



Review of the Social Security Commission Bill 2018

*Submission to the House of Representatives Standing
Committee on Social Policy and Legal Affairs*

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Introduction

The Salvation Army thanks the House of Representatives Standing Committee on Social Policy and Legal Affairs (the Committee) for the opportunity to make this submission.

The Salvation Army understands that this Bill has been introduced in recognition that social security recipients should be able to have a standard of living that allows them to live with dignity. The Salvation Army unequivocally supports this purpose.

The Salvation Army is one of Australia's largest providers of social services and programs for the most marginalised and socially excluded individuals. Every day we see, first-hand, the devastating and grinding poverty that results from inadequate social security payments.

This submission is informed by these experiences and The Salvation Army's collective knowledge and expertise about the causes, impacts and possible solutions to poverty and disadvantage.

The Bill

The Bill proposes to establish an independent Social Security Commission, as a statutory agency, to provide advice to Parliament on acceptable minimum levels for social security payments. As The Salvation Army understands the text, this body will not have power to set the payment levels itself.

The Social Security Commission would undertake reviews of social security payments and make recommendations for increases where these are required. It is understood that the Commission would submit its recommendations to the relevant Minister, and the Government would be required to respond. Crucially, from the perspective of The Salvation Army, the reports of the reviews would also be tabled in Parliament and be made available to the public.

The Salvation Army's concerns

There are elements of this Bill which appear to address some of the major concerns The Salvation Army holds in relation to Australia's welfare system. In particular, The Salvation Army welcomes that the Bill:

- Acknowledges that the current system for determining payment levels is not adequate;
- Introduces the ability to live with dignity as a defining feature of payment adequacy;
- Provides for a transparent process for consulting on and determining payment adequacy; and
- Requires a response from Government to recommendations.

The Salvation Army remains concerned however that:

- The proposed mechanism is not truly divorced from the political cycle as decision-making is not required to be on the basis of recommendations; and
- This Bill does not in any way address the urgent and critical need for an immediate increase to the Newstart allowance.

The experience on the ground

The real impact of payment inadequacy

Each year The Salvation Army conducts its Economic and Social Impact Survey (ESIS). This national research project examines the challenges, obstacles and experience of disadvantage for people who access our Emergency Relief (ER) services. Data for this report is gathered from a seven-part questionnaire distributed nationally through 281 Salvation Army ER and community support centers. A total of 1,267 respondents completed the latest questionnaire, during February 2018.

The most recent ESIS report (*Feeling the Pinch*¹) demonstrated that the majority of respondents (95 per cent of whom relied on government income support as their primary source of income) struggled to manage on limited incomes and were unable to afford basic essentials for themselves and their families. They experienced multiple deprivations, a lower standard of living and were subjected to impoverished living conditions.

Income support payments and government allowances are designed to act as a safety net for those who need them. ESIS results demonstrate that payment levels were not enough for the majority of respondents to be able to maintain an adequate standard of living for themselves or their families. After paying for accommodation, ESIS respondents were left with \$21 per day to live on, with almost all respondents living below the poverty line; including more than 96% of households with children. Single parent households and couples with children experienced the lowest standard of living and the biggest gap below the poverty line. This gap widens further with each additional child in the family. Newstart Allowance recipients had the least amount of income to live on, left with less than \$17 per day after housing costs and experienced the largest gap below the poverty line.

Over the past decade there have been minimal increases to government income support rates which demonstrably have not matched the increases to cost of living expenses. More than half of all ESIS respondents reported they were “in need” and did not have enough money for basic essentials. With continually rising electricity and gas bills, increasing housing and rental costs, and rises to education expenses and childcare costs, it is inevitable that ESIS respondents will continue to struggle to pay their bills.

“The bills keep getting higher and my income hasn’t increased...things feel impossible [and the] financial stress is making me lose unhealthy amounts of weight. I feel like I’m stuck in a rut.”
(Respondent)

The Salvation Army’s research highlights the grossly inadequate rates of income support on which recipients rely. The Salvation Army’s firm view is that the government must commit to providing an adequate safety net for those in need, which will reduce the likelihood of people living in poverty.

¹ The Salvation Army (2018) *Economic and Social Impact Survey 2018: Feeling the Pinch*. The Salvation Army, Blackburn, Victoria accessible at https://www.salvationarmy.org.au/subscribe/sites/auesalvos/files/about-us/ESIS_2018_Key_Findings_.pdf



Understanding unemployment

The Salvation Army is deeply concerned about those who find themselves trapped in poverty if solely reliant on welfare and unable to supplement or substitute income support through employment. Despite rhetoric to the contrary, The Salvation Army's experience is that adequate employment is simply not an option for every person and that long-term unemployment is the reality of some recipients.

There are numerous barriers preventing people from seeking and securing employment, whether from a structural, social or personal perspective. Many people who access The Salvation Army's services present with multiple and complex needs such as physical ailments, mental health issues, family violence, homelessness, addictions, trauma, isolation, low levels of educational attainment and training, and a lack of vocational skills and experience. These barriers often prevent and preclude many Australians from entering the workforce or being able to sustain employment.

