



Fix Pension Poverty – Submission

On behalf of The Benevolent Society and National Seniors Australia (February 2019)

Background

The Fix Pension Poverty campaign appreciates the opportunity afforded by the House of Representatives Standing Committee on Social Policy and Legal Affairs to comment on the *Social Security Commission Bill 2018* (the Bill) as part of this review.

The Fix Pension Poverty campaign is a partnership between The Benevolent Society and National Seniors Australia to progress the policy recommendations of the [Adequacy of the Age Pension report](#).¹ We have been brought together on this campaign because of our joint concern about the standard of living and security of the most vulnerable people on the age pension in Australia – those who rely on the full pension, who do not own their own home (outright, or at all) and those who are single, among whom women are increasingly predominant.

The solutions we are promoting are not radical and they are not expensive. They include:

1. Basing decisions on the rate of the age pension on evidence, adequacy and need, not party politics, through the establishment of an Independent Age Pension Tribunal
2. Providing affordable dental care for people receiving the Age Pension
3. Increasing Rental Assistance to assist people on the Age Pension stuck in private rental
4. Assisting people on the Age Pension with the cost of broadband access as this becomes an essential service.

Whilst the work of the Commission constituted by the Bill would potentially affect all four of the policy areas covered by the Fix Pension Poverty campaign, the most direct and obvious impacts are on items 1. and 3. above: The establishment of an Age Pension Tribunal and the adequacy of Commonwealth Rent Assistance at contemporary rent levels.

The Fix Pension Poverty campaign has been advocating for change in these policy areas not only through the promotion of the *Adequacy of the Age Pension* research findings, including amongst policy and decision makers, but also through a grassroots campaign amongst particular communities around Australia. The campaign has focussed local activity in three regions: Central Queensland, Northern NSW and Adelaide. We have been engaging with service clubs, community organisations and local community leaders, with local media and local government in these areas to build a case and initiative for change on a national level. We have been struck by the resonance these issues have found amongst older Australians on this community level, including amongst those who themselves do not identify as financially vulnerable and would not necessarily expect to benefit from the policies that this campaign advocates for.

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https://d3n8a8pro7vhmx.cloudfront.net/benevolent/pages/182/attachments/original/1528434373/Pension_Adequacy_Final.pdf?1528434373

Response to the Bill

The Benevolent Society and National Seniors, together under the banner of the Fix Pension Poverty campaign, support, with one amendment, the intent and purpose of the Bill and see that it would be an effective instrument in addressing poverty amongst older Australians.

Too often in recent days, the conversation about the adequacy of income, especially income in retirement, has been silent on the incomes of those who are least well off and in most need of assistance.

The Fix Pension Poverty campaign maintains that the determinations by the Commission on the base rate of the Age Pension (and other payments) should be binding upon the Parliament to administer, rather than acting as guidance for consideration.

Whilst the Fix Pension Poverty campaign recommendation of an Age Pension Tribunal is focussed on the social security recipients whose experiences were outlined in the *Adequacy of the Age Pension* report, we see that a broader Social Security Commission as constituted in the Bill would also deliver the outcomes for older Australians that we are attempting to achieve through our own recommendation.

Further, we acknowledge that whilst our submission and previous advocacy has focussed on the importance of independent rate setting for Age Pension recipients, we acknowledge that these benefits are important for recipients of other payments as well. In particular, we note that there are more Australians aged 54-64 receiving Newstart than any other age group, and that they are on the payment for longer.² This enforced poverty in the years leading up to the Age Pension is seeing too many people running down their savings and superannuation, and losing assets, which has the later impact of increased poverty once they are on the Age Pension.

For further detail of how the Fix Pension Poverty campaign has envisaged an Age Pension Tribunal, please see the attached *Fix Pension Poverty – Policy Paper: Establish an Independent Age Pension Tribunal in Australia*.

The Commission, as constituted by the Bill, would also be responsible for reviewing the adequacy of Commonwealth Rent Assistance. The Adequacy of the Age Pension report found very clearly that relying on Commonwealth Rent Assistance is the biggest indicator of poverty for older Australians. According to the Department of Social Security, as at September 2018 there were 277,148 older Australians on the Age Pension who were receiving Commonwealth Rent Assistance. Age Pension recipients made up 21.2% of all Commonwealth Rent Assistance recipients, a growing proportion and now surpassing Newstart recipients (20.1%).³

The inadequacy of Commonwealth Rent Assistance is driving poverty amongst older Australians as the efficacy of the payment diminishes against increased rents and as more and more older Australians retiree without owning a home. This is impacting even more significantly amongst single people and women, at the same time as homelessness amongst older women is rising. The inadequacy of Commonwealth Rent

² According to DSS figures

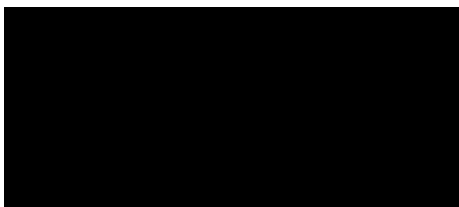
- a) as at September 2018, 169,288 Newstart recipients aged 55-64 (by comparison 134,287 aged 25-34). Published data.
- b) as at 30 March 2018 median duration on payment Newstart age 60-64 is 133 weeks (by comparison age Under 25 is 34 weeks, age 25-29 is 65 weeks). Provided by DSS on request in December 2018.

³ According to DSS figures, as at September 2018. Published data.

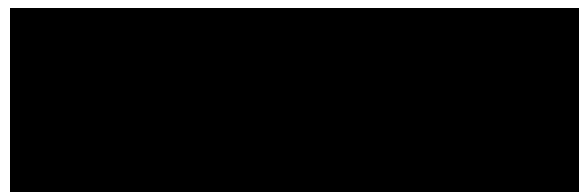
Assistance and its impact on older Australians is a clear failure of the governance of Social Security payments, a failure that we believe this Bill would go some way to addressing.

For further detail on the Fix Pension Poverty campaigns work into the inadequacy of Commonwealth Rent Assistance, please see the attached *Fix Pension Poverty – Policy Paper: Commonwealth Rent Assistance*.

We again thank the Committee for the opportunity to put this submission, and suggest the members also refer to the *Adequacy of the Age Pension* report, which can be found at https://www.fixpensionpoverty.org.au/the_issues, and ensure that the voices and perspectives of those relying on the age pension be heard through this review.



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