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Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

SUBMISSION TO THE SOCIAL SERVICES LEGISLATION AMENDMENT (STRENGTHENING INCOME SUPPORT) BILL 2021

PREPARED BY AUSTRALIAN COMMUNITIES FOUNDATION

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RECOMMENDATION

ACF strongly supports the position of the Australian Council of Social Services (ACOSS) and recommends the following be implemented with urgency:

1. An immediate and permanent increase to the current base rate of jobseeker, youth allowance and youth disability support pension, parenting payment, austudy and abstudy of a minimum of \$150 per week plus indexation.
2. Permanently remove the Liquid Assets Waiting Period, One-Week Waiting Period and the Third Party Verification claim requirement.

ABOUT US

Australian Communities Foundation (ACF) is a community of giving, powered by a courageous ambition: a fairer and more sustainable Australia. As a broker of change, we connect those who can give with the people and organisations leading the way.

At Australian Communities Foundation, Australia's only nationally focused community foundation, we help people give to the causes that matter most to them. Through our work with community organisations, we hear about the impact of poverty and inequality daily and seek to address inequality and alleviate poverty through our philanthropic grantmaking.

In 2019/20, our community of 350 funds and foundations distributed 909 grants to 527 organisations and individuals. Together, we granted \$12.5m. **Almost 40 per cent of the \$12.5 million in grants went to organisations working to tackle inequality, particularly in the areas of health and education.**

In response to the desperate need we saw COVID19 having on the Australian community, particularly the vulnerable groups within it, we launched two initiatives:

1. COVID-19 National Funding Platform: This platform, hosted on ACF's website represented a publicly accessible place where community organisations could seek funding to support vulnerable communities and individuals during this time. During the period of February – December 2020, almost **800 applications for funding** were submitted and published on the portal. Almost 700 of these applications were specifically responding to needs that had either arisen or been exacerbated by COVID-19. This activity at its height represented a spike of 169% of traffic to the ACF website.

While it is difficult to gain an accurate understanding of the amount of funding distributed to these causes from private philanthropy because of the public nature of the platform, we know of at least **\$1.2m provided to the community** because of this platform during this time.

2. National Crisis Response Fund: COVID19: This Fund is a collective fund that supports organisations that are filling the gaps left by government and community responses to the pandemic. In the twelve months since the Fund was launched, we have **distributed over \$1.74m to impacted individuals and communities** to alleviate the impact the pandemic had on their income and wellbeing. This distribution of funding merely scratched the surface of the need in these communities.

"The Emergency Relief Drive has been a lifeline to many RISE members."

Thanks to support such as that from the NCRF, RISE has been able to distribute over 10 tonnes of food, 100kg and 135L of toiletries, 400 sanitary pads, 524 masks, and more.

- National Crisis Response Fund recipient, RISE for Refugees

The need for further, long-term support of these individuals and communities cannot be overstated. The recent announcement of an increase to \$44 per day or \$308 per week remains well below the poverty line and well under half the minimum wage in Australia. This marginal increase will continue trap individuals and families in poverty and further exacerbate the generational poverty cycle that ACF and our many granting partners seek to break.

AUSTRALIAN COMMUNITIES FOUNDATION POSITION

ACF has two primary motivations for seeking this amendment.

1. Breaking the poverty cycle

The *2020 Poverty in Australia Overview*, launched by ACOSS last year showed more than 3.24 million people (13.6%), including 774,000 children under 15 (17.7%), are living below the poverty line. Most of these people rely on social security for their income.¹

We know that Australia's housing costs are among the highest in the world and it is these costs that are locking many people into poverty. For households of working age with the lowest incomes, average housing costs rose by 42% from 2005 to 2017², yet Australia's income support system has not increased in real terms in 26 years.

Cassandra Goldie, CEO of ACOSS has warned that a crucial part of the recovery from COVID19 will be ensuring people without paid work or with insufficient paid work have enough income to cover basic costs like keeping a roof over their head and putting food on the table. It will be critical that people are not thrown into poverty as Australia recovers from the biggest economic and health shock in almost 100 years.³ As ANU's Professor Peter Whiteford points out, returning unemployment and student payments to their pre-COVID levels would result in a "deep increase in poverty among millions of Australian households and the likelihood of a double dip recession".⁴

Economists, business leaders and other experts agree that recovery from this pandemic will take time, and that supports put in place for households and business should not be quickly withdrawn.⁵

Highly respected individuals such as the RBA Governor, Dr Philip Lowe, BCA CEO Jennifer Westacott and ex-Prime Minister John Howard have all called for a permanent increase to JobSeeker payments that lift people out of poverty, enable them to realistically meet their

¹The poverty line is of \$457 per week for a single adult in Australia.

http://povertyandinequality.acoss.org.au/wp-content/uploads/2020/02/Poverty-in-Australia-2020_Part-1_Overview.pdf

²<http://povertyandinequality.acoss.org.au/poverty/housing-costs-of-lowest-20-compared-with-middle-20-among-people-aged/>

³ <https://www.acoss.org.au/wpcontent/uploads/2020/04/200429-Economic-Recovery-Briefing-PDF-1.pdf>

⁴ Whiteford, Peter (2020) 'When the Coronavirus Supplement stops, JobSeeker needs to increase by \$185 a week' 21 May <https://theconversation.com/when-the-coronavirus-supplement-stopsjobseeker-needs-to-increase-by-185-a-week-138417>

⁵ <https://www.acoss.org.au/wpcontent/uploads/2020/04/200429-Economic-Recovery-Briefing-PDF-1.pdf>

living costs and to live a dignified life. This position is also supported by a wide range of finance, business and not-for-profit organisations across Australia.

2. Benefits to the broader Australian economy

In addition to the benefits a permanent increase to the jobseeker allowance would provide to individuals and families, the benefits to the wider Australian economy are clear and measurable.

Supports for people on low or greatly reduced incomes lifts the incomes of people who are most likely to spend. For example, an estimated 43% of the \$750 lump sum stimulus payments delivered in late March were spent by the people on social security payments. Spending by low-income earners rose by 14% while spending by high income earners fell by 29%.⁶ Research by Deloitte Access Economics for ACOSS found that a modest permanent \$3.3 billion a year increase to 2019 levels of Newstart and related allowances would deliver a greater boost to GDP and jobs than its up-front cost to the budget. It would lift GDP by 0.15%, increase wages by 0.2% of GDP and create 12,000 jobs (especially in regions with high unemployment). Taking account of higher income tax collections and boost to growth, the 'net cost' of the policy is an estimated \$1.5 billion.⁷

THANKYOU

Australian Communities Foundation thanks the Senate for calling this inquiry and for the opportunity to make a submission. For the benefit of all Australians, we appeal to all Senators ensure this Bill is not passed without a significant amendment increasing the base rate and removing barriers to accessing payments.

⁶ <https://www.acoss.org.au/wp-content/uploads/2020/04/200429-EconomicRecovery-Briefing-PDF-1.pdf>

⁷ <https://www.acoss.org.au/wp-content/uploads/2020/04/200429-EconomicRecovery-Briefing-PDF-1.pdf>