



## **SUBMISSION: Social Services and Other Legislation Amendment (Strengthening the Safety Net) Bill 2023**

July 3, 2023

### **Summary**

Anti-Poverty Network SA<sup>1</sup> welcomes the opportunity to provide feedback on the *Social Services and Other Legislation Amendment (Strengthening the Safety Net) Bill 2023*.

Australia is a signatory to the United Nations' 'Sustainable Development Goals'; the first of these goals is: 'No poverty'.<sup>2</sup> However, and despite being one of the wealthiest countries in the world, at least 1 in 6 adults and 1 in 8 children are living in poverty.<sup>3</sup>

**This Bill will do little to change that deplorable fact.**

**This Federal Budget was an opportunity to dramatically repair our long-eroded safety-net, but these measures are nowhere near what is needed.**

**Particularly, for people on JobSeeker, who are desperately struggling to keep a roof over their head, and put food on the table, there will barely be any noticeable difference to their quality of life.**

**We continue to advocate for a minimum income of \$88 a day – the level of the**

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<sup>1</sup> [Anti-Poverty Network SA](#), proudly led by the experts on poverty – those living it – has spent 10 years campaigning for a society where no one lives in poverty; where no one lives on an income so low, they cannot meet their fundamental physical, mental, and social needs, and fully participate in community life.

We can be contacted at [info@apnsa.org](mailto:info@apnsa.org), or on 08 8451 1589, or 0402 681 352.

<sup>2</sup> [sdgs.un.org/goals](https://sdgs.un.org/goals)

<sup>3</sup> [povertyandinequality.acoss.org.au/poverty](https://povertyandinequality.acoss.org.au/poverty)

Note: the figures above use the poverty-line of 50% of median income. Anti-Poverty Network SA, however, along with Australian Unemployed Workers' Union, Antipoverty Centre, and other grassroots, lived experience organisations, uses the [Henderson poverty-line](#).

## **Henderson poverty-line<sup>4</sup> – for every resident in this country.**

This would involve significantly increasing the base rate of all Centrelink payments, all of which are below the poverty-line: both Pensions (like the Age Pension and Disability Support Pensions, currently roughly \$74 a day); and particularly Allowances (like JobSeeker, currently roughly \$49 a day, Youth Allowance, and Parenting Payment).

Poverty is not inevitable; it remains a choice, for every government: to eliminate it, or to allow it to continue, and allow it to continue to damage the health and lives of countless people.

## **Specific Comments On Federal Budget Announcements**

### On JobSeeker Changes

The \$2.86 a day (\$20 a week) raise to JobSeeker announced by the Albanese Government in the May Federal Budget is an insultingly-low raise, that will still leave JobSeeker over \$35 a day (\$250 a week) below the Henderson poverty-line.<sup>5</sup>

On September 20th, the base rate of JobSeeker will rise from \$49 a day, to \$52 a day, approximately, excluding the September indexation. Our unemployment benefits are currently some of the very lowest, among OECD nations.<sup>6</sup> This JobSeeker raise will not change that fact.

This raise is significantly less than the raise that was advocated by the Economic Inclusion Advisory Committee<sup>7</sup> in their Interim Report to the Federal Government, where they called for JobSeeker to be raised to 90% of the Pension rate.

It is not clear why the figure of \$20 a week was chosen, for the announced raise to the JobSeeker raise. Notably, it is smaller than the \$25 a week raise to JobSeeker by the

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<sup>4</sup> Poverty Lines Australia', Melbourne Institute of Applied Economic and Social Research: [tinyurl.com/4rhj5cj5](https://tinyurl.com/4rhj5cj5)

In fact, we use the higher of the 2 Henderson poverty-lines. We believe that the significant 'Mutual Obligation' requirements imposed on unemployed people, as a condition of receiving income support, i.e., the need to undertake regular job-searching, studying/training, frequent engagements with employment services providers, and all the expenses involved (travel, internet/phone costs, interview clothes/haircuts, etc.), means that the original justification for the separate poverty-lines (people with paid work having much higher expenses than those without paid work), is no longer convincing.

