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**Submission to the Senate Community Affairs Legislation Committee on the Social Services
Legislation Amendment (Strengthening Income Support) Bill 2021**

Prepared by The Snow Foundation

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The Snow Foundation is calling for a more significant, immediate and permanent increase to social welfare payments.

We also call for the removal of barriers to accessing social welfare payments, such as waiting periods and third-party verifications.

Who we are

The Snow Foundation was founded by brothers Terry and George Snow in 1991. Our main place of giving is to our local community in Canberra and surrounding regions, with a focus on meeting basic needs and creating opportunities for those who are most vulnerable or experiencing disadvantage – such as people experiencing homelessness, families affected by domestic violence, people living with a disability and at-risk youth.

Over the past 10 years, we have expanded our local giving to other places where the family lives and works, such as the NSW South Coast, Sydney and significantly, we have become drivers behind key social issues at a national scale, like Indigenous health (crusted scabies, rheumatic heart disease), marriage equality and economic justice.

At any one time, we work with 100 to 120 organisations, with about two thirds in Canberra. We hear what goes on in the community of Canberra, and also Sydney, through our close relationships with organisations and individuals on the ground, as well as through the community foundations we work closely with, Hands Across Canberra and Sydney Community Foundation.

Recommendation – A bigger increase is needed

While we welcome an increase, the proposed increase of \$25 per week, less than \$4 a day, is not enough.

Referencing independent economic studies and research data, this tiny increase will hurt our economy and it isn't the right thing to do. In addition, many reputable individuals and organisations with credible experience and expertise support an appropriate increase.

Instead, we recommend that the Australian Government consider increasing JobSeeker and related income support payments closer to the aged pension rate levels to ensure everyone can cover the basics.

Rationale - It makes economic sense

Several independent studies have found that it makes economic sense to raise social welfare payments more significantly:

- It puts money back into the economy – because people who have little, spend any extra money they get on essentials;
- It creates jobs – because the money is spent in businesses who employ people; and
- It gives people a chance to look up from their daily struggle to survive to actually find a job.

A study by Deloitte Access Economics in September 2020 found that cutting the Coronavirus Supplement and removing it entirely from 1 January 2021 would cost the economy \$31 billion over two years and eliminate 145,000 jobs (September 2020).

The Grattan Institute said recently that the government's decision to cut unemployment benefits on April 1 will suck about \$5 billion out of the economy in the coming year and cost up 40,000 jobs.

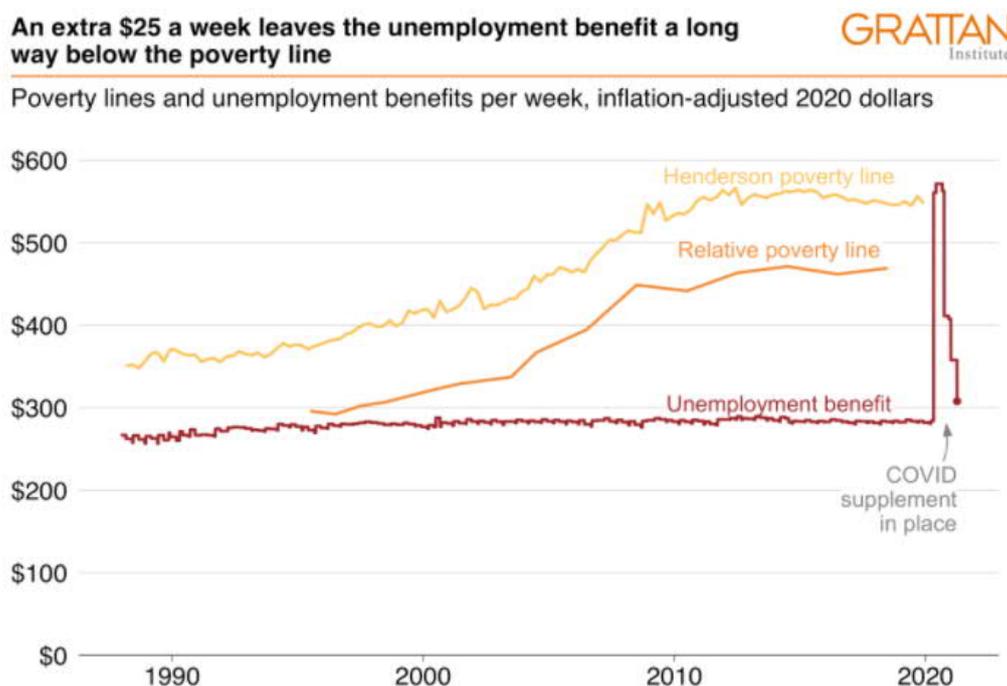
This analysis is supported by others, such as Emma Dawson, the executive director of the Per Capita think tank, as well as Paul Brown, CEO of the Australian Retailers Association.

Rationale - It's the right thing to do

Raising the original welfare payment of \$40 a day by just \$3.57 (\$25 per week) is not enough for people who are struggling to put food on the table, have a roof over their head or pay for medical bills. It condemns more than a million people to struggling for survival well below the poverty line.

