

# Review of the Social Security Commission Bill 2018

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# Submission

Baptist Care Australia welcomes the opportunity to provide a submission to the *Review of the Social Security Commission Bill 2018*.

Baptist Care Australia supports the establishment of an independent statutory body to set and review all income support payments. The Australian social security safety net plays an integral role in supporting the most vulnerable and disadvantaged in our communities, in shaping our society, and determining our collective future. The social security system in Australia supports a wide range of people, each at different life stages – pensioners, families and children, young people in education, carers, people living with a disability, veterans and their dependants and the unemployed. Social security payments have a significant impact on the people and families who rely on them and the communities where they live. So it is important that decisions about the setting of payment rates and indexation are made independently from the political process.

Currently, governments do not access independent advice in relation to social security payments. The politicisation of social security payments has led to harsh penalties being implemented for some population groups. There is no consistency in the rate of allowances, with some payments considerably more generous than others, despite there being no significant differences in the recipients' circumstances. For example, pensions paid to single older people and carers are almost \$180 a week more than payments for single people who are unemployed or caring for school-aged children. In addition to this, many social security payments are now set at levels which have been deemed below the poverty line, and are totally inadequate to cover the costs of essential daily living.<sup>1</sup>

A new Social Security Commission should also consider the indexation and means-testing arrangements tied to different social security payments. Currently, there is a real mismatch in the means-testing arrangements between different payment types, for example between pensions and other allowances. Independent reporting about the adequacy and appropriateness of the social security payment system will ensure that our social security system is sustainable and the payment amounts fair.

Baptist Care Australia, like many other community service organisations, believes that in addition to the payments made under the *Social Security Act 1991*, the remit of a Social Security Commission

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<sup>1</sup> Peter Saunders, Megan Bedford (2017) 'Budget Standards: A new healthy living minimum income standard for low-paid and unemployed Australians', University of NSW <https://www.sprc.unsw.edu.au/research/projects/a-new-healthy-living-minimum-income-standard-for-low-paid-and-unemployed-australians/>

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should cover payments sitting outside the act, such as family payments (Family Tax Benefits A and B), the Energy Supplement and other payments such as the newborn upfront payment and stillborn baby payment, which are provided for under the *A New Tax System (Family Assistance) Act 1999*. These payments provide critical support for low-income families and independent advice on these payments should also be provided to the government by the Commission.

In addition to broadening the scope of the Social Security Commission, it would be beneficial for the Commission to consider the impact of waiting periods on the overall adequacy of payments. Most social security payments attract a waiting period of some description, and the impact that these imposed waiting periods have on the lives of the people receiving the payments is significant, particularly for those on low or no incomes.

The Commission should also be required to seek the views of people receiving the payments as part of their review process to determine payment adequacy. In addition to analysing payments against poverty lines, the Commission should also consider payment adequacy in the context of budget standards (how much income a particular family living in a particular place at a particular time needs to achieve a particular standard of living) and the level of deprivation experienced by households.

Baptist Care Australia strongly believes that an independent Social Security Commission will allow for a fairer and more sustainable social security system. The Commission should make recommendations with clear evidence and public accountability. As the largest component of federal government expenditure, the social security system is under constant scrutiny. While it is important that inefficiencies in the system are addressed, it is also important that the government builds a sustainable system that will be able to support people and their communities in the future – and the proposed Social Security Commission is positive step in this direction.

### **Recommendations**

1. Amend the definition of ‘social security payment’ to include payments in the *Family Assistance Act 1999* to ensure family payments under the *A New Tax System (Family Assistance) Act 1999* are included in the Commission’s remit.
2. Include the effect of waiting periods and claim processing times on the adequacy of income support payments within the Commission’s terms of reference.

## About us

Baptist Care Australia is the national representative body for Baptist community service organisations. We work to bring equality and opportunity to Australian communities, advocating nationally on issues important to our members and the people they serve.

Baptist Care Australia members serve people in aged care, affected by family violence, experiencing homelessness, on low incomes, experiencing relationship breakdown, living with a disability, and affected by multigenerational disadvantage. Services include crisis accommodation, social housing, out of home care for children, counselling, no and low interest low schemes, and other programs that help people rebuild their lives or live independently with the right support.

With a combined annual turnover of \$700 million, Baptist Care Australia members employ over 9,000 staff and engage with more than 2,500 volunteers annually.