



council of
single mothers
and their
children



GRANDPARENTS
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grandparents
VICTORIA



Brotherhood
of St Laurence
Working for an Australia free of poverty

Joint Submission

2020-21 Budget

Introduction

This 2020-21 Pre-Budget Submission has been prepared by the Brotherhood of St Laurence (BSL), Centre for Excellence in Child and Family Welfare (the Centre), Council of Single Mothers and their Children (CSMC) and Grandparents Victoria/Grandparents Australia (GPV/GPA).

Our organisations are members of Treating Families Fairly, an alliance of child and family service organisations, peak bodies and academics advocating for reform of the social security system to bring about a more equitable society that upholds the rights of children and supports their wellbeing and development.¹

We welcome the opportunity to provide a submission on priorities for the 2020-21 Budget for consideration by the Minister for Housing and Assistant Treasurer.

In this submission we focus on social security reform, because:

- an adequate reliable income provides the foundation for wellbeing, and
- social security is a key investment in social cohesion and economic recovery.

Our recommendations are based on our service delivery, research and lived experience evidence and insights.

To prevent high levels of poverty with all the associated harms to individuals and communities and to build on the strengths of government action during COVID-19, we **recommend** that the federal government adopt the following:

1. Maintain the \$550 Coronavirus Supplement until the crisis is over, and unemployment returns to pre-COVID levels
2. Deliver a permanent and adequate increase to the base rate of social security payments

¹ [Treating Families Fairly](#) was formed in 2017 in response to concerns that federal conditional welfare policies were having a negative impact on children and families and the delivery of state-funded services. The alliance focuses on the intersections between poverty, child and family wellbeing, and government approaches to social problems, and advocates for social security reform. Treating Families Fairly has developed a [Statement of Principles](#) that we are calling on governments to use as a starting point for policy and program design and development.

3. Invest in voluntary employment support, training, career advice and guidance and free quality childcare to ensure those hit hardest by the crisis are not permanently left behind
4. Extend income support and JobKeeper to people in the Australian community who are currently ineligible, including temporary visas holders, international students and people seeking asylum
5. Retain the increased allowable income of \$300 per fortnight for JobSeeker Payment and Youth Allowance (other), and extend this to other payments
6. Ensure mutual obligations are fair and proportionate, and remove financial penalties that place people, particularly children, at risk
7. Ensure automated processes are based on a clear ethical framework, that is regularly and independently monitored and reviewed
8. Establish an independent commission to review and set the rates and structure of social security payments, including the conditions that apply to these payments, according to an adequacy benchmark.

Poverty causes individual and social harms in the short and long term

More than 3.24 million people, including 774,000 children under 15 live in poverty.² Children in single parent families are more than three times as likely to live in poverty (44 per cent) as children in couple families (13 per cent).³ We know that family poverty and financial stress have significant adverse impacts on children's development, wellbeing and future outcomes throughout their lives, including poorer health and educational outcomes.⁴

An increase in poverty among children and single parent families has been attributed to the 2006 decision to alter the eligibility criteria for Parenting Payment, which lowered the age of the youngest child from 16 to 8 years.⁵ This initially saw 20,000 sole parents transferred onto the much lower Newstart Allowance, with a further 80,000 removed in the 2012-13 budget when grandfathered arrangements were removed.⁶ Many single parent families now rely on Jobseeker Payment, caught in a triple bind of care, work and social security - trapped between inadequate and conditional income support; high effective marginal tax rates; inflexible, and despite the Child Care Subsidy, often

² Davidson, P, Bradbury, B, Hill, T & Wong, M 2020, *Poverty in Australia 2020: part 1, overview*, ACOSS/UNSW Poverty and Inequality Partnership Report No. 3, ACOSS, Sydney.

³ Ibid.

⁴ Committee for Economic Development of Australia (CEDA) 2015, *Addressing entrenched disadvantage in Australia*, CEDA, Melbourne; Department of Education and Training 2019, *The state of Victoria's children report 2018: a focus on health and wellbeing*, Victorian Government, Melbourne.

⁵ Ibid.

⁶ Davidson et al. 2020; Yeend, P 2012, Abolition of 'saved' Parenting Payment arrangements, viewed 19 August 2020, <https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview201213/ParentingPayment>.

unaffordable childcare; and 'flexible' jobs that make it hard to predict if and when there will be work.⁷

In 2019, the Centre conducted a survey of practitioners working in Victorian child and family services that highlighted the ways in which single mother families who receive social security payments struggle to survive on a day-to-day basis and the daily decisions they need to make about whether to use meagre income to pay rent or buy food, buy children's clothes or pay school costs.⁸

In the survey, practitioners described single mother families' experiences living on social security payments as routine financial difficulty with the stress and anxiety associated with a constant struggle to make ends meet. This is consistent with research showing that 59 per cent of single parent families, where the parent is unemployed, live in poverty.⁹

Forthcoming research by the BSL shows how inadequate, uncertain and conditional payments can undermine rather than enable single mothers' economic security.¹⁰ Poverty and economic insecurity not only affects their children, limiting their life chances, it also has long term impacts on women who carry a care penalty and accumulate disadvantage across their lives.¹¹ It is not surprising then, that single women over the age of 55 are the [fastest growing group](#) experiencing homelessness.¹²

It is critically important that social security payments are adequate to prevent poverty and ensure that people can live with dignity, and that the social security system can effectively respond to current and future environmental, technological, demographic and social challenges.

The federal government's response to COVID-19 was swift and effective, but temporary

We acknowledge that in response to widespread unemployment, the federal government introduced a temporary [Coronavirus Supplement](#) of \$550 per fortnight for many working age payments from 27 April for a period of six months. This effectively doubled the Jobseