each fortnight is difficult, especially when working in casual employment. An income bank would reduce the risk of accruing debt and allow people who are unemployed to keep more of their income.

A \$4,000 'income bank' would allow people to smooth earnings out over time, prevent the accrual of debt and encourage people to take up part-time work.

### **Recommendation 6 An 'income bank' should be introduced for recipients of Allowance payments:**

- (1) The working credit scheme for Newstart and Youth Allowance (Other) recipients should be replaced with a \$4,000 income bank that accrues from the day they start receiving the allowance;
- (2) The income bank would reach the full amount after six months if the person has been without paid work.

**Cost: \$320 million**

## **Reducing waiting periods for newly-arrived migrants**

Recent legislation imposes a waiting period for income support of up to four years for many newly-arrived migrants, and a wait of one year for Family Tax Benefit. Excessive waiting periods prevent people in financial hardship from receiving the income support they need. Our payment system should be based on need, not arbitrary criteria.

### **Recommendation 7 Waiting periods for newly-arrived migrants should be reduced:**

- (1) There should be no waiting period for newly-arrived migrants to access Family Tax Benefit, Paid Parental Leave, Special Benefit or Carer Allowance;
- (2) For other payments, the waiting period should be a maximum of six months.



### **Abolish the one-week wait for parenting payments and Youth Allowance (Other)**

Recent legislation imposes a one week waiting period for parenting payments and Youth Allowance. This deprives people in urgent need, including recently separated single parents, of income support.

**Recommendation 8** Parents and young unemployed people should receive payment (or be back-paid to) the date they lodged their claim or intent to claim.

**Cost: \$60 million**

### **Relax portability rules for pensions and Family Tax Benefit**

There are severe restrictions on the time that people can be paid pensions or family payments while overseas. This adversely affects people who re-connect with family in other countries.

**Recommendation 9** Portability rules should be relaxed so that people do not lose payment if they spend more than four to six weeks overseas.

**Cost: \$50 million to \$100 million**

### **Make Crisis Payment accessible to people escaping domestic violence**

Our social security system can make it difficult for women escaping domestic violence to get the urgent financial support they need. Relatively simple changes would go a long way to helping women escape. The National Social Security Rights Network recommends improved access to Crisis Payment.

**Recommendation 10** Crisis payment should be made more accessible to domestic violence survivors:

- (1) Crisis Payment should be payable to any person suffering severe financial hardship who has recently experienced family and domestic violence, removing the nexus of 'home';
- (2) The Payment should be increased to four weeks of the single pension rate (currently \$1,640);
- (3) People should be able to receive Crisis Payment up to six times in 12 months;
- (4) The period for claiming Crisis Payment should increase from seven to 14 days.



### **Restore 'Intent to Claim' rules**

Generally people only claim a social security payment after a major life change, such as illness or job loss. Intent to Claim provisions allow people subsequently found eligible for a payment to receive back-payment, even if their circumstances prevent them from getting all of the paperwork together immediately. Recent legislation deprives people of these back-payments.

**Recommendation 11** Intent to claim provisions removed from the Social Security Act as part of the Welfare Reform Act should be restored to ensure that people who are eligible for social security but cannot lodge a full claim can access payment.

*Cost: \$15 million*

### **Abolish 'RapidConnect' rules**

The 'RapidConnect' rules require applicants for income support to attend their first appointment with their job service provider before receiving their first income support payment (without back-pay to the date they lodged their claim). This leads to payment delays and anxiety, and reduces people's ability to choose the best available employment services provider.

**Recommendation 12** RapidConnect requirements should be replaced with a system where applicants have a fortnight to choose and connect with a provider, and their first income support payment is not affected if they do not connect within that time. They should receive back-pay to the date they lodged their claim.

*Cost: \$50 million*

### **Abolish the Liquid Assets Waiting Period**

The Liquid Assets Waiting Period (LAWP) requires people to wait much longer for their first income support payment if they have liquid assets such as bank accounts exceeding \$5,500 (if single with no dependants) or \$11,000 otherwise. This forces people to draw down the savings they are likely to need later to deal with financial emergencies.

**Recommendation 13** The Liquid Assets Waiting Period (LAWP) should be abolished and replaced with a comprehensive means test for payments to which it applies.



## **Align the means test for Special Benefit with that of other allowances**

The means test for Special Benefit is much more severe than other payments. It takes account of in-kind support, and has a dollar-for-dollar cut out, which was removed from other allowances in the 1990s.

**Recommendation 14** Given the low rate of the payment and that most people receiving Special Benefit are in deep financial disadvantage, the means test should be aligned with that of other allowances.

*Cost: \$20 million*

## **Improving payment administration**

### **Don't make people apply twice – automate social security claims for people already receiving payment**

Centrelink should use the information it already has about people accessing a social security payment to avoid making people lodge a new claim, with the same information, for a different payment.