<sup>5</sup> 'Poverty Lines Australia', Melbourne Institute of Applied Economic and Social Research: [tinyurl.com/4rhj5cj5](https://tinyurl.com/4rhj5cj5)

<sup>6</sup> Our unemployment benefits, including Rent Assistance, are currently 28% of the average wage, lower than the ratio for any other OECD. Australia's unemployment benefits will remain the lowest, as a percentage of the average wage, even after the \$2.86 a day JobSeeker raise comes into effect. Source: <https://stats.oecd.org/Index.aspx?DataSetCode=NRR>

<sup>7</sup> <https://ministers.treasury.gov.au/sites/ministers.treasury.gov.au/files/2023-04/eiac-report.pdf>

Morrison Government, in April 2021, when the COVID Supplement was withdrawn.

It is also not clear why the announced JobSeeker raise, while inadequate, is not being implemented till September 20th, when it is understood how much people on JobSeeker are currently struggling to survive, particularly with rapidly rising living costs.

We understand the Federal Government's rationale for extending the slightly-higher JobSeeker rate received by people aged over 60, to people aged 55-59. However, we do want to emphasise that the current cost-of-living crisis does not discriminate according to age.

Job-seekers, of all ages, and all backgrounds, are having to cope with enormous, unprecedented increases to the costs of essentials (see pages 4-6).

We have included some brief testimonials from Anti-Poverty Network SA members who are currently receiving JobSeeker (see pages 10-11).

#### On Parenting Payment Changes

We welcome the Albanese Government's decision to partially-reverse the Howard and Gillard reforms to Parenting Payment, and raise the cut-off age for Parenting Payment Single, so that recipients can receive this payment till their youngest child turns 14, instead of when their youngest child turns 8.

These reforms were incredibly harmful to sole-parent families, and never should have occurred.<sup>8</sup>

We note, however, that Parenting Payment is also below the poverty-line, and that many sole-parent organisations have advocated for the Parenting Payment cut-off age to be when the youngest child turns 16, instead of 14, a position that we fully endorse.

It is also not clear why this urgent, long-overdue change to Parenting Payment, will not come into effect till September 20th.

#### On Rent Assistance Changes

In the midst of a national rental affordability emergency, the announced changes to Rent Assistance, a 15% increase – effectively a \$11.50 a week (\$1.64 a day) increase to the maximum single rate – will do little to help renters, especially those on low incomes, to cope with spiraling rent rises.

Before this change was announced, to receive the maximum rate of Rent Assistance, of

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<sup>8</sup> 'How removing parenting payments when children turned 8 harmed rather than helped single mothers', The Conversation: [tinyurl.com/ra9pus6c](https://tinyurl.com/ra9pus6c)

\$152 a fortnight, a person had to be paying around \$337 a fortnight in rent, which for someone on JobSeeker, would be well over 30% of their income, classifying them as experiencing 'housing stress'.

It has long been understood that the indexation arrangements for Rent Assistance mean the supplement has fallen dramatically behind private rents.

It is also very clear that significant numbers of people on JobSeeker, and significant numbers of low-income renters, more broadly, miss out on Rent Assistance.

According to some estimates, 2 in 3 people on JobSeeker, and 9 in 10 people on Youth Allowance, will miss out on Rent Assistance altogether.<sup>9</sup>

### **Further Comments**

#### Cost-Of-Living Pressures Have Never Been This Severe For Low-Income People

People in poverty have long struggled to cover the costs of housing, food, utility bills, health expenses, and other essentials.

Low-income people will pay their rent or mortgage first, to try to keep a roof over their head, with little money leftover for everything else. This means, among other things:

- Skipping meals (and particularly, avoiding fruit and vegetables)
- Rationing medicines (and foregoing dental or specialist appointments)
- Avoiding using heating and cooling
- Being unable to afford to leave the house
- Having to go into debt to make ends meet,
- Significant impact on psychological well-being
- Increased risk of substance misuse to cope with acute stress
- Women being less able to escape family and partner violence due to limited funds

This has long been the widespread experience for people in poverty, who now face an unprecedented cost-of-living explosion, which neither the announced JobSeeker and Rent Assistance raises, nor existing indexation measures, come even remotely close to addressing:

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<sup>9</sup> <https://everybodyshome.com.au/resources/federal-budget-outcomes>

