



Submission to the Senate Community Affairs Legislation Committee November 2020

Social Services and Other Legislation Amendment (Extension of Coronavirus Support) Bill 2020

ARACY thanks the Committee for the opportunity to make this submission. ARACY also congratulates the Government and Parliament more broadly for the generally collegiate way in which it has worked to date to bring economic relief to children and families across Australia in response to the COVID-19 (COVID) pandemic and the related and ongoing economic downturn.

About ARACY

ARACY is a not-for-profit registered with the ACNC. ARACY brings people and knowledge together for the benefit of children and young people in Australia. Our purpose is to ensure the maximum benefit to Australia's children (and taxpayers) by ensuring that policies and programs, designed to help young Australians overcome obstacles and reach their potential, are based on evidence of what works.

Summary of Recommendations

- 1) ARACY recommends that the Social Services and Other Legislation Amendment (Extension of Coronavirus Support) Bill 2020 be amended to allow the COVID Supplements to remain in place, at their current levels, until:
 - a) the post-COVID economic recovery is firmly established (perhaps signified by two consecutive quarters of growth in real GDP) and,
 - b) the Australian Government has developed and implemented a way of addressing the needs of children (and the Australian Government's obligations under the Convention on the Rights of the Child and the International Covenant on Economic, Social and Cultural Rights) when setting the level of social security payments to ensure children in households dependent upon such payments are having their full range of needs met.

ARACY further recommends that:

- 2) The Australian Government bestow upon the Prime Minister overarching responsibility for the wellbeing of Australia's children, ensuring alignment of policy settings, service delivery, and effort across Commonwealth agencies and other jurisdictions through the National Cabinet. It should be noted that currently the Minister for Aged Care and Senior Australians, and Minister for Youth and Sport, sits in the outer ministry. It should also be noted that children are represented by an Assistant Minister for Children and Families who also sits outside the Cabinet.
- 3) All Cabinet Submissions include a Regulatory Impact Statement (RIS) as to each proposal's ability to maintain and improve the standard of living for all children and young people in Australia.



- 4) That in relation to the setting of social security payments:
 - a) that the needs of children be formally considered by the Commonwealth annually when setting the levels of these payments.
 - b) that the Prime Minister report to Parliament annually on the processes by which the needs of children and young people have been considered in setting these payments and the result of those processes upon the policy determination.

Rationale

1. Evidence shows that low levels of social security payments are linked to detrimental outcomes for children and young people.

As an organisation focussed on the application of evidence to get the best outcome for young Australians, ARACY is also bound to ensure our positions and arguments are based on sound evidence.

In 2019 ARACY came to the position that Newstart and other benefits should be increased. We did so only after conducting a significant piece of collaborative analysis, funded by the Australian Government Department of Social Services and using unit record data from growingupinaustralia.gov.au.

The findings of our work are summarised in *To have and to have not: Measuring child deprivation and opportunity in Australia*, released in early 2019, and available on the [ARACY website](#)

To have and to have not paints a picture of the extent to which Australian children are having their needs met in key and interlocking areas which [research](#) shows are central to a child's wellbeing. These are: Being valued, Loved and Safe; Having Material Basics; Being Healthy; Learning; Participating; and, Having a Positive Sense of Identity & Culture. The report examines deprivation levels across the general population of Australian children and specifically those living with disability, those living in monetary poverty and those living in jobless families.

In summary the report finds:

- **Children in jobless families** were more likely to suffer from a greater number of deprivations than any other group examined. For example they are more than 4 times more likely to be homeless than children in families where an adult works, nearly twice as likely to be bullied or face social exclusion and almost two and a half times more likely to be missing out on learning at home.
- **Children in monetary poverty** (that is children living below the poverty line) suffered effects far wider than just their material basics. For example, they are more than 1.7 times more likely to face food insecurity, nearly twice as likely to lack good relationships with friends and almost two and a half times more likely to be missing out on learning at home.
- **Children with disability**, while generally engaged and included in the family and home environment, are more likely to be experiencing significant social exclusion both at



school and in the community. They are also more likely to experience deprivation across all dimensions including being up to three times more likely to lack relationships with friends, and around two times more likely to have mental health concerns.

In summary, we unexpectedly found that living in a home where no one is able to work, a home likely to be reliant on Newstart (or some other form of unemployment support) can potentially have a greater negative impact on a child than that child having a disability.

The findings of *To Have and to Have Not* indicate that the low level of Newstart potentially had a major negative impact on children who are completely without agency when it comes to whether or not their parents/carers work.

It further indicates that it is highly likely to be detrimental for the children and young people of Australia if social security payments revert to their former low levels, or any lower level than is currently the case, where this new level is not supported by rigorous analysis as to the impact on young people.

2. Inadequate social security payments are a potential risk to the mental health of children and young people

The [Productivity Commission's recent report](#) on the Inquiry into Mental Health in Australia recognises socioeconomic disadvantage as a key driver of poor mental health, and acknowledges the impact of COVID-19 on increasing rates of financial distress. In particular, it notes the effect of socioeconomic disadvantage on children's mental health, citing that:

- Social, emotional and behavioural difficulties is associated with low household wealth in children as young as three years old (Kelly et al)
- Depression and anxiety among adolescents in low socioeconomic situations is 2.5 times higher than those of high socioeconomic status.

