

5 March 2021

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Dear Committee Secretary,

Social Services and Legislation Amendment (Strengthening Income Support) Bill 2021

Anglicare Australia appreciates the opportunity to provide input to the Committee's consideration of the Social Services and Legislation Amendment (Strengthening Income Support) Bill 2021 (the Bill).

We have long called for JobSeeker payments to be raised for good. In 2020, we welcomed the Government's move to raise the rate of JobSeeker above the poverty line, finally ending its 26-year freeze on support for people out of work. This lifted hundreds of thousands of Australians out of poverty and shielded people out of work from destitution.

In recent months much of that work has been undone, with rates cut in September and December. This proposed Bill will again cut the rate of JobSeeker by cutting the Coronavirus Supplement. Anglicare Australia does not accept attempts to reframe this cut as an increase. This Bill will dramatically reverse the gains that Australia has made in tackling poverty, and plunge record numbers of people into hardship and deprivation as they work to recover from a historic world-wide downturn.

Contrary to Government narratives about 'snapping back' and entering a recovery, our network and member agencies have told us that many people are a long way away from recovery, especially those who are out of work. Indeed, there is unanimous agreement among financial counsellors and emergency relief agencies polled by Anglicare Australia that further cuts will lead many more clients to financial distress.¹

Further research from Anglicare Australia shows that:

- 0 percent of online rental listings are affordable under these cuts, even when all supplements and Commonwealth Rent Assistance are included
- 2 out of 3 people (58 percent) who needed emergency relief were out of work on the old rate
- 1 in 2 people (44 percent) of those people had been coming to our services for a year or more
- Three quarters of jobseekers (72 percent) skipped meals every week on the old rate. Most skipped an average of 3-4 meals a week
- One in ten jobseekers (9 percent) were forced to couch surf on the old rate.
- JobSeeker increases halved the percentage of people living on \$7 a day, and left people with more income across the board.

The experiences of people on the old rate of JobSeeker are shocking, and the benefits of the increase have been profound. We have appended a summary of case studies and experiences from across the Anglicare Australia Network showing the powerful effect of payment increases – and the impact of cuts. This is provided at Attachment A.

The proposed rate is not liveable

Before the COVID-19 pandemic, one in eight Australians lived in poverty. Worse still, one in six children lived in poverty. The biggest risk factor for living in poverty was living on income support.ⁱⁱ The payment rate proposed in this Bill will not reduce these numbers. With many more people now out of work now than when this study was conducted, we can expect the situation to worsen.

Our frontline services and agencies are concerned that further cuts to the current rate, as proposed by this Bill, will push Australians into poverty and housing stress. This is backed by a recent survey of 2,000 Anglicare Australia clients. We found that two out of three people (58 percent) who came to us for emergency help were out of work; one in two needed help to get basic essentials such as food or medicine; and one in three (33 percent) needed help to manage a low income.ⁱⁱⁱ This reinforces what the evidence had already been telling us – that payment rates were so low that many people were turning to agencies like ours just to get by. Our survey also showed that emergency relief isn't a long-term answer to poverty. Almost one in two clients were coming to us for over a year.^{iv} What these people really needed was a decent income to match the basic cost of living.

Another recent Anglicare Australia survey compared the experiences of JobSeekers after the introduction of the Coronavirus Supplement. It found that the old rate of JobSeeker was leaving people with as little as \$7 a day after paying rent.^v Most people who took the survey were skipping meals, and some were couch surfing. Three quarters (72 percent) told us they were regularly skipping meals each week.^{vi} After JobSeeker was raised, the percentage of people living on \$7 a day was halved. Most people told us that an increase would help move into better, more stable accommodation. This is vital considering that one in ten (9 percent) were forced to couch surf before the increase.^{vii} Many who had their incomes boosted by the increase were finally able to buy fresh fruit and vegetables.

All of this highlights the importance of the increases made in 2020, and the fact that payments kept so far below the poverty line are simply not liveable. Much was made of the doubling of the JobSeeker rate at the beginning of the pandemic. In reality, the rate had simply caught up with living costs after a 26-year freeze. In that period, rents in capital cities more than doubled – for example, a median rent in Sydney is \$500 per week. This helps explain why doubling the rate still left people barely above poverty line, and why these cuts will make such a dramatic impact. The proposed rate would force a person on JobSeeker to spend all of their income on rent, even with Commonwealth Rent Assistance.

Anglicare Australia's Rental Affordability Update, released in the wake of the COVID-19 downturn, found that almost 99 percent of rental listings and sharehouses were not affordable for someone on JobSeeker, even with payments doubled. Under the old rate of Newstart, 0 percent would have been affordable.^{viii} This analysis includes other essential living costs like food, education, health, transport, petrol, and electricity have also been rising since the early nineties.^{ix} When compared to living costs, it's clear that payments are due for a big boost.

Put simply, the increase delivered in March was long overdue. Cuts in September and December are already hurting people, and the cuts proposed in this Bill will plunge people further into poverty across the country.