- In Adelaide, average rents have risen 20% over the last 2 years<sup>10</sup>, and there are virtually no affordable rentals, anywhere in the country, for people on Centrelink payments<sup>11</sup>
- Power prices continue to increase at massive rates
- In 2022, there were significant increases in food costs, which for people in poverty can represent 30% of their budget, including a 13% increase to pasta, a 12% increase to potatoes, and a 9% increase to milk<sup>12</sup>, trends that have continued in 2023
- Particularly alarming, we have been hearing numerous reports about the declining availability of bulk-billing<sup>13</sup>, meaning extra out-of-pocket expenses for visits to GPs, and other medical professionals<sup>14</sup>

For people on JobSeeker, Youth Allowance, Pensions, and other Centrelink payments, almost all of their income is spent on essentials, like those items listed above, so these kinds of cost increases have a devastating, disproportionate effect on the budgets of people in poverty.

And these impacts will particularly affect groups that are already more likely to be experiencing disadvantage, such as First Nations peoples, people living with disabilities, and LGBTQIA+ people.

Inflation, for people living in poverty, clearly looks and feels very different, than for those on middle-to-high incomes.

Given these enormous increases to the most essential of goods, the indexation of JobSeeker and other payments to inflation does not come even remotely close to matching what people on the lowest incomes are experiencing.

JobSeeker being indexed by \$25 a week, a larger-than-usual indexation, due to high inflation, as recently happened in March 2023, seems rather less significant, when people

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<sup>10</sup> [abc.net.au/news/2022-06-18/new-sa-rental-price-statistics-show-20pc-increase/101151756](https://www.abc.net.au/news/2022-06-18/new-sa-rental-price-statistics-show-20pc-increase/101151756)

For further info on the severe pressures faced by low-income renters in Adelaide, see '[Broke, Cold, Stressed](#)', Anti-Poverty Network SA's survey of low-income renters, with results published in September 2022:

<https://antipovertynetworksaorg.files.wordpress.com/2023/05/broke-cold-stressed-september-2022.pdf>

<sup>11</sup> [anglicare.asn.au/publications/rental-affordability-snapshot-2022](https://anglicare.asn.au/publications/rental-affordability-snapshot-2022)

<sup>12</sup> 'Rising food prices hit every supermarket aisle putting pressure on low-income families', The Guardian: [tinyurl.com/mu6r4c3h](https://www.tinyurl.com/mu6r4c3h)

<sup>13</sup> 'GPs are abandoning bulk billing. What does this mean for affordable family medical care?', The Conversation: [tinyurl.com/mu4ubbfy](https://www.tinyurl.com/mu4ubbfy)

<sup>14</sup> With people in poverty far more likely to have chronic or long-term health conditions, any rise to out-of-pocket medical expenses, when so many impoverished were already unable to pay for medical services and treatments, is extremely worrying. Pre-COVID, 40% of people on JobSeeker had a diagnosed disability.

on JobSeeker are reporting increases to their rents of \$20, \$30, \$40 a week. For example:

*Jane: "My rent is now \$460 a week. This is after a \$35 a week rise last year and a \$60 a week rise just recently. That is \$95 a week increase in 13 months which is just over a 26% increase.*

*This means that after I pay my share of the rent and my essential bills, I have \$18 a fortnight left over to pay for food, petrol, public transport, medical appointments and everything else.*

*I have been on Centrelink benefits [JobSeeker] for 8 years after losing my full-time job, experiencing a bad fall and then an assault that meant two years in hospital appointments unable to use my left arm or leg."*

These are rent increases that, *alone*, are swallowing-up the latest indexation, and that is without considering the impacts of other cost increases.

In the face of these enormous and heartbreaking cost-of-living rises, we reiterate our demand: that there must be an immediate raise to all Centrelink payments, so that there is a minimum income for all people, of at least \$88 a day.

This would allow everyone – whether students, job-seekers, sole parents, carers, pensioners, those with marginal or insecure work, or others – to live with dignity, look after their physical and mental health, and stay connected to their social supports and their wider community.

#### JobSeeker Rate And Job-Seeking, Incentives To Look For Paid Work

Any claims about the higher rate of Centrelink payments discouraging people from looking for paid work, have long been lacking in evidence.<sup>15</sup>

2021 analysis by The Australia Institute highlighted the very weak relationship between the rate of unemployment payments, and levels of unemployment, across the OECD, suggesting that claims about higher unemployment benefits acting as a disincentive for looking for paid work, are not well-founded.<sup>16</sup>

Even with the COVID Supplement, when JobSeeker was roughly \$550 a week, it was still over \$200 a week below the full-time minimum wage.

With JobSeeker rising from \$347 a week to \$367 a week in September, as part of the

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<sup>15</sup> [independent.co.uk/news/world/australasia/australia-unemployment-benefit-jobseeker-b1761595.html](https://independent.co.uk/news/world/australasia/australia-unemployment-benefit-jobseeker-b1761595.html)

<sup>16</sup> 'Unemployment payments and work incentives: An international Comparison', The Australia Institute: [tinyurl.com/2dsr7ksc](https://tinyurl.com/2dsr7ksc)

Federal Budget announcements, JobSeeker will be roughly 41% of the full-time minimum wage, or \$416 a week below the minimum wage.

There are also particularly stringent 'Mutual Obligation' requirements job-seekers must fulfill, simply to qualify for and keep receiving payments.

It is now widely understood that poverty is itself a major barrier to being able to effectively search for paid work, since job-searching requires significant resources (like studying and training costs, telecommunication costs, and being able to pay for interview clothes and haircuts).

The 2020 Senate inquiry on Newstart (now JobSeeker) that *"the income support system itself is acting as a key barrier to employment because of the inadequate payment rates that force people into poverty"*.<sup>17</sup>

In its submission to the inquiry, the Business Council of Australia noted that *"job seeking is not costless and should be accessible. If a bus fare or a collared shirt become unaffordable, then getting to job interviews and presenting as a credible employee may move out of reach"*.<sup>18</sup>

A \$2.86 a day JobSeeker raise is highly unlikely to do much to assist jobseekers with the significant costs associated with looking for paid work.

Job-seeking, despite the relatively low unemployment rate, remains a challenging and often lengthy experience.

There is 1 entry-level role, for every 15 jobseekers, according to research by Anglicare, and 44 percent of job vacancies require tertiary-level qualifications.<sup>19</sup>

And over 4 in 10 jobseekers have a diagnosed disability<sup>20</sup>, dramatically reducing their chances of being able to secure paid work.

### Lessons From COVID, 2020

In April 2020, during one of the most extraordinary years in this country's history, the Morrison Government introduced the \$550-a-fortnight COVID Supplement for people on JobSeeker, Youth Allowance, Parenting Payment, and other Centrelink allowances.

For unemployment and student payment, the supplement represented a doubling of these

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<sup>17</sup> Final report of Senate inquiry on Newstart: [tinyurl.com/a8bjspz8](https://www.bca.com.au/submission_to_the_inquiry_on_the_adequacy_of)

<sup>18</sup> [https://www.bca.com.au/submission\\_to\\_the\\_inquiry\\_on\\_the\\_adequacy\\_of](https://www.bca.com.au/submission_to_the_inquiry_on_the_adequacy_of)

<sup>19</sup> <https://www.anglicare.asn.au/wp-content/uploads/2022/12/2022-12-Jobs-Availability-Snapshot.pdf>

<sup>20</sup> 'Jobseekers with a disability are often asked to declare it, but more firms are moving away from just 'ticking the box', ABC: [tinyurl.com/hbbwxytp](https://www.abc.net.au/news/2022-12-12-jobseekers-disability-requirements/101585444)



payments, lifting many people on these payments (narrowly) above the poverty-line. There was a significant reduction of poverty-rates, especially among job-seekers, and sole-parent households.<sup>21</sup>

It demonstrated what advocates have long argued: that poverty is not inevitable, that people can be easily and quickly lifted out of severe financial hardship, when there is sufficient political will.