Rates of high psychological distress decrease with increasing household income. This can be compounded by entrenched social disadvantage, such as inadequate housing and reduced educational opportunities as faced by many Aboriginal and Torres Strait Islander communities. While employment is the ideal protective factor, the report acknowledges that income support payments are "likely to reduce this distress", and employment is not necessarily a feasible outcome in the current economic climate. Adequate income support is needed both in the short term to protect against the financial repercussions of COVID-19 for families, as well as in the longer term to support the mental health of children.

3. A reduction in social security payments will likely breach the human rights of Australia's children and young people.

Presented as part of the Explanatory Memorandum of this Bill is a 'Statement of Compatibility with Human Rights' which portrays this Bill as compliant with Australia's obligations under Article 26 of the Convention on the Rights of the Child and Articles 9, and 11 of the International Covenant on Economic, Social and Cultural Rights.



In as far as this Bill extends to some future time, and to some amount, the COVID Supplements, this seems a reasonable portrayal.

However, to the extent that this Bill is equally designed to cut or totally remove COVID supplements from 1 April 2021, it cannot be said to be protecting the human rights of children in Australia.

According to the Explanatory Memorandum:

Part 1 of Schedule 1 continues the powers for the Minister to extend the COVID-19 Supplement, by disallowable legislative instrument, until 31 March 2021. The provisions enabling the Supplement to be paid will then be automatically repealed. Other provisions in the social security law that only operate while the Supplement is paid will also be automatically repealed on 31 March 2021.

Article 9 of the [International Covenant on Economic, Social and Cultural Rights](#) proclaims the right of everyone to social security while Article 11 recognises “the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions”. Additionally Article 26 of the [Convention on the Rights of the Child](#) effectively extends these rights to children.

While this Bill is about extending the COVID Supplement in a reduced form until 30 March 2021, it is equally about stopping that supplement on 1 April – and without any detail provided by the Government to date, it must be assumed that this means this Bill is about returning families reliant upon social security payments to Newstart level payments.

ARACY’s work, and much other evidence, has shown that the needs of children (for example for safe, affordable housing) are not met under Newstart levels of social security. Equally, there is much [evidence](#) that the COVID Supplements have allowed families, who find themselves on hard times, to have a standard of living that every Australian should be able to expect. This includes families being able to escape domestic violence, mothers not having to miss meals due to lack of money, some upgrading study equipment to allow them to reskill, and others being able to afford basics such as cold and flu tablets.

Given that this Bill will, from 1 April 2021, effectively remove these supplements and with them, the opportunity for families to afford such basics, it cannot be said to be compliant with international human rights covenants, nor protecting the human rights of children and young people in Australia.

4. Punitive Social Security measures do not create jobs but they do negatively affect children

The economy is still deeply weakened from COVID, and most indicators show this will be a prolonged period of economic recession.



Various [sources](#) also indicate that there are between 7 and 19 people competing for every job vacancy in Australia.

There is robust evidence, that increased rates of social security payments strengthen the economy. [Modelling by Deloitte Access Economics](#) shows the economic stimulus of just a \$75 weekly increase in (what was then Newstart) would help create 12,000 jobs nationally.

Until the economy improves, job creation will remain stagnant. Reducing the level of social security payments will serve only to reduce the living standards of children and young people while removing from the economy the very stimulus required to restart economic growth. It will not create jobs.

5. Childhood poverty has a potentially lifelong impact on the child and a decades long impact on the economy and community

Further to point 3 above, research contained in [The First Thousand Days, An Evidence Paper](#) shows adversity experienced by children in their earliest years can have a negative impact throughout their lifetime (for example, adult conditions such as coronary heart disease, stroke, diabetes, and cancer are now being linked to pathways that originated prior to or during the first 1000 days) and while it is never too late to intervene and invest in improving the lives of children, it is always better to do so as early as possible.

The impacts can also be immediate and costly.

A report released in 2019 entitled [How Australia can invest in children and return more: A new look at the \\$15bn cost of late action](#) found every Australian is paying \$607 per year (\$15.2 billion in total) for services that could have been avoided, had children and families in need been provided with early and appropriate help.

To put this in perspective, this is about a quarter of the gross value for Australian agriculture in 2018-19 (\$60 billion according to the [ABS](#)). Looked at another way, a quarter of all the work done by our farmers each year merely goes to pay the direct cost of the damage caused to children and our community caused by early disadvantage and late intervention.

Conclusion

- Evidence proves that children suffer when they are in families that, despite their best efforts and through no fault of their own, are reliant upon low social security payments due to a lack of employment.
- [Analysis](#) also shows the power of the COVID Supplements in lifting families from poverty, and also the reality that reducing and removing these supplements will place many, including many thousands of children in Australia back into poverty.
- Due to COVID more families than ever are in this situation, many facing unemployment for the first time.



- As the COVID pandemic and recession continue, potentially every family faces the real and increased risk of a period of unemployment and therefore dependence upon social security payments.
- Low social security payments cannot incentivise people to take jobs that do not exist. And far from creating jobs, lowering social security payments will remove much needed economic stimulus from the economy, and thus be detrimental to employers/business.
- Equally, as the actions of the Government have demonstrated to date, increased social security payments (along with investments in areas such as early childhood education and social housing) can have a highly potent stimulatory effect on the economy.
- Taking all the above into account ARACY recommends that, along with the recommendations above, the Social Services and Other Legislation Amendment (Extension of Coronavirus Support) Bill 2020 be amended to allow the COVID Supplements to remain in place, at their current levels until the economy recovers and until the Australian Government can develop a social security policy and payments system that adequately meets the needs of children.

Ends