Importantly, it affects families and condemns millions of children to life in poverty. They suffer disproportionately from the lack of security, unmet basic needs and high levels of stress their carers are under. This affects their development and wellbeing and is likely to result in poorer outcomes in adulthood.

The welfare rate has not been raised in real terms in 25 years. The Grattan Institute has shown that welfare recipients have been falling further and further below the poverty line – which sits more than 50% above the proposed Jobseeker rate.



Notes: Adjusted for inflation using the Consumer Price Index. Unemployment benefits have at various times been called unemployment benefit, Job Search Allowance, Newstart Allowance, and JobSeeker Payment. Unemployment benefit includes Energy Supplement where applicable.
Sources: Grattan analysis of Melbourne Institute 'Poverty Lines: Australia', ABS 6523.0, ABS 6401.0, ABS 5206.0, and DSS Social Security Guide.

Grattan also points out that Australia's unemployment benefits are among the lowest in the OECD and have fallen further behind since the early 1990s, as a percentage of the median full-time wage.

"A \$100-a-week rise is not extravagant. It would leave Australia's unemployment benefit as one of the lowest in the OECD. A \$100-a-week rise would take the benefit back to roughly where it was in the early 1990s, as a percentage of the median full-time wage." Brendon Coates, Grattan Institute

Rationale - Incentive to work

The argument that increasing the rate of Jobseeker further would act as a disincentive for people to seek work is not the reality. Data analysed by well-regarded academics Peter Whiteford (Australian National University) and Jeff Borland (University of Melbourne) show that, even with the maximum extra \$550-a-fortnight coronavirus supplement, unemployed Australians did not stop looking for jobs.

The proposed increase of \$25 a week means welfare recipients get just 42% of the national minimum wage; even with a bigger increase, people are still a lot better off getting a job, if they can.

However, despite the economy picking up again and jobs being advertised, entry-level jobs are declining. Anglicare found in September 2020 that there were 106 candidates for each available entry-level job. Employers are looking for demonstrated, relevant and recent work experience, making it harder for young people as well as older people (especially women, the main carers) to find paid work.

Unfortunately, being on unemployment benefits is not a matter of choice for most – it is a necessity. And it can be argued that not having to worry as much about how to feed the family will put people in a better position to look for a job.

Our experience – the voices from the community

St John's Care (SJC) Canberra

"The rise and fall of the COVID supplement to the Jobseeker payment has had a massive impact to our work. At first we saw a different type of client coming in – our usual clients stopped coming, the supplement really helped – but now they are back. On average would have had 20 families come through our doors each day seeking assistance, the day the supplement creased we had 40 families on our door.

Just the other week -I received a call from a Canberra primary school psychologist. He told me about a family he is working with and asked what possible assistance we could provide".

CM is a single mother of four primary school age children (twins and two others) who lost her income 6 months ago (she was working as a cleaner in a hospitality industry). She thought that her savings would be enough to see them through tough times until she gets another job. Unfortunately, she still can't get a job as it's hard to get the hours she needs being a single parent.

CM told me that all her expenses are mounting up, and that she doesn't have money to pay their car registration. She recently stopped her children from going to school due to lack of funds to buy school uniforms and book packs. She hit rock bottom when, two weeks ago, they didn't have enough food at home to make sandwiches.

That's the point when the school psychologist became concerned and called SJC. We gave her four school bags full of supplies, supported her with some bill payments and assisted her with the purchase of school uniforms. *"She explained that she wanted her children to look like every other child at their school, so they did not look different".*

Liverpool Neighbourhood Centre (LNC) - Sydney

We asked Pat Hall, Community Leader of Liverpool Neighbourhood Centre (LNC) in Sydney how people felt on the supplement and now on the new increase:

“The coronavirus supplement was fantastic. On this benefit, people felt they could contribute to society. They weren’t living below the poverty line. They had self-worth, they counted. I could see it in people, they could buy things that they couldn’t before, they weren’t luxury items, of course not, just the basics for survival but they could survive and not stress and actually look for jobs. What’s that small amount of money going to buy now? That amount of money won’t even buy Maccas – how do people on this new daily level of \$40 + \$3.57 buy rent, feed themselves, it is not possible.

And as for jobs, there might be jobs around in certain regions – but I know people who’ve tried to get a job, tried and tried, and they can’t, and they keep trying. In my experience everyone wants a job. We talk about people’s self-confidence – having access to finance! On the supplement, they paid bills on time, bought the basics, so now not to increase it a bit more than \$3.57 feels criminal. Understand can’t keep as high but to drop in just like that, it’s not Australian. We are about a fair go – does the government not understand – it sure feels like they don’t”.

Conclusion

Committing to a more significant permanent increase closer to the aged pension levels would inject more money into the economy, create jobs and reduce financial stress and suffering significantly for thousands of families struggling well below the poverty line.

It’s the right thing to do – for our country, and for our most vulnerable people and there is broad consensus across Australia for a permanent, more appropriate increase.

Let’s live our Australian values and give people a fair go.