Lifting people out of poverty, albeit briefly, had huge, sometimes life-changing, positive impacts for people's health and wellbeing. According to a survey by ACOSS<sup>22</sup> (Australian Council of Social Service), before the introduction of the supplement, when JobSeeker was roughly \$40 a day:

- 66% of people had less than \$14 a day to live on, after paying their rent or mortgage
- 75% of people said they skipped meals because of a lack of funds, with 20% of people saying they were skipping at least 1 meal per day
- 70% of people were struggling with medical costs, including the costs of medicines and seeing a dentist, as well as specialist services like physiotherapy

After the introduction of the supplement, when JobSeeker was roughly \$80 a day<sup>23</sup> (roughly the same rate, then, as the Henderson poverty-line):

- The number of people skipping meals because of a lack of funds had dropped by over half, to 33%
- People's ability to purchase nutritious food dramatically increased, with 93% reporting that they can afford more fruit and vegetables, and 86% reporting that they can afford more meat
- The number of people reporting that they were struggling with medical costs had dropped by over 40%, with only 2 in 5 people now reporting that they were experiencing difficulties paying for medicines and health services
- 94% reported that the end of the additional payment would have either a 'significant' or 'severe' impact on their finances

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<sup>21</sup> Among people in households on the JobSeeker Payment, poverty fell by four-fifths, from 76% in 2019, to 15% in June 2020. Among sole-parent families (both adults and children), poverty was reduced by almost half, from 34% to 19%. Source:

<https://povertyandinequality.acoss.org.au/covid-inequality-and-poverty-in-2020-and-2021>

<sup>22</sup> 'I Can Finally Eat Fresh Fruit And Vegetables', Raise The Rate: [tinyurl.com/2p8bd45h](https://tinyurl.com/2p8bd45h)

<sup>23</sup> Even at \$80 a day, people on JobSeeker and other payments were by no means comfortable: 33% of people were still skipping at least 1 meal a week due to a lack of funds, and 41 % of people were still struggling to pay for medications, dental services, psychology, physiotherapy and other healthcare costs. Source: 'I Can Finally Eat Fresh Fruit And Vegetables', Raise The Rate: [tinyurl.com/2p8bd45h](https://tinyurl.com/2p8bd45h)



Many studies<sup>24</sup> found that people spent the extra funds, overwhelmingly, on:

- Meeting basic needs, like fresh food costs, which improved their physical and mental health
- Purchasing much-needed kitchen and household appliances, or school equipment for their children
- Putting themselves into a more financially-stable position, by paying-off debts
- In some cases, leaving unsafe relationships or family situations, because of the increased financial independence provided by the extra income

Low-income people were also able to use the extra funds to plan ahead, in ways that previously were not possible. To quote from Good Shepherd<sup>25</sup>:

*“People were able to turn their attention away from day-to-day survival and towards envisioning and working towards a more economically secure future for themselves and their dependents.”*

The withdrawal of the supplement, in 3 successive cuts (September 2020, January 2021, and April 2021), saw JobSeeker and other payments fall by \$250 a week, overall. By April 2021, JobSeeker had gone from \$80 a day to \$43 a day, miles below the poverty-line.

It was slightly higher (\$25 a week higher) than it was, pre-COVID. However, this miniscule increase from the pre-COVID rate hardly compensates for decades of JobSeeker falling increasingly below the poverty-line, and behind the rest of the community.<sup>26</sup>

The cuts to the COVID Supplement were cruel, very harmful, and needless.<sup>27</sup>

The Albanese Government had the opportunity to reverse the cuts, in the May Federal Budget, and lift people back out of poverty. Instead, they have provided only very meagre relief to people living hundreds of dollars per week below the poverty-line.

### Yes, We Can Afford To Lift People Out Of Poverty

There are many ways that we can realistically fund a much more significant raise to

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<sup>24</sup> ‘JobSeeker and the Coronavirus Supplement’, Anglicare: [tinyurl.com/yc53s76r](https://tinyurl.com/yc53s76r)

<sup>25</sup> [goodshep.org.au/publications/social-security-and-time-use-during-covid-19](https://goodshep.org.au/publications/social-security-and-time-use-during-covid-19)

<sup>26</sup> [businessthink.unsw.edu.au/articles/jobseeker-low-unemployment](https://businessthink.unsw.edu.au/articles/jobseeker-low-unemployment)

<sup>27</sup> Anti-Poverty Network SA explored the impacts of JobSeeker and other payments falling to \$44 a day, in a survey, circulated shortly after the final cut took place, with [results published in July 2021](https://antipovertynetworksaorg.files.wordpress.com/2023/05/jobseeker-cuts-survey-july-2021.pdf), long before the current cost-of-living emergency:

<https://antipovertynetworksaorg.files.wordpress.com/2023/05/jobseeker-cuts-survey-july-2021.pdf>

The findings showed that we had returned to the days of people having very little money leftover, after paying their rent, and huge numbers of people struggling with food costs, medical costs, and experiencing considerable anxiety. Many other studies, since, have shown the same.

