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Submission to the:

House of Representatives Standing Committee on Social Policy and Legal  
Affairs

**Social Security Commission Bill 2018**

March 2019

*[www.anglicare.asn.au](http://www.anglicare.asn.au)*

## About Anglicare Australia

Anglicare Australia is a unique national network of independent, for purpose community service organisations, all with links to the Anglican Church. With a combined budget of \$1.59 billion, and a workforce of 20,000 staff and 9,000 volunteers, the Anglicare Australia Network contributes to more than 50 service areas across Australia. One in every 20 Australians access Anglicare services each year. Our services are delivered in partnership with people, the communities in which they live, and other like-minded organisations in those areas.

Through our services and advocacy, the Anglicare Australia Network partners with people, families and communities to build resilience, inclusion and justice. Anglicare Australia is charged to influence social and economic policy across Australia, informed by research and the practical experience of the Network.

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## Summary

Anglicare Australia welcomes this opportunity to comment on the committee's inquiry into the *Social Security Commission Bill 2018*.

Anglicare Australia believes that a fair society is one where everyone can live a dignified life and nobody lives in poverty. People are entitled to support while they study for the future, get help while they look for work or look after their loved ones, or get a pension to support themselves if they have a disability. In this aspiration, we reflect the wishes of our community.

Australians want our country to be one that supports those in need, and believe that no-one deserves to live in poverty.<sup>1</sup>

Social security payments, and in particular Newstart and Youth Allowances, have not kept up with the cost of living, including housing – and too many Australians are living below the poverty line. Successive governments for more than 20 years have failed to ensure that social security payments keep pace with the cost of living. Anglicare Australia therefore strongly supports the creation of an independent Social Security Commission, tasked with regular evidence gathering and recommending appropriate amounts for government income payments to ensure no Australian reliant on such payments lives in poverty.

Further, to put an end to this inequity and inaction, the level of government income payments should be set independently, just as the minimum wage level is determined. We therefore recommend that this Bill be amended to give the Commission the power to review and direct the relevant Minister to adjust social security payments accordingly, on an annual basis.

Anglicare Australia understands that these measures were not included in the current Bill because a private member's bill cannot raise appropriations. We therefore call on the Government to adopt this Bill and move the appropriate amendments.

## Why we need an independent Social Security Commission

Anglicare Australia's recent research into poverty shows that Australians want our country to be one that supports those in need, and believe that all people, including those who live on income support, deserves a dignified life free from poverty<sup>2</sup>.

In spite of two decades of uninterrupted economic growth, inequality in Australia is now the worst it has been in seventy five-years<sup>3</sup>. Instead of strengthening the safety net and improving support to those who need it the most, successive budgets have cut income support payments, including to low-income families despite persistent and increasing poverty in Australia.

The low level of unemployment payments is broadly recognised as acting as a direct barrier to securing

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<sup>1</sup> Survey research conducted for Anglicare Australia's 2018 State of the Family Report: [\*The real story: What Australians think about poverty and how we shape the debate\*](#).

<sup>2</sup> *ibid*

<sup>3</sup> Sheil, C., and Stilwell, F. (2016) *The wealth of the nation: Current data on the distribution of wealth in Australia*.

stable work. What we know from the experiences of people who need support, and our Network members' work, is that government payments – such as Newstart and Youth Allowance – are no longer a safety net. They are poverty traps that are leaving pockets so bare that people can't afford to fill a prescription, buy decent food, or even cover the cost of rent.<sup>4</sup>

The latest data shows those living on government assistance are slipping further below the poverty line and there is now an unprecedented gap between the poverty line and what an unemployed family receives. Those relying on Newstart or the equivalent are doing it the toughest<sup>5</sup>.

Anglicare Australia's [Rental Affordability Snapshot](#) shows why a poverty line consideration must include the cost of housing; and our [Jobs Availability Snapshot](#) shows how many people get left behind on welfare payments because of barriers to work and lack of appropriate job opportunities. There simply aren't enough jobs for those who need them, and work is also becoming more insecure and casual, with around one in four people thought to be working casually<sup>6</sup>. These are a significant cohort for demonstrating the need for a liveable safety net.

