



**REF: SUBMISSION TO FEDERAL SENATE INQUIRY INTO THE SOCIAL SERVICES
LEGISLATION AMENDMENT (STRENGTHENING INCOME SUPPORT) BILL 2021**

5th March 2021

Committee Secretary
Senate Standing Committees on Community Affairs
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Parliament House
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Dear Committee Secretary

Thank-you for your *Senate Inquiry into the Social Services Legalisation Amendment (Strengthening Income Support) Bill 2021*. We appreciate that the Australian Government is open to permanently increasing the JobSeeker rate, and welcome the opportunity to make a submission to this Inquiry. I believe that this Inquiry is critical given that the proposed increase of \$50 a fortnight still leaves many Australians living below the poverty line. We hope that by sharing our first-hand knowledge of how the rate of JobSeeker impacts community members, the Australian Government will consider a more substantial increase that does not normalise poverty.

I am the Executive Officer of Community Information & Support Victoria (CISVic), the peak body representing 55 local community information and support services, across 62 sites in Victoria. We are also the lead agency in a consortium of 29 local centres delivering federally funded Emergency Relief under contracts. In the year 2019/2020 we distributed \$2.9 million in emergency relief to community members from 34 sites. Services provided by our member agencies include: material aid, food, information, advocacy, referral, case management, budgeting assistance, financial counselling, legal services, No interest loans, tax help, youth services, personal counselling, and settlement support. In the last financial year we had contact with 500,836 Victorians. Our approach to support is holistic and we are very often the 'first port of call' for people seeking assistance.

CISVic member services engage with thousands of Victorians and are privileged enough to hear their stories, struggles and achievements. As a peak body representing these agencies, CISVic is informed of collective issues facing the community members that agencies see every day. One such issue that is brought to our attention time and time again is the rate of JobSeeker, so much so, that it has been one of our key advocacy issues since 2018. During the height of the COVID-19 pandemic in 2020, our agencies witnessed the dramatic reduction in regular community members requesting financial relief, as the increased rate helped people experiencing long-term disadvantage to pay off debts, afford medical bills and meet living costs. An increase of \$50 a fortnight does not achieve these same outcomes for people. These experiences, however, do exemplify that raising the rate above the poverty line allows people to be independent and encourages self-reliance. People living in hardship need adequate income support in order to provide them with the resources to move out of poverty and opportunities to fully take part in society.



When Prime Minister Scott Morrison described the proposed permanent increase to JobSeeker he said: *“We are now moving... back to a normal safety net arrangement as part of that normalising process, but we're ensuring that it is set at a base we believe is appropriate going forward.”*

CISVic disagree that this increase provides an appropriate safety net for people experiencing disadvantage and hardship. The justification for this amount is that, at 41.2% of the national minimum wage, the proposed rate will not act as a disincentive to seeking employment. A base income of \$43.57 a day does not give people the resources to meet basic living costs, let alone the cost of applying for jobs. In order to apply for a job, people might need to have access to technology which means affording a device or the internet, or the cost of travelling to a public library. People need to present themselves in a way that is appropriate for a job interview, this could mean having a shower, washing their hair or buying new clothes. Others are forced to sacrifice living necessities such as medication in order to apply for jobs. This impacts on people's physical and mental health and their ability to present the best version of themselves at an interview. The rate acts as a disincentive, not because it is too high, but because it is too low. Instead of being a safety net, this rate keeps people unable to participate in society. Going back to normal is not the way forward. Poverty should never be normalised.

We have three case studies to exemplify the inadequacy of increasing the rate by \$50 a week and instead call for an income support payment above the relative poverty line and the Henderson poverty line. ¹

Community impacts

The mother who has to go without medication to feed her child

A mother on JobSeeker told us how she has gone without medication for a week in order to pay for food for her son. The mother said her son was most important to her. She told us that she is utilising her Job Network and actively searching for work. Her Job Network service took her to Coles in order for her to buy dinner the night before a job interview because the stress of not having food for her son was making the thought of preparing for a job interview difficult. She has organised payment plans for her utilities, negotiated lower bills and has almost finished paying off her debts. Her rent is high as she lives in a private rental and juggling living expenses has left her without sufficient food for herself. The mother said that there is a community pantry in her street that she uses. She said on the rare occasions that she has a spare few dollars she will buy two packets of dollar pasta and put one in the community pantry because she wants to 'give back.' She described her heartbreak when she would have to take the same pasta out a few days later because she needed the food. She is considering selling her car to give herself the funds to get ahead of her living expenses. She is 'sick of being stuck in the same cycle.' The mother described that she 'came from everything' and that '[financial hardship] can happen to anyone.'