JobSeeker, as well as other income support payments, including the following measures:

- Cancelling the Stage 3 tax cuts, which will deprive the community of over \$20 billion a year (or \$250 billion, over 10 years), and largely benefit people earning over \$200K a year<sup>28</sup>
- Ending the negative gearing and capital gains concessions that benefit investors and landlords (worth \$157 billion over 10 years), and have helped inflate the housing market<sup>29</sup>
- Ending the billions of dollars of subsidies (over \$10 billion a year) for the highly-destructive fossil fuels industry<sup>30</sup>

### **Comments From People On JobSeeker Payment**

Fi, Jobseeker, late 30s: *"The raise is pitiful. It will barely make a dent in my living and health expenses. Nothing will realistically change for me. The cost of living continues to grow, while I will stagnate. It's disappointing and disheartening. So much for the Prime Minister from poverty."*

Joshua, Jobseeker, mid 30s: *"An extra \$40 a fortnight does nothing for me. It might mean occasionally I eat twice a day, instead of once a day, or be able to get 3 or 4 extra items at the checkout, on the one day that I shop. It will not help me in getting to doctor's appointments from a rural area, to the city, the money would be gone in one trip. I am disappointed, but mostly angry."*

Rita, Jobseeker, late 50s: *"Albo said, 'no one left behind', but we are left behind. Every single time. Some people will say, 'better than nothing'. But 'better than nothing' doesn't pay the rent. 'Better than nothing' doesn't put food on the table."*

Andrew, Jobseeker, mid 40s: *"This is a disgrace. I feel ignored, again. I worked for 15 years, paid taxes, before health issues intervened. Is it not reasonable to expect that the government will assist me to survive, when I need it? This raise is not proportional with all of the other cost of living increases."*

*Everything costs more. Regular expenses have been creeping upwards. I can't get a second job (I can't get a first job either). I don't expect to live a life of luxury. I do expect to be able to have a reasonable if basic standard of living, and not be concerned all the time about not having enough money. It's just too low."*

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<sup>28</sup> 'Stage-three tax cuts: what are they, how do they work and why do they exist?', The Guardian: [tinyurl.com/v2yrh9yb](https://www.theguardian.com/australia-news/2023-06-28/stage-three-tax-cuts-what-are-they-how-do-they-work-and-why-do-they-exist)

<sup>29</sup> 'Negative gearing and capital gains tax discount set to cost the budget \$20 billion a year within a decade', ABC: [tinyurl.com/2p8x6whp](https://www.abc.net.au/news/2023-06-28/negative-gearing-capital-gains-tax-discount-cost-budget-20-billion-a-year-within-a-decade/103111112)

<sup>30</sup> 'Five Better Bets', Climate Council: [tinyurl.com/5btpkb8x](https://www.climatecouncil.org.au/better-bets)

Anthea, Jobseeker, mid 40s: *"I'm actually so angry, I'm struggling with my health, trying to buy food, and the government thinks that it is enough just to survive."*

Kelly, Jobseeker, early 50s: *"It's not enough. It won't help me secure or pay for a rental property, especially being single. And it won't cover my next rental increase."*

Karly, Jobseeker, early 30s: *"I feel cheated and saddened for the whole of Australia who rely on these payments every fortnight. This raise won't have much of an impact as everything is still on the rise. I feel angry and very let down by the government once again. A JobSeeker raise that lifted people out of poverty would have made the biggest difference. I would afford to go out and be social, and not have to ask people if they could pay for me and then feel bad for doing so."*

**W:** [apn-sa.org](http://apn-sa.org)

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