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Senate Community Affairs Legislation Committee

Inquiry into the
SOCIAL SERVICES LEGISLATION AMENDMENT (STRENGTHENING INCOME SUPPORT)
BILL 2021

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Authorisation

This submission has been authorised by the NFAW Board

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(STRENGTHENING INCOME SUPPORT) BILL 2021 INQUIRY

This submission is being made by The National Foundation for Australian Women (NFAW).

NFAW is dedicated to promoting and protecting the interests of Australian women, including intellectual, cultural, political, social, economic, legal, industrial and domestic spheres, and ensuring that the aims and ideals of the women's movement and its collective wisdom are handed on to new generations of women. NFAW is a feminist organisation, independent of party politics and working in partnership with other women's organisations.

Access to income support affects women and men in different ways; it is not gender neutral. This submission responds to the terms of reference through a gender lens.

Recommendations

NFAW strongly opposes the grossly inadequate proposals contained in the Bill- \$50 per fortnight increase in the rate of JobSeeker, the harsher taper rate and the increased mutual obligation requirement.

Discussion

There were nearly 1.4 million people on JobSeeker in January 2021, up from 700 000 before the pandemic but down from the peak of 1.6 million last year (Department of Social Services, February 2021). Almost half are women. However, the age profile of men and women on JobSeeker is very different. The number of women on JobSeeker increases for women over 45 years of age while for men the highest number are under 34 years old. Many of these women may be expected to remain on Jobseeker until they are eligible for the Age Pension, and we note that the Retirement Income Review (Treasury, 2020) has identified early retirement, including involuntary cessation of work, as the biggest risk factor for poverty in retirement (at p 137).

It has been well documented that the pandemic has affected men and women differently. The by-products of economic shock and its impact on insecure employment hit women particularly hard. Women are over-represented in industries most affected by the virus. Caring roles have increased. Women are the majority of the long term unemployed, sole parents and casual employees.

The staged introduction of the JobSeeker supplement significantly boosted the adequacy of the unemployed, parenting and student payments. Prior to the supplement, the inadequacy of payments for working aged unemployed has long been recognised by business and the community more widely and is well documented.

The supplement provided a significant boost for many of the 3 million people, including nearly three quarters of a million children, living in poverty in Australia. (*2020 Poverty in Australia Overview*, ACOSS, February 2020).

There have been a number of reports highlighting the success of the supplement in reducing financial stress. (Including *The Good Shepherd*, February 2021, “*Understanding the Impacts of COVID-19 on Vulnerable Australians*” and ACOSS, August 2020, “*The Impact of Increased Income Support on Community Services*”). The Good Shepherd report records a decrease in demand for financial counselling. However, importantly, the report highlights the widespread multiple vulnerabilities the pandemic created resulting in increased demand for their family violence, mental health, substance abuse and their Household Relief program (introduced to address rental and utility stress due to COVID -19).

The \$50 per fortnight proposed increase on the former Newstart rate has been widely condemned. Words used include “appalled”, “cruel” and “feeble” to describe the proposal. The proposed rate would give Australia the second poorest payment just ahead of Greece (Peter Whiteford and Bruce Bradbury, *the Conversation*, 24 February 2021). Claiming that it is the largest permanent increase since 1986 simply underscores the fact that the payment amount has not been addressed in 27 years.

NFAW supports the ACOSS recommendation that the rate be increased to \$65 per day as this would be more likely for people to be able to cover the basics of their lives.

Women are the majority of recipients of Commonwealth Rent Assistance (CRA). The maximum rate is \$123.76 per fortnight for couples with 3 or more children. The rate has not kept up with rising rents. There is no proposed increase in CRA despite the huge number of recipients living in housing stress. The \$3.57 increase will be of almost no help. In addition, when moratoria on rent are lifted there will be a likely significant return to housing stress.

The April 2020 Senate report on the *Adequacy of Newstart and Related Payments* made a number of recommendations for improving Crisis Payment for women fleeing domestic violence. Given the well documented increase in demand for domestic violence services, this represents another important opportunity missed.

The suggested employer hotline to identify jobseekers rejecting job offers has also been widely condemned, including by many in business. This is particularly problematic for women who may be exploited by potential male employers demanding sexual favours. The Human Rights Commission report *Respect@Work: Sexual Harassment National Inquiry Report* (2020), indicates how widespread the issue is in Australian workplaces.

We make the general comment that the Government seems to frame the debate around suggesting recipients should be grateful for their payment and required to earn it and that these outlays are a burden on taxpayers. This constant undermining of Australia's safety net is unacceptable. Given the COVID-19 impact on employment, it is likely to continue to be a growing problem and should require an increased investment, not less.

It is dismaying when Social Services Ministers make comments like "Mutual obligations can be successfully applied to greater effect, as we have seen with the obligation to vaccinate children." (Social Services Minister Christian Porter, Interview with Alan Jones, 2GB, 4 October, 2016).

Minister Ruston, (Families and Social Services) was reported as saying "We can't keep adding money to the bucket because we are not making a difference.....Giving people more money will do absolutely nothing ... probably all it will do is give drug dealers more money and give pubs more money" (reported in the Murray Valley Standard, 25 September, 2019 at a Soroptimist International event on the theme of single mothers and poverty). NFAW agrees that the current program, ParentsNext is underperforming. It's a far cry from the former successful JET program that gave single parents voluntary access to highly subsidised child care, training and employment underpinned by interdepartmental collaboration.

We suggest the current compliance regime has much more to do with creating barriers, such as automatic payment suspensions, aimed at decreasing numbers rather than

increasing employment outcomes. Welfare suspensions increased by as much as 40% once the demerit system was introduced.

Jobactive's role is too heavily weighted to imposing a punitive compliance regime rather than effectively finding people employment. The percentage of employers using Jobactive is very low; some estimates put the rate at 5%.

Jobseeker expenditure of approximately nearly \$17 billion has proven to be an effective economic stimulus strategy and improved the lives of the up to 1.6 million people who lost work due to COVID-19. Equally, the JobKeeper payment has been effective in keeping people in work. However, the approximately \$100 billion program includes payments to employers who subsequently recovered profitability. Some have returned the money to government. At the National Press Club on 1 February 2021, the Prime Minister was asked if he would make companies repay JobKeeper funds if they gave their executives bonuses. He replied "I am not in the politics of envy". This laissez-faire approach to taxpayers' money when paid to business is in stark contrast to the harsh approach to JobSeeker and underlies the ideological approach to business compared to the unemployed.

NFAW has previously proposed setting up an independent national body to determine issues such as adequacy and indexation policies. This Bill further highlights the need for such a body.