Our social security system is designed to provide a safety net, but evidence shows it is no longer doing so. To become the society that Australians expect, we need to take real action on poverty by making sure everyone has a fair and decent income. This Bill, which creates an independent Social Security Commission asked with regularly gathering evidence and recommending the appropriate amounts for government income payments, would help ensure no Australian reliant on such payments lives in poverty because of parliamentary paralysis.

The level at which the Fair Work Commission independently determines the minimum wage is based on evidence. That is why governments are in no position to avoid the issue. Similarly, the process for setting government income payment should be evidence based and independent. After all, the people who rely on these payments can least afford to be the collateral damage of government neglect or indecision.

## **The scope of the Commission**

We are pleased that the Bill states that the Commission will need to analyse a range of measures – such as internationally accepted poverty lines, budget standards, and measures of deprivation – to assess the adequacy of social security payments.

We believe however, that the Bill as presented can be strengthened to give the Commission powers to annually review and determine government income payments, and require relevant Ministers to implement these rates in a manner similar to the functioning of the Fair Work Commission.

Anglicare Australia also supports the amendments recommended by ACOSS, specifically that:

- 'Social security payment' is amended to include payments in the Family Assistance Act 1999 to

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<sup>4</sup> NATSEM (2012) Going Without: Financial hardship in Australia. Commissioned by Anglicare Australia, Catholic Social Services, the Salvation Army and UnitingCare Australia.

<sup>5</sup> The Australia Institute (2016) Australia fails to hold the poverty line. Media Release Poverty Line

<sup>6</sup> Carney, T., and Stanford, J. (2018) The Dimensions of Insecure Work: A Factbook.

ensure family payments are included in the Commission's remit.

- The effect of waiting periods and claim processing times on the adequacy of income support payments is included within the Commission's terms of reference.
- Payment adequacy should be considered on its own without reference to private income people may or may not receive.

Poverty is a major factor in family breakdown, a source of trauma, and a barrier to children and young people living in stable and loving homes<sup>7</sup>. Governments have failed to provide families who rely on government payments with enough support, and many families simply can't find affordable housing. The effects on children and young people are profound. For example, evictions force families to move and children to abruptly change schools, losing stability, friends and social connection. Families in poverty struggle to feed themselves and heat and cool their homes, which causes distress and suffering. Children and young people miss out on extra-curricular and recreational activities which is so important in formative years. That is why Anglicare Australia supports ACOSS' recommendations that 'social security payment' is amended to include payments in the Family Assistance Act 1999, as Family Tax Benefits are particularly important for low-income families.

Our own research on the impact of [Centrelink automation](#) on Anglicare staff and clients, shows that workers described numerous examples where clients had to wait for payments to be established, such as parenting payments which altered as the balance of care changed between separated parents. Waiting meant that whoever had the children was 'struggling frantically to try and feed and cloth them, pay school bus fares' and so on:

*"A single parent who is escaping domestic violence, they have to wait forever to get put on a new payment. She can't afford to move into a new rental because her payments are still based on her ex-partner's. It takes ages for it all to change and it affects accommodation and the affordability of properties."* (Support worker)<sup>8</sup>

We know that waiting periods have a significant impact on the standard of living for people who do not have sufficient private income to get by, so the effect of waiting periods and claim processing times on the adequacy of income support payments should be included within the Commission's terms of reference.

Furthermore, we do not want a situation where people facing hardship have to dig into their superannuation under the preservation age, for example, as that can exacerbate financial hardship even further. For this reason we agree with ACOSS that means testing arrangements should form the sole basis on which the Commission assesses the effect of other income (or assets) the applicant receives (or holds).

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<sup>7</sup> Moschion, J. (2017) Disadvantage, family breakdown and homelessness. Inside Business, University of Melbourne. <https://pursuit.unimelb.edu.au/articles/disadvantage-family-breakdown-and-homelessness>

<sup>8</sup> Teresa Hinton (2018) Paying the price of welfare reform. The experiences of Anglicare staff and clients in interacting with Centrelink, p. 49-50

## Conclusion

The current system of relying on governments to regularly review social security payments and ensure that they keep pace with the cost of living has failed. For the many hundreds of thousands of Australians reliant on government income the situation is now dire, and there are no guarantees that current or future governments will act. We clearly need a new approach, as offered by the proposed Social Security Commission, and therefore strongly support this Bill. However, we believe it must go further and accord the Commission the power to set government payments, not merely advice, and we urge the Committee to adopt these recommendations along with the Bill.