

Social Services and Other Legislation Amendment (Strengthening the Safety Net) Bill 2023

Community Affairs Legislation Committee

3 July 2023

About ACOSS

The Australian Council of Social Service (ACOSS) is a national voice in support of people affected by poverty, disadvantage and inequality and the peak body for the community services and civil society sector.

ACOSS consists of a network of approximately 4000 organisations and individuals across Australia in metro, regional and remote areas.

Our vision is an end to poverty in all its forms; economies that are fair, sustainable and resilient; and communities that are just, peaceful and inclusive.

Summary

ACOSS supports the passage of the Bill so that people with the lowest incomes receive the small increase in payments it offers. However, the additional amount it adds to JobSeeker and related payments is clearly not enough to reduce poverty. Likewise, the 15 per cent increase to Rent Assistance is not enough to significantly reduce housing stress and homelessness.

The Commonwealth Government must commit to delivering a substantial increase to JobSeeker and related payments. These payments should be raised by at least \$25 a day to achieve parity with pension rates and to lift people out of poverty. ACOSS also calls for a review of Commonwealth Rent Assistance by the Economic Inclusion Advisory Committee to ensure the payment is adequate, equitable and effective in reducing rental stress for people with low incomes, including people who are not currently eligible for other income support payments.

Discussion

The Budget increases should be passed, but more must be done

More than 1.1 million people receive JobSeeker, Youth Allowance and related payments. JobSeeker is just \$50 a day. Youth Allowance and Austudy are only \$40 a day.

This legislation will provide a \$2.85 a day (\$20 a week) increase to 90 per cent of people receiving these payments. The remaining 10 per cent will either be transferred to Parenting Payment Single (an extra \$103 a week) or receive an extra \$46 a week because they are aged 55 to 60 years old and have received JobSeeker Payment for nine months or longer.

The Interim Economic Inclusion Advisory Committee (EIAC) recommended that the Government commit to a substantial increase in the base rates of JobSeeker and related payments. It suggested setting a benchmark of 90 per cent of the pension rate – \$129 per week – to improve adequacy of payments. The EIAC found that higher payments are needed if the income support system is to have a real impact on deprivation and poverty.¹

Every dollar counts and these increases should be passed. However, people receiving Jobseeker and Youth Allowance will continue to struggle to cover basic costs, unless the Government takes further action to lift payment rates.

People receiving Jobseeker and related payments will not be lifted out of poverty

Income support rates should be based on need, and protect people from homelessness, hunger, poverty and social isolation. Rates should be equitable, based on actual costs of living, rather than the type of payment a person receives. Current inequities are particularly stark between people with disability with similar needs receiving the higher Disability Support Pension and people with disability or chronic illness receiving JobSeeker. They can also be seen in the relative rates of payments for singles and couples.

¹ <https://www.dss.gov.au/groups-councils-and-committees-economic-inclusion-advisory-committee/interim-economic-inclusion-advisory-committee-2023-24-report>

There is clear, widely accepted evidence that poverty and deprivation experienced by people receiving student payments, JobSeeker and related payments due to their low rates presents a clear barrier to employment and social participation.² The Poverty and Inequality Partnership (PIP) has also developed a significant body of research measuring and demonstrating the level and depth of poverty and inequality in Australia.³

Rent Assistance is not meeting its purpose

The housing crisis has exacerbated poverty, homelessness and risk of homelessness for people receiving JobSeeker and related payments.

The 15 per cent increase to Rent Assistance will not compensate for the significant gap between income support payments and average rents in the private rental market. A single person paying more than \$175 a week in rent will receive a maximum increase of \$11 a week. Fewer than 40 per cent of people receiving JobSeeker receive Rent Assistance and, of those who do, the median rent paid is \$230 a week. The vast majority pay well above 30 per cent of their income in rent, which is a marker of housing stress. It is likely that fewer than 5 per cent of people who receive Rent Assistance will find relief from this housing stress due to the increased payment.

ACOSS calls for a review of the supplementary Rent Assistance payment by the Economic Inclusion Advisory Committee so that its design, eligibility, rate and indexation settings can reduce rental stress best support low-income households with the costs of renting private housing.⁴

Other payments and supplements should be introduced/increased and barriers removed

As well as increases to base payments, the Government should index all income support payments twice a year to wages and prices, as the gap between payment types continue to widen. For example, Youth Allowance indexed once per year to CPI grows more slowly than JobSeeker, which is indexed twice per year in line with CPI, and has not maintained pace with pensions, which is indexed to a different price inflation measure (the PBLCI), as well as wages.

² Detailed in [ACOSS Submission to the Inquiry into the extent and nature of poverty in Australia](#)

³ See <https://povertyandinequality.acoss.org.au/> for key reports and all data.

⁴ Reforms are needed to improve the effectiveness and adequacy of Rent Assistance, including the rate of payment, eligibility and indexation. Other ACOSS proposals to improve access to affordable housing for people on low incomes are outlined in <https://www.acoss.org.au/wp-content/uploads/2019/08/ACOSS-BriefSocial-Housing-Investment-asInfrastructure.pdf> and <https://www.acoss.org.au/wp-content/uploads/2020/04/200429-EconomicRecovery-Briefing-PDF-1.pdf>

The Government should introduce a Disability and Illness Supplement and a Single Parent Supplement for people receiving income support payments who have additional costs related to disability or caring.⁵

- A Disability and Illness Supplement would recognise the additional costs faced by people with disability and illness while they receive JobSeeker and related payments. At the same time, there are too many people with disability receiving JobSeeker payments who should more appropriately receive the Disability Support Pension.
- A Single Parent Supplement of at least \$200 per week should be introduced to recognise the additional costs for single parent households. That payment should replace Family Tax Benefit Part B.

Income support payments could also be simplified by rolling universal payments, such as the Energy Supplement, into base rates.

There are many other barriers for people accessing the payments they need that should be removed or reduced, including:

- Permanently removing the Liquid Assets Waiting Period and One Week Waiting Period
- reducing the Newly Arrived Residents Waiting Period to a maximum of six months (as it was when introduced)
- increasing permanent staff numbers at Centrelink, including social workers
- ensuring people seeking asylum and temporary migrants have access to crisis support and financial assistance when needed.

Next steps through a permanent Economic Inclusion Advisory Committee

The forthcoming Wellbeing Framework should embed a national poverty reduction target, aligned with the sustainable development goal to reduce poverty by half by 2030 according to national definitions. To support this, the Government should undertake a consultative process to establish a national definition of poverty and approach to poverty measurement.

ACOSS believes that poverty reduction should also be a core legislative purpose of the permanent EIAC, which will soon be established, linking to the national poverty target.

⁵ [Addressing inadequacy of income support: Briefing note](#) (also attached)

Parenting Payment Single changes should not require multiple application processes

Single parents with a child reaching 8 years old before this Bill is enacted and implemented are required to apply for JobSeeker to continue to receive income support payments. Many whose youngest child is under 14 years old may not be aware of the change and their ongoing entitlement to PPS from September. While not a matter for this Committee or for Parliament, ACOSS believes that Services Australia should automatically transfer these parents, or give them the option to transfer without a new application, to PPS.

Recommendation

The Strengthening the Safety Net Bill should be passed.

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