



Catholic Social
Services **Australia**

Senate Standing Committees on Community Affairs

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

5 March 2021

The national network of Catholic social services



About Us



Catholic Social Services Australia (CSSA) is the national body representing more than 15,000 workers and volunteers in more than 650 locations throughout Australia. Our member organisations providing social and community services across our Catholic network, reaching more than one million vulnerable Australians through more than 300 different service offerings each year. CSSA represents the social services mission of the Catholic Church and undertakes advocacy on matters of social justice, inclusion, human rights, inequality and policies that are informed by research and the practical experience of our network.

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CSSA's work is underpinned by Catholic Social Teachings principles: solidarity, the preferential option for the poor and vulnerable, the rights of workers, the dignity of work and protection and care for the environment.

The Church's teachings commit us to pursue an economic system that is inclusive and just, and to ensure that the poor and marginalised are supported. It is on this basis that we present the following submission.

Social Services Legislation Amendment (Strengthening Income Support) Bill 2021

CSSA has long called for reform to Australia's welfare payments system and an increase in the Newstart allowance, or unemployment benefit. In 2020 the Government responded to a national advocacy campaign to "Raise the Rate" by renaming Newstart to Jobseeker and temporarily increasing the payment.

During COVID-19, a single person without dependants on JobSeeker received \$1,115.70 per fortnight, comprising \$565.70 JobSeeker Payment and a \$550 Coronavirus Supplement. The Government reduced the Coronavirus Supplement for JobSeeker on 28 September 2020 from \$550 to \$250 per fortnight. At the end of March 2021, the Coronavirus Supplement will be dropped entirely, and should this Bill pass in its current form, it will increase the base rate of JobSeeker by \$50 per fortnight, or \$3.57 a day.

In April 2020, the Senate Community Affairs References Committee released its report on the adequacy of the Newstart payment (now JobSeeker). The report made 27 recommendations around JobSeeker and related payments. Key amongst these was that the Australian Government immediately undertake a review of the income support system to ensure that all eligible income support recipients do not live in poverty. The Committee's report found that the adequacy of JobSeeker is a barrier to employment, noting that:

the evidence indicates that the income support system itself is acting as a key barrier to employment because of the inadequate payment rates that force people into poverty, the flaws in the design of mutual obligation requirements and the inefficiency of employment programs. Further, some income support recipients experience additional challenges that further compromise their ability to secure work, which often results in long-term unemployment.

This barrier to employment is significant as the majority report stated that:

the committee heard that Newstart and Youth Allowance (JobSeeker) recipients were unable to afford the costs related to undertaking a job search, specifically, to maintain proper hygiene or dress appropriately, to afford the cost of transport when seeking employment or to pay for phone and internet access.

The Table below shows the level of the JobSeeker payment compared to other payments and wages. CSSA acknowledge that those on JobSeeker would likely be entitled to other government supports.

Wages and welfare payments

	Per week	Per Fortnight	Annualised
Average Wage FT	\$1,713.90	\$3,427.80	\$89,122.80
Average Wage (all)	\$1,304.70	\$2,609.40	\$67,844.40
Minimum Wage	\$753.80	\$1,507.60	\$39,197.60
Pension (Age)	\$472.15	\$944.30	\$24,551.80
JobSeeker + Corona Supp	\$407.85	\$815.70	\$21,208.20
JobSeeker	\$282.85	\$565.70	\$14,708.20
JobSeeker + \$50	\$307.85	\$615.70	\$16,008.20

Source: ABS, 2020, *Average Weekly Earnings, Australia*, "Table 2—Average Weekly Earnings, Australia, Seasonally Adjusted, May 2020," Cat. No. 6302.0, Accessed 20 October 2020; Services Australia, 2020, "Individuals," <https://www.servicesaustralia.gov.au/individuals>, Accessed 12 October 2020; and Fair Work Ombudsman, 2020, "Minimum Wages," <https://www.fairwork.gov.au/pay/minimum-wages>, Accessed 20 October 2020.

The current JobSeeker base rate is about 60% of the single age pension, 37.5% of the minimum wage and just 16.5% of the average full-time wage. The \$50 per fortnight increase makes JobSeeker 65% of the single age pension, nearly 41% of the minimum wage and 18% per cent of the average full-time wage.

The 2017 UNSW Social Policy Research Centre report *New Minimum Income for Healthy Living Budget Standards for Low-Paid and Unemployed Australians* found that people on welfare did not have sufficient income for healthy living. This report, released in partnership with Catholic Social Services Australia, ACOSS and United Voice, concluded: "that the longterm decline in the adequacy of NSA (Newstart Allowance now JobSeeker) is a major policy failure that needs to be redressed, informed by a process of regular and independent review like that used to set the minimum wage".

The introduction of the \$550 Coronavirus Supplement has made a significant difference to those receiving the base rate of JobSeeker. For those who have lost their jobs due to the COVID-19 pandemic, the initial fortnightly JobSeeker payment (including supplement) of \$1,115.70 is still more than \$10,000 per year less than the minimum wage.

The last review of the Australian social security system, the McClure Review, made numerous recommendations for reform that the Australian government did not adopt. The welfare payment system and how payments are set requires an urgent review. Without properly addressing the adequacy of the JobSeeker payment, unemployed Australians, especially the long-term unemployed, will struggle to re-enter the labour market.

CSSA continues to call for the establishment of an independent expert panel to examine the adequacy of all current welfare payment rates, including pensions. This panel should be established with the view to advise the Australian Government on the level of payment necessary to enable those dependent on welfare payments to receive an adequate level of income to enable them to live with dignity.

Conclusion:

A \$50 increase to the fortnightly Jobseeker payment and Youth Allowance equates to an additional \$3.57 per day in assistance for those relying on welfare payments. Even with this increase, people receiving these payments must live on an income well below the poverty level.

Unfortunately, the increased payment fails to lift welfare recipients out of poverty and will perpetuate long-term disadvantage for the recipients and their dependents.

CSSA calls on the Government to:

1. Undertake a full reform of Australia's welfare system:

We propose that the Government establish an expert review panel to examine and make recommendations on all welfare payment rates' adequacy, including pensions. Further, the expert panel should make recommendations as to how such payments should be indexed to mitigate the risk of current disparities occurring in the future; and

2. Maintain the Coronavirus Supplement and retain Jobseeker at a rate that allows those supported by the social security system can live with dignity:

Maintain the Supplement at the current rate until the completion of the review of Australia's welfare system.