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Committee Secretary
Community Affairs Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

(by email to community.affairs.sen@aph.gov.au)

5 March 2020

Dear Committee Secretary,

Inquiry into Social Services Legislation Amendment (Strengthening Income Support) Bill 2021

Thank you for the opportunity to provide a submission to this inquiry.

FamilyCare is the main provider of Child and Family services in the Goulburn Valley region of Victoria. We also provide a range of other supports including carer and disability services and community development activities. FamilyCare has around 150 staff and 70 volunteers. Our main office is located in Shepparton, with offices in Cobram, Seymour and Wallan and outreach to Alexandra and Kinglake.

Many of the families and individuals FamilyCare provides services to receive benefit incomes from the Commonwealth, including the Jobseeker payment. To describe Jobseeker recipients as simply 'unemployed' misunderstands the layers of complexity, vulnerability and often over-lapping responsibilities they juggle. For example, Jobseeker recipients can be single parents, with primary school-aged children; they can be older people who have lost employment because of ill-health or retrenchment but struggle to find opportunities to rejoin the workforce; or they can have chronic health conditions that limit their capacity but do not meet qualification rules for a Disability Support Pension.

An increasingly polarised discussion about unemployment leaves little room for recognising the people involved and their aspirations, needs and limitations. It is one thing to encourage all people to seek work, it is another entirely to acknowledge the paucity of work opportunities that are both appropriate and sustainable.

In spite of the differences in the unemployment debate, there are areas of broad agreement, backed by evidence:

- The previous rate of Jobseeker (Newstart), before the commencement of the Coronavirus Supplement, was too low and was the cause of hardship. This view is confirmed not only by the relative erosion of the payment over time but the significant majority of Australians who supported an increase.
- The Coronavirus Supplement provided a boost for Jobseeker recipients, not only allowing them to navigate the difficulties of lockdowns and other restrictions but to better afford essential expenditure.

- The additional spending capacity of Jobseeker recipients has benefited the communities in which those people live.

The experience of operationalising the Coronavirus Supplement, then planning for its cessation, provided an opportunity for government to address a problem that had accumulated since the last real increase to the rate of unemployment benefits in March 1994. The decision to apply an increase to the base rate was welcome. Choosing to set the increase at \$50 per fortnight or \$3.57 per day, will still leave the payment well below the rate of poverty and much less than other benefits. FamilyCare strongly supports the calls of ACOSS and other welfare providers for an urgent increase to JobSeeker, Youth Allowance and other working age payments, that lifts people out of poverty.

FamilyCare also strongly supports the view expressed by ACOSS that the process for determining appropriate rates of benefit payments must be independent to ensure fairness. There are existing, long-standing systems to draw from in the design phase. Those appointed to public office have the Remuneration Commission to review and alter rates of pay. Wage recipients, including those paid under Awards, have long had the benefit of an independent umpire, currently the Fair Work Commission. It is time for lowest income earners and most vulnerable in our community to have their income needs reviewed by a process separate from political considerations. Government is the custodian of the Social Security System and must have a significant voice in its maintenance but it should not be the sole determinative voice any longer.

An independent members' Bill, proposed by the Hon Cathy McGowan MP, Member for Indi in 2018, proposed the establishment of a Social Security Commission. The Bill did not succeed. Whether that model, or another, is less important than the imperative to stop making the same mistakes repeatedly, where large numbers of people can be placed into poverty and held there, with effectively no voice in decision making.

One final observation involves the myth that the majority of unemployed people choose to receive benefits rather than work. That view has been particularly prevalent in political conversations about winding back the Coronavirus Supplement, which is much lower now than at its peak but \$100 per fortnight more than the increase to the Jobseeker rate proposed in the Bill.

The most recent data from the Department of Social Services notes that in January 2021, 3,892 people in the Greater Shepparton Local Government Area were receiving Jobseeker. The total in December 2020 was 4,237. As things return to normal, most people who can find and sustain work will do so. They do not need to be forced into poverty, or threatened with suspension of their benefits to make that shift.

Please let me know if the Committee would like any further information or clarification of the issues we have raised.

Yours sincerely,

David Tennant
Chief Executive Officer