Jobseekers will need support for years to come

Many Australians were out of work and living in poverty for years before the COVID-19 pandemic. In the months since, those figures have ballooned as record numbers of people lost their jobs and livelihoods as a result of the Government's shutdown. Despite the recent economic rebound, reliance on JobSeeker remains stubbornly high with demand for jobs far outstripping available vacancies.

At the time of writing, just over 1.23 million Australians are receiving JobSeeker payments.^{x,xi} These jobseekers are competing for just 175,100 job vacancies. Anglicare Australia notes that over 1.12 million people are underemployed and seeking further work. Many will be competing for the same vacancies. We also note that the actual number of people without work may be masked by the JobKeeper scheme, which is due to be cut at the same time as the provisions in this Bill are enacted. The actual rate of joblessness could be much higher than we realise.

Hidden in these staggering figures is an even harder situation for Australians with barriers to finding work. Those with barriers to work, or who have been long-term unemployed, are much more likely to seek entry-level roles. Anglicare Australia's latest Jobs Availability Snapshot, released in October 2020, shows that there were 106 jobseekers for each of these entry-level vacancies.^{xii} Based on these numbers, it's clear that many Australians will be in need of support from the JobSeeker payment for years or more.

This is consistent with trends we can see across income support payments. Three out of four people live on the JobSeeker payment for more than a year, and that number is rising.^{xiii} Older people, people with disabilities, and parents with young children are all much more likely to spend more time living on the payment.^{xiv} Older people in particular were more likely to be retrenched during the COVID-19 downturn, and are much less likely find work again after being laid-off.

This grim situation helps explain the cynicism among many people hit by the recession – when surveyed, around one in ten Australians laid off in the downturn said they believe they will never work again.^{xv} Cutting JobSeeker payments now will condemn these people to poverty until they reach retirement age.

Fixing a broken process

Anglicare Australia has broader concerns about the way the process surrounding payment rates that go beyond this Bill. The months of payment changes, media leaks, and speculation about the final rate was extremely stressful for many of our clients. It is likely to have caused anxiety for countless Australians who rely on these payments. These machinations followed decades stagnation in the rate. People out of work have watched with dismay as the Government has ignored the community sector, business groups, economists, experts, inquiries, and many of its own MPs when it comes to payment rates. Trust was further diminished after revelations in 2019 that the Government interfered in a Parliamentary Inquiry's recommendations on payment rates.



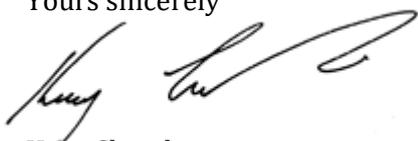
Put simply, the political process has failed people out of work. The issues with this Bill, coupled with long-term Government failures in this area, show the urgent need for an independent Social Security Commission to set payment rates.

As we work towards such a commission, Anglicare Australia calls on the Federal Government to stop the cuts and permanently raise the rate of JobSeeker payments above the poverty line. This will mean raising the rate of JobSeeker and related payments to meet the Henderson poverty line. The Henderson poverty line accounts for different costs to different groups, and this will mean paying supplements to some people depending on their situation. It will also involve taking account of Australia's high housing costs (the poverty line assumes no more than 30 percent of a person's income is spent on housing).^{xvi}

If the Government cannot commit to keeping its citizens out of poverty, we urge members of the opposition and crossbench to amend this Bill to ensure payments are above the poverty line, and advocate for an independent Social Security Commission. We would be willing to meet with Government, opposition, or crossbench parliamentarians to discuss the particulars of these recommendations.

Anglicare Australia appreciates the opportunity to provide feedback on this Bill. Noting the tight timeframe on this Inquiry, we invite members of the Committee to contact Anglicare Australia if they have any questions on anglicare@anglicare.asn.au or on 02 6230 1775.

Yours sincerely



Kasy Chambers
Executive Director

ⁱ Anglicare Australia (2021) [Polling brief: Cuts to the rate of JobSeeker](#).

ⁱⁱ University of New South Wales (2020) [Poverty in Australia 2020. Part 1: Overview](#).

ⁱⁱⁱ Anglicare Australia (2020) [Anglicare Australia Emergency Relief and Financial Counselling Client Survey](#).

^{iv} Ibid.

^v Anglicare Australia (2020) [Asking Those Who Know](#).

^{vi} Ibid.

^{vii} Ibid.

^{viii} Anglicare Australia (2020) [Rental Affordability Update 2020](#).

^{ix} Anglicare Australia (2018) [State of the Family: The Real Story](#).

^x Australian Government (2021) [JobSeeker Payment and Youth Allowance recipients – monthly profile – January 2021](#)

^{xi} Australian Bureau of Statistics (2021) [Labour Force, Australia, January 2021](#)

^{xii} Anglicare Australia (2020) [Jobs Availability Snapshot 2020](#).

^{xiii} Anglicare Australia (2020) [Jobs Availability Snapshot 2020](#).

^{xiv} Anglicare Australia (2020) [Jobs Availability Snapshot 2020](#).

^{xv} Essential Research (2020) [The Essential Report: 19 May 2020](#).

^{xvi} Melbourne Institute (2020) [Poverty Lines: Australia. December Quarter 2019](#).