**Recommendation 15** Transitions between payments should be eased so that people are not left out of pocket:

- (1) Where someone is forced to transfer to a different payment because of policy settings (for example, single parents needing to claim Newstart after losing eligibility for Parenting Payment Single because their youngest child has turned eight), they should not need to lodge a new claim. In this situation, Newstart (parent rate) should automatically be paid once the youngest child reaches eight years of age;
- (2) Centrelink should use the details already on hand to assess the person's eligibility for the new payment;
- (3) Equally, where someone is ineligible to continue to receive a payment like Newstart because they have reached Age Pension age, legislation should be passed to ensure continuity of income support (e.g. to allow a person to continue to receive Newstart if their pension payment is not paid from the time they turn pension age due to administrative delay). These payments should be subtracted from any back-pay owing.



### **Abolish 'Robodebt' and replace it with a fair system of debt recovery**

The recently-introduced 'Robodebt' system of automated debt recovery continues to cause much harm and distress, and must be urgently replaced with a fairer system.

**Recommendation 16** The 'Robodebt' system of automated assessment of over-payments should be abolished and replaced with a system of debt recovery that is accurate, fair and humane. This system should be designed in consultation with expert stakeholders:

- (1) Income should not be averaged to determine the level of an alleged debt;
- (2) The onus of proof in respect to whether a debt is owed and its amount should rest with Centrelink;
- (3) Debts should be manually calculated by Centrelink to ensure accuracy.

### **Single parents are as trustworthy as anyone else – abolish third party verification for single parents**

Recent policy change that requires single parents applying for Parenting Payment to obtain verification from a third party of their single status is inequitable and shameful. It discriminates against women, who are the vast majority of single parents.

**Recommendation 17** Single parents claiming income support should not need to have a third party vouch for their relationship status.

### **Remove unfair restrictions on access to the Disability Support Pension**

Rules that unfairly restrict equitable access to the Disability Support Pension for people who have a disability and prevents them from engaging in sufficient paid employment should be removed.

**Recommendation 18** Unfair restrictions on access to the Disability Support Pension should be removed:

- (1) Restrictions on use of treating doctor reports should be removed and assessment panels for the Disability Support Pension (DSP) should have expertise in the disability of each applicant;
- (2) A new payment at DSP rates (as distinct from sickness allowance) should be available for people who are otherwise eligible, but cannot receive DSP because their condition is not fully 'assessed or stabilised';
- (3) The effectiveness and impact of a 'program of support' on the incomes of applicants before their claim is assessed should be reviewed.





## **Strengthen the capacity of Centrelink to meet need**

Centrelink plays a critical role in millions of people's lives. It must be adequately staffed and operate in the best interests of all who need income support.

### **Recommendation 19 The quality and accessibility of Centrelink services should be improved:**

- (1) The complement of permanent staff in Centrelink should be substantially increased and reliance on contractors and call centres reduced;
- (2) Robust user advisory bodies should be established;
- (3) The presence of Australian Federal Police in Centrelink offices and the AFP logo on correspondence should be removed as part of 'Taskforce Integrity';
- (4) A Centrelink Domestic Violence line should be established to improve access to DV-related supports and payments.

## **Receive an allowance? Get a Low-Income Health Card**

Many people receiving Centrelink Allowances are unaware that they are entitled to a Low-Income Health Card. As such, they miss out on a range of state-based rebates and concessions. The fortnightly income test ceiling for these payments is just below that of the health card. It makes sense to align these and reduce the administration burden for both applicants and Centrelink.

### **Recommendation 20 People eligible for Allowance payments including Newstart, Youth Allowance, Special Benefit, Austudy, Abstudy should automatically receive a Low-Income Health Card.**

## **Ensure that people who are eligible receive state-based concessions and rebates**

With the expansion of many state-based concessions, it is highly likely that people receiving eligible payments are not receiving them, either because they are unaware of their existence or they do not know how to apply.

### **Recommendation 21 At a minimum, Centrelink should advise people who have a successful social security claim about their potential eligibility for rebates and concessions and how to apply for them, or at least direct them to the appropriate State or Territory government information.**



## **Social security is to provide income to those who need it, not enforce health treatment or other forms of social engineering**

Over the past decade, conditions attached to income support payments for people of working age have extended well beyond participation in the labour force, on the misguided assumption that recipients of those payments need social or health intervention. These requirements are discriminatory and go well beyond justifiable restrictions on access to income support.

### **Recommendation 22 Conditions attached to social security payments that are not directly related to job search or capacity for paid work should be abolished, including:**

- (1) Requirements to undergo treatment for addiction. Instead, DHS should offer 'warm referrals' to appropriate support agencies for people who may have an addiction;
- (2) Requirements relating to parenting (including parenting requirements associated with the ParentsNext program).

## **Protect people's privacy**

The extension of online services and data collection can be beneficial, but if badly implemented it can put people's privacy at risk.

### **Recommendation 23 As is the case for employees, social security legislation should ensure that people's privacy is protected, including by:**

- (1) Amending the Privacy Act to remove exemptions that allow a Minister or government agency to release personal information provided to Centrelink to media outlets;<sup>4</sup>
- (2) Establishing user reference groups to advise on the development and use of digital platforms and artificial intelligence that may intrude on people's privacy;
- (3) Restricting the sharing of sensitive information between Centrelink and other agencies, unless express and informed permission has been given by the client.

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<sup>4</sup> This was the experience of some people affected by Robodebt.