

5 March 2021



Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Canberra ACT 2600
Via email: community.affairs.sen@aph.gov.au

Dear Committee Secretary

Re: Social Services Legislation Amendment (Strengthening Income Support) Bill 2021

The NSW Council of Social Service (NCOSS) is the peak body for the social services sector in NSW. With over 400 members and a wider network of approximately 4,000 non-government organisations, government and other entities and individuals who share our values, we advocate to alleviate poverty and disadvantage in NSW. When rates of poverty and inequality are low, everyone in NSW benefits.

An increase in the rate of the income support benefit is long overdue. Prior to the COVID-19 pandemic there was widespread recognition that an increase in the 'Newstart' payment would benefit the economy and recipients.¹ The inquiry into *Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia* included a recommendation that *'...once the Coronavirus Supplement is phased out, the Australian Government increase the JobSeeker Payment, Youth Allowance and Parenting Payment rates to ensure that all eligible recipients do not live in poverty.'*²

An increase to the JobSeeker benefit of only \$3.57 a day will not keep people out of poverty. At a total of \$44 a day the benefit is well under half the minimum wage and inadequate to cover the bare necessities of living; rent, medication, food and the cost of looking for a job. As identified by the Committee in the previous inquiry, the end of the Coronavirus Supplement will result in changed circumstances for many people. It is now clear that the 1.2 million Australians that will be living in poverty once the supplement is withdrawn will include households that were previously comfortable.

NCOSS strongly recommends the Committee reject the government's proposed \$3.57 a day increase and adopt the Australian Council of Social Service (ACOSS) recommendations for income support³ including:

- a. Set a minimum income floor across the working-age payments system set at the current pension rate which is currently \$472 per week (including the Pension Supplement).

¹ Australian Council of Social Service (December 2020), 'Briefing: Top economists have long called for a permanent increase to the JobSeeker payment'. Available at: <https://www.acoss.org.au/wp-content/uploads/2020/12/201201-Top-economists-have-long-called-for-a-permanent-increase-to-the-JobSeeker-payment-1.pdf>

² https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Newstartrelatedpayments/Report/section?id=committees%2freportsen%2f024323%2f27650

³ Australian Council of Social Service (July 2020), 'Briefing: Next Steps for Income Support', p. 1. Further information on what is an adequate income support system is available at: <https://www.acoss.org.au/wp-content/uploads/2020/11/Social-security-next-steps-JUL-UPDATED-2-9-copy.pdf>

- b. Increase base rates of allowances to this income floor. This would require an increase of \$185 per week to the single maximum rate of JobSeeker payment and \$235 per week for a single, maximum rate of Youth Allowance. This would simplify the income support system while securing fairness.
- c. In addition to the above, additional supplements should be available where certain circumstances are met. These supplements are: Housing Supplement, Disability and Illness Supplement and the Single Parenting Supplement.

Thousands of people across NSW are already living in poverty. The community service system in NSW has been underfunded for some time and inadequate income support will place even greater strain on these services.⁴In 2019-20, NSW specialist homelessness services supported over 70,000 people, 26 per cent more than they were funded for.

The flow-on effect from inadequate income support is an increase in demand for support services funded by States and Territories. In short scrimping on income support is a false economy as mitigating the health and social impacts of living in poverty requires increased expenditure on other services such as homelessness and domestic violence services.

In late 2020, NCOSS and NSW peak organisations commissioned modelling to understand how rising unemployment and a return to pre-COVID-19 income support payment levels would increase disadvantage in NSW.⁵ The modelling demonstrated increased rates of domestic violence, mental distress, housing stress, homelessness and reduction in educational performance for disadvantaged children.⁶

Throughout 2020-2021 the NSW community services sector has witnessed the positive impact that adequate income support has had on the people they support. Anecdotal evidence gathered from discussions with NCOSS members has highlighted major success stories because of an increased income support payment. One member recalled how a client was able to hide the additional income support money from their violent partner and escape domestic violence on their own accord without the support from a domestic violence service. Financial counsellors reported a decrease in clients presenting in crisis as they were managing to meet their debt repayments. Community centres reported a decrease in requests for emergency and food relief.

In May 2020, ACOSS surveyed 955 people receiving the new rate of JobSeeker and other allowances. The survey found that recipients reported reduced levels of financial and personal distress. They could cover essential costs like housing, bills and other vital expenses. One survey participant explained how much the additional income helped their family:

I feel like before Coronavirus we were living in poverty. Always wondering when I wasn't going to be able to scrape enough together to feed the kids again. At the moment, I can breathe and sleep a little easier knowing everything that needs to be paid is, and the kids are fed. I don't have anything left over to save but my children are eating better.⁷

⁴ Australian Institute of Health and Welfare (2019), 'Specialist Homelessness Services Annual Report 2019-20', <https://www.aihw.gov.au/reports/homelessnessservices/specialist-homelessness-services-annual-report/contents/summary>

⁵ Equity Economics (2020), A Wave of Disadvantage Across NSW: Impact of the Covid-19 Recession, A Report Prepared for the New South Wales Council of Social Service, Sydney, p. 5. Available at: <https://www.ncoss.org.au/wp-content/uploads/2020/10/A-WAVE-OF-DISADVANTAGE-COVID-19-Final.pdf>

⁶ Ibid.

⁷ Australian Council of Social Service, above n 1, 2.

A later survey (September 2020) had similar results; finding that higher income support had profound and life-changing impacts on the individual, their families, and their community:

- 80.8 per cent of respondents said they were eating better and more regularly
- 70.7 per cent of respondents said they were able to catch-up on bills
- 67.8 per cent of respondents said they were able to pay for medicines/health treatments
- 58.8 per cent were able to move into better and safer accommodation
- 56.2 per cent were able to move into better and safer accommodation.⁸

A strong social safety net is essential to Australian society. It operationalises our values of fairness and equality. The COVID-19 pandemic has illustrated how our safety net provides vital security and economic stability for the country as well as individuals. Lessons learnt during the pandemic should not be ignored; the benefits of adequate income support are clear. There is no need for a return to the former punitive approach to income support that forced those excluded from the labour market to live in poverty. Please ensure that the Social Services Legislation Amendment (Strengthening Income Support) Bill 2021 is amended to provide an adequate level of income support so that all people in Australia can live in dignity.

Should you have any questions about this matter, please do not hesitate to contact me or the Director of Policy and Research, Anna Bacik (02) 8960 7916 or via email at anna@ncoss.org.au

Yours sincerely



Joanna Quilty
Chief Executive Officer
NSW Council of Social Service

⁸ Australian Council of Social Service, above n 2, 1.