

7 July 2023

Committee Secretary
Senate Standing Committees on Community Affairs
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

By electronic submission

Dear Secretariat

Social Services and Other Legislation Amendment (Strengthening the Safety Net) Bill 2023

1. Economic Justice Australia ('EJA') welcomes the opportunity to make a submission regarding the *Social Services and Other Legislation Amendment (Strengthening the Safety Net) Bill 2023* ('the Bill').
2. EJA is the peak organisation for community legal centres providing specialist advice to people on their social security issues and rights. Our members across Australia have provided people with free and independent information, advice, education and representation in the area of social security for over 30 years.
3. EJA provides expert advice to government on social security reform to make it more effective and accessible. Our law and policy reform work:
 - Strengthens the effectiveness and integrity of our social security system;
 - Educates the community; and
 - Improves people's lives by reducing poverty and inequality.
4. EJA supports the Bill in its current form. However, in doing so, we propose that the Bill does not go far enough in alleviating financial pressures for those reliant on social security payments; nor does it introduce the changes necessary to enable meaningful reform toward a fairer social security system.

Increase to rates

5. We refer to our Pre-Budget Submission 2023 and Federal Budget Submission 2023 - 2024 (collectively 'our submissions') which provide a suite of recommendations to improve the social

¹ See here: <https://www.ejaustralia.org.au/wp-content/uploads/Economic-Justice-Australia-Budget-Submission.pdf> and <https://www.ejaustralia.org.au/pre-budget-submission-2022-2023/>

security system. These submissions also endorse ACOSS's 2023 Budget Proposals to permanently lift the base rates of working age social security payments to that of pensions, and index these increases to wages and the Consumer Price Index (whichever is higher).²

6. Given inflation and the housing crisis, the need to increase the base rates of payment and further increase Commonwealth rent assistance is increasingly urgent. In addition, urgent amendments are needed to the indexation provisions in selected rate calculators (such as Youth Allowance) to ensure consistent indexation across payment types.

Income free area

7. Further to the recommendations made in the attached submissions, consideration should be given to include in the Bill amendments to social security rate calculators (including those at sections 1068-G12, 1067G-H29(b), 1068B-D24, 1068A-E14, 1064-E4 and 1066A-F3 of the *Social Security Act 1991*), so as to increase the 'income free area'³ for working age social security income support payments.
8. There is a particular need for reform to address aspects of social security income testing that fuel poverty and barriers to workforce participation among people with disability.
9. For the reasons discussed in our submission to the Senate Community Affairs Legislation Committee inquiry into the purpose, intent and adequacy of the Disability Support Pension (2021),⁴ there is a significant proportion of social security recipients on activity tested payments who may only have a limited capacity to work and are likely to be on activity tested payments for long periods, if not indefinitely.
10. With the minimum wage for an adult currently at \$23.23 per hour (raised in July 2023), people on JobSeeker, Parenting Payment (Partnered) and Youth Allowance (JobSeeker) can only work for a total of four hours per fortnight at the minimum wage without this impacting their payment rate.
11. Increasing the income free area with indexation would be consistent with policies purportedly designed to encourage entry, or re-entry, into the job market. Failure to meaningfully increase the income free area limits a recipient's ability to gain genuine work experience without being penalised by reductions in payments, thereby encouraging a recipient's return to work or entry into the workforce.
12. Both the emphasis on return (or entry) into the workforce for activity tested payments, and acknowledgement of the fact that a significant cohort of social security recipients have limited capacity to work was addressed by the Minister for Social Services in her Second Reading Speech at page 6:

² See here: https://www.acoss.org.au/wp-content/uploads/2023/03/ACOSS_Budget-Priorities-Statement_2023-24.pdf at 10.

³ The amount a social security recipient can earn before it impacts their rate of payment.

⁴ See here: https://eja.audienceware.com.au/wp-content/uploads/DSP-Senate-Inquiry-2021_Economic-Justice-Australia-submission.pdf
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Of course, the government's priority is always to support people into work—with the dignity of work and the economic security it brings. But even with the low unemployment rate, over 75 per cent of people on the JobSeeker payment do not report any earnings. This is often due to complex barriers to employment, such as discrimination, caring responsibilities or a partial capacity to work due to a physical, intellectual or psychiatric impairment.

➤ **Recommendation:**

That the Bill be revised to include amendments providing for proportionate increases in the 'income free area' for working age social security income support payments such that the 'income free area' for all payments aligns with that for Age Pension.

Expanding the Safety-Net – Newly Arrived Residents Waiting Period and Access to Special Benefit

13. For the social security system to operate equitably as a true safety net, it is necessary to amend section 739A of the Act to:
 - remove the newly arrived residents waiting period ('NARWP') for Special Benefit;
 - amend section 737 of the Act so as to enable full-time students access to Special Benefit; and
 - expand the list of visa-subclasses that attract Special Benefit.
14. The NARWP imposes a four-year waiting period on newly arrived migrants, limiting their ability to access any kind of social security payment, including Special Benefit.
15. Special Benefit is the payment of last resort, only available to those unable to access another social security payment. The qualification criteria for Special Benefit are extremely tight, with eligibility restricted to 'Australian Residents' and holders of certain temporary visa subclasses who are in dire hardship for reasons beyond their control. Although the four-year NARWP may be waived if the Special Benefit claimant has 'suffered a substantial change of circumstances beyond (their) control' after arrival in Australia, this is very difficult to establish in practice.
16. The inequity caused by restricted access to Special Benefit is most blatantly illustrated in the case of victim-survivors of domestic/family violence who are on exempt category temporary visas and therefore not eligible for any kind of social security payments, or who may otherwise be unable to provide evidence that they meet the requirements for waiver of the NARWP. This essentially leaves many victim-survivors with an impossible choice: destitution, return to their home country (in circumstances where they may have children living in Australia, and/or return is unsafe), or remaining with an abusive partner.
17. Women on temporary visas were, up until recently, the only group limited in the amount of financial assistance they could receive via the Escaping Violence Payment – a payment funded by the Department of Social Services but administered privately by two separate not-for-profit organisations. From 2 July 2023, women on temporary visas are to be paid the same rate as permanent residents; however not all temporary visas attract social security income support – even Special Benefit. This means that while a woman on a temporary visa may be

able to access the one-off Escaping Violence Payment to flee, she may not be eligible for continuing income support, by way of Special Benefit, that would enable her to secure safety.

18. The way the NARWP and Special Benefit provisions operate in the context of domestic/family violence is contrary to Australia's commitments to end domestic/family violence and the stated purpose of the National Plan to End Violence against Women and Children 2022 – 2023. Failure to consider extending Special Benefit, and the operation of the NARWP as a barrier to financial security, is counterintuitive to the concept of a 'safety net' for those experiencing significant vulnerability.
19. With the temporary removal of the NARWP during the Covid-19 pandemic, the government recognised the need for new migrants to access social security payments in order to avoid homelessness and severe financial hardship. With the NARWP now reinstated, many community organisations report surges in demand for emergency relief even greater than during lockdown restrictions.⁵
20. Our recommendations regarding the need to abolish the NARWP and expand eligibility for Special Benefit are discussed in more detail in our submissions, and in our submission to the Inquiry into Australia's Human Rights Framework (enclosed) at [38] to [43].

➤ **Recommendation:**

That the Bill be revised to include all the amendments proposed in EJA's previous submissions which were referred to in this submission.

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⁵ See, eg, ACOSS, Helping people in need during a cost-of-living crisis: Findings from the Australian Community Sector Survey (2022).
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