

Submission to the House of
Representatives' Standing Committee on
Social Policy and Legal Affairs' *Review of the
Social Security Commission Bill 2018*

The Accountable Income Management Network,
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1. About the Accountable Income Management Network

The Accountable Income Management Network (AIMN) is a nation-wide group of community members; representatives of national, state and local non-government organisations and community bodies; academics; social researchers and public policy experts. Our members have a strong commitment to social justice and human rights and are concerned about the provision of equitable and appropriate social security support to economically marginalised Australians. The AIMN is concerned in particular with the issues raised by compulsory income management and welfare conditionality.

2. Introduction

The Accountable Income Management Network welcomes the opportunity to provide comment to the House of Representatives' Standing Committee on Social Policy and Legal Affairs on the *Social Security Commission Bill 2018*.

Many of the AIMN's member organisations are engaged in direct service provision to clients who struggle on a daily basis to maintain wellbeing and a decent standard of living, as they are reliant on social security payments which are too low and do not enable them to cover basic living costs.

The AIMN supports this Bill and its objective to ensure that 'the living standards of people relying on social security payments reflect the broader changes in community living standards and maintain purchasing power, in line with wage and cost of living increases (Explanatory Memorandum – Section 3: Principle Object)'.

To this end, the AIMN supports the establishment of a Social Security Commission that is to provide Parliament with independent advice on the minimum levels for social security payments, such that all recipients can meet an accepted contemporary minimum standard of living.

While supporting this Bill and calling for it to be established as soon as possible, the AIMN also believes that the Bill presents a timely opportunity for an expansion of the scope and function of the proposed Commission and the matters which it might consider. The AIMN calls for an amendment to the Bill to include an additional function for the Commission, namely, to conduct a comprehensive review of Australia's social security system with a particular focus on the conditionalities and penalties that have become integral to the framing and implementation of this system and its various programs. The AIMN believes that a Bill focused on establishing a Commission to consider the minimum levels of social security payments should also include a consideration of the ways in which these already inadequate payments are eroded through the imposition of penalties and harsh sanctions for non-compliance.

3. The current status of social security payments

It is evident that the rate of social security payments across all categories of social security support are well below the ever-increasing cost of living in Australia and do not meet community needs or expectations.

It is alarming that, as one of the richest countries in the world, Australia does not adequately and fairly address the needs of those who require social security support. In Australia, providing adequate social security is not a question of affordability but, rather, one of misallocation. In a country that enjoys so much wealth and access to resources, we could easily provide all citizens with adequate support to enable everyone to live a good life.

For more than two decades, there have been repeated calls to increase the rate of Newstart and Youth Allowance¹. Those who are unemployed or not working for a range of reasons are expected to live on approximately \$39 per day. This amount of money does not enable a person to live a good life but pushes them into further poverty². This amount is even less likely to provide an adequate standard of living for social security recipients living in rural and remote areas, for whom the cost of essentials such as food and fuel include exorbitant premiums³.

The current system and rate of social security payments is not meeting the needs of Australians in an equitable and adequate manner and is in urgent need of a thorough overhaul, which will be enabled by the establishment of a Social Security Commission.

4. The value of establishing a Social Security Commission

While it is acknowledged that social security policy is a complex area, the current process for determining the rate of social security payments is *ad hoc* and does not appear to be informed by the necessary evidence or linked to specific socio-economic markers or rates of indexation. Such determinations are neither conducted on a regular basis, nor in a transparent manner.

The establishment of a Social Security Commission through this Bill is welcomed, as it will provide Parliament with independent and informed advice on the minimum level for all social security payments made under the *Social Security Act 1991* – including pensions, Newstart and the Youth Allowance – so as to enable an acceptable minimum standard of living. The AIMN endorses the inclusion of a mechanism to allow community sector input into the initiation of social security payment reviews, as well as to allow the Committee to undertake reviews on its own initiative.

Through its function of conducting transparent social security payment reviews, the Commission is to determine the following: an acceptable standard of living for recipients of the payment;

¹ See, for example, ACOSS' 'Poverty in Australia' series of reports and the Australian Unemployed Workers' Union's 'It's Time! Raise Newstart!' campaign.

² https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf p. 15

³ <https://ruralhealth.org.au/sites/default/files/publications/nrha-factsheet-povertynov2017.pdf>

whether the current level of the payment provides adequate support; and a recommended increase to the payment level or rate of indexation.

5. Proposals for consideration by the Committee

Section 8 of the Bill sets out the functions of the proposed Commission. The AIMN supports the proposed functions, however, we wish to highlight specific aspects for the Committee's consideration.