In their timely report on long-term unemployment, *Faces of Unemployment*, The Australian Council of Social Services (ACOSS) and Jobs Australia² present a range of data that directly challenges many of the common assumptions and stereotypes held around job seekers and highlights some of the structural barriers that fuel exclusion from jobs for these groups.

In finding that the cohort of long-term unemployed has surged since the 1990s (eg 15 per cent of Newstart recipients have been on the payment for more than five years), the report also highlights various other cohorts experiencing exclusion from jobs and the policy failures that have fuelled these. For example, the report highlights that there are diminishing employment outcomes for people the longer that they are unemployed (50 per cent probability of employment for people 12 months later who are unemployed for less than three months, decreasing to 10 per cent for those unemployed for more than five years).

The authors of the report essentially present a residualised welfare system, where the less disadvantaged in the labour market find jobs more quickly, leaving behind the more disadvantaged groups. This means that people with disability, older people, Indigenous, single parents and young people may face exclusion from jobs due to their age or situation. This comes alongside increased casualization of work and the reduction in entry-level or lower-skilled jobs.

The Salvation Army commends the *Faces of Unemployment* report as a useful source of information that may assist the Committee.

² Accessible at https://www.acoss.org.au/wp-content/uploads/2018/09/ACOSS_JA_Faces-of-Unemployment_14-September-2018_web.pdf

Fairer Welfare

The experience of The Salvation Army compels us to push for reforms to Australia's welfare system. This Bill addresses some, but by no means all, of the issues people relying on welfare in Australia experience on a daily basis.

Living with dignity

People living on welfare have conveyed to The Salvation Army the social and economic isolation that payment inadequacy brings. The physical constraints of not having sufficient funds impacts on access to preventive health services, education opportunities and employment options. Financial hardship is compounded by societal stigma around welfare and negative assumptions about what outcomes are even possible for people who rely on it. In short, in the context of individual lives, payment inadequacy manifests across every domain of activity, amplifying and entrenching other forms of disadvantage experienced.

In that context The Salvation Army welcomes the Bill's acknowledgement of dignity as a defining feature of a fair welfare system.

Transparency

The Salvation Army knows firsthand that how poverty is defined is a difficult policy question and that financial hardship is experienced very differently by different cohorts of Australians. The Salvation Army does not in any way downplay the complexity of determining appropriate payment levels within the context of the Australian economy more broadly.

For this reason, The Salvation Army commends the commitment to transparency in making recommendations set out in this Bill and the commitment to dedicated resources to tackle this question. We are eager to see how subordinate legislation and policy would flesh out the level of transparency in how recommendations are developed, if this Bill were to become law.

Independence from political cycles

The Salvation Army acknowledges the ongoing debate about whether responsibility for setting welfare levels should ever rightly be delegated by parliament. The stark reality that The Salvation Army confronts however is that the politicisation of welfare payments has contributed to the stagnation of some payments for an unconscionably long time. The impact of that stagnation, on individuals and their life outcomes, is devastating.

Welfare provides the most basic safeguard for some of the most vulnerable people in Australia. It should be above partisan political struggles. Until there is a radical change in political language around welfare recipients, The Salvation Army would support the highest level of independence possible in the setting of payment levels.

Immediate relief

This Bill does not in any way address the manifestly inadequate rates of some payments (such as Newstart) and the consequent entrenchment of poverty that results.

The Salvation Army renews and maintains its call for an immediate rise to Newstart of \$75 per week.

Conclusion

The Salvation Army welcomes this Bill as a movement in the right direction.

The Salvation Army remains concerned that the proposed mechanism is not sufficiently independent and does not address the immediate and critical need for an immediate increase to payments.

The Salvation Army does take heart from the clear recognition, inherent in this Bill, that the current system is not adequate.

We welcome this contribution to the ongoing goal of a fairer welfare system that moves us toward an Australia where everyone can live with dignity.



About the Salvation Army

The Salvation Army is an international Christian movement with a presence in 128 countries. Operating in Australia since 1880, The Salvation Army is one of the largest providers of social services and programs for the most marginalized and socially excluded individuals in the community.

The Salvation Army Australia has a national operating budget of over \$700 million and provides more than 1,000 social programs and activities through networks of social support services, community centers and churches across the country. Programs include:

- Emergency relief, material aid and case work
- Financial counseling and assistance
- Youth, adult and aged homelessness and housing services
- Family and domestic violence support and accommodation services
- Drug and alcohol support and treatment services
- Child, youth and family services
- Education, training and employment support services
- Personal counseling and support
- Emergency and disaster response and recovery services
- Chaplaincy
- Migrant and refugee services
- Aged care services.

As a mission driven organisation, The Salvation Army seeks to reduce social disadvantage and create a fair and harmonious society through holistic and people centered approaches that reflect our commitment to and primacy of:

- Caring for people
- Creating faith pathways
- Building health communities
- Working for justice.

We commit ourselves in prayer and practice to this land of Australia and its people, seeking reconciliation, unity and equity.

Further information

The Salvation Army would welcome the opportunity to discuss the content of this submission should any further information be of assistance.

Further information can be sought from Major Brad Halse, National Head of Government Relations, at [REDACTED].