¹ Coates B and Cowgill M (24 February 2021) [‘The JobSeeker rise is not enough’](#), *Grattan Blog*, accessed 4 March 2021.



The mother has been with the service since 2017, clearly demonstrating that a JobSeeker rate below the poverty line does not allow people to shift from a state of financial distress. As crises services, our agencies understand that being in crisis means not being able to afford essential items and agencies are constantly assessing people as being in this state. Instead of our agencies providing financial and material relief in times of crisis and emergency, our agencies have found themselves supporting people long-term in order for them to survive.

The cancer patient who cannot afford to turn on her heating/cooling system

When a cancer patient called one of our agencies recently, the first question she asked was, “Are the government still planning on reducing the rate back to \$40 a day?” The community support worker had to unfortunately confirm the woman’s fears. The woman told us about living with cancer on the JobSeeker rate because she was not eligible for the Disability Support Pension. She said that it costs her \$3 a day to simply turn her air conditioner on and was concerned about her energy bills. The woman said she was lonely and talked about how she could not even afford to buy a chocolate bar to cheer herself up because all her income went to trying to survive. The woman said it was a great shame on Australia to increase the rate and then reduce it again. She said the government was ‘playing with people.’

We do not believe that an extra \$3 a day will alleviate this woman’s concerns.

According to the OECD, before this increase Australia’s income support system was the lowest out of the all OECD countries. Now, Australia is second lowest only to Greece.² This is not something to be celebrated when a cancer patient cannot afford a chocolate bar.

A family helped out of poverty

A family engaging with one of our services was living in a local motel and were being supported with food. The husband was able to obtain a job interview, however, the criteria to secure the job was to have a medical report which the family could not afford. The member agency paid for the medical report and the husband secured the job. Our concern is the number of people that are missing out on great job opportunities because they did not have the support of an emergency relief agency. Greater income support for all people would address this concern and see a reduction in missed opportunities. If the government’s goal is to get people into work, then families need to be fully supported to do so.

The Economic Society of Australia is the peak body for Australian economists. Raising the JobSeeker rate was one of the most popular recommendations for an effective recovery to the pandemic, second only to providing social housing.³ Research conducted by the society found

² Organisation for Economic Co-operation and Development (2019) ‘[Net Replacement Rate in Unemployment](#)’, *OECD*, accessed 4 March 2021.

³ Martin P (27 September 2020) ‘[Top economists back boosts to JobSeeker and social housing over tax cuts in pre-budget poll](#)’, *The Conversation*, accessed 4 March 2021.



that 37.8% of Australian economists surveyed about the JobSeeker rate believe it should be raised by at least \$100 a week from the original base rate. ⁴

Concluding thoughts

Fundamentally, the rate needs to be raised above the poverty line because people deserve to live in dignity. This right is protected by Article 25 of the *Universal Declaration of Human Rights* which says people have a right to a 'standard of living adequate for the health and wellbeing of himself and his family'. ⁵ Setting that aside though, there is no economy without a society that can participate in it. The ability for people to engage in the economy in a meaningful way does not only have an impact on individuals meeting their own living costs but it effects businesses needing customers to purchase their products, the mental health system which is tasked to support people experiencing the health consequences of poverty, and local farmers needing communities to buy their products over cheaper products from overseas. The negative impacts of an inadequate income support system are far-reaching. The COVID-19 crisis showed that when people are plunged into poverty through no fault of their own, the Australian Government is prepared to offer assistance. It is important to recognise that many people on JobSeeker are also in exceptionally difficult circumstances through no fault of their own. We are calling for the government to show the same level of compassion now. We urge the Australian government to raise the JobSeeker rate above the poverty line.

A final quote from a client

"I implore the Government to reconsider [the rate] not so I can live grandiosely, but just so I can live."

Thank-you for your attention to the matters raised in this submission. Should you wish to discuss any of them, please do not hesitate to contact me

Yours sincerely,

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⁴ Martin P (2020) '[Top economists want jobseeker boosted by \\$100+ per week and tied to wages](#)', *Economic Society of Australia*, accessed 4 March 2021.

⁵ United Nations (1948), [Universal Declaration of Human Rights](#), accessed 4 March 2021.