Scope of the function of the Commission

The establishment of the Commission offers an opportunity for a more thorough overhaul and recalibration of Australia's social security system. The AIMN proposes that there is value in expanding the role and function of the Commission to include a more in-depth consideration of the structure, modalities and mechanisms, as well as the associated payment rates, of the entire social security system.

While the proposed Commission will be tasked with providing advice on all payments under the *Social Security Act 1991*, the AIMN recommends that the Commission additionally review payments under the *A New Tax System (Family Assistance) Act 1999*. This will allow the Commission to additionally review payments such as the Family Tax Benefit Parts A and B, as well as any payments supplementary to the aforementioned.

The AIMN believes that a consideration of the rate of social security payments is critically important, but that looking only at the amount of payments is insufficient in light of the punitive and conditional nature of most of Australia's social welfare programs and the harms these are causing to welfare recipients. Of particular concern are those programs which include penalties for breaches which result in people having payments suspended or cancelled such that they earn even less than the inadequate stipulated payment rate. To this end, we urge that consideration be given to expanding the scope of the role and functions of the Commission so as to include a comprehensive review of the entire social security system and its programs.

The AIMN, in conjunction with a number of community-based organisations working with people receiving income support payments, calls for all the punitive social security measures such as ParentsNext, compulsory income management in the form of the Income Management (BasicsCard) and Cashless Debit Card, work-for-the-dole programs such as the Community Development Program (CDP) and JobActive, and exploitative youth employment programs such as PaTH to be abolished. We would welcome an amendment to the Bill to give the Commission the added function of conducting a more broad-based review of all social security systems and programs.

Frequency of reviews

The Bill sets out a requirement that the Commission must ensure that each social security payment is the subject of at least one social security payment review every four years.

The AIMN wishes to propose that these reviews are conducted more frequently, in light of the rapidly changing nature of a number of socio-economic factors such as the rise in the cost of living, increasing unemployment, underemployment and changes in the nature of work, such as increased casualization and the rise of the 'gig-economy'. The four-year cycle of reviews may not be sufficiently responsive to the ever-changing socio-economic environment and the needs of those requiring social security support.

Specific attention to income support recipients in regional and remote areas

Given the higher cost of living in regional and remote areas, the AIMN proposes that when undertaking reviews of social security payments, the Commission also be tasked with considering the applicability and appropriateness of social security payments for income support recipients who live in regional and remote areas, where the cost of essentials such as food, clothing and fuel include exorbitant premiums. The AIMN notes that the Remote Area Allowance- \$18.20 per for singles or \$15.60 each for couples on top of regular fortnightly payments- is grossly inadequate to offset the higher costs of living in these areas.

6. Conclusions and recommendations

The passing of this Bill will enable Parliament to consider independent and expert advice so as to improve the current punitive and *ad hoc* nature of Australia's existing social security system, and to develop a more equitable and respectful approach towards those requiring social security support.

While the AIMN advocates for the proposed establishment of the Commission to review social security payments and believe that it is essential that the rate of these payments is increased, we note that it is essential that such a Commission also reviews the ways in which these meagre payments are invariably further diminished as a result of the conditional welfare mechanisms that are imposed on income support recipients.

In conclusion, the AIMN recommends that the social security system and its associated payments should not be viewed as a short-term cost but rather as a long-term investment in citizens and in a more fair, participatory and compassionate society in which everyone is valued and taken care of. In the absence of such an approach, our society will become even more unequal and fractured. Social challenges that are currently not being addressed are being compounded by inequitable social security policy and will ultimately incur a greater cost to our society, both financially and in terms of social cohesion and the wellbeing of all citizens.

The AIMN recommends that:

- the independent Social Security Commission should be established as soon as possible;
- in the interim, and as a matter of urgency, the rate of Newstart should be raised by a minimum of \$75 per week;
- the scope of the role and functions of the Commission should be expanded, so as to include a comprehensive review of the entire social security system and its programs;
- the legislative scope of the Commission be broadened to cover payments under both the *Social Security Act 1991* and the *A New Tax System (Family Assistance) Act 1999*;
- the Commission be tasked with considering the development of a payment scale to proportionally adjust the amount received by social security recipients in regional and remote areas where the cost of living is more expensive, in relation to higher costs of living;
- aligned with the above recommendation, all punitive social security measures such as ParentsNext, compulsory income management in the form of the BasicsCard and Cashless Debit Card, work-for-the-dole programs such as the Community Development Program (CDP), and exploitative youth employment programs such as PaTH should be abolished;
- social security reviews should be conducted every three years, in light of the rapidly changing nature of a number of socio-economic factors – noting that the four-year cycle of reviews may not be sufficiently responsive to the ever-changing socio-economic environment and the needs of those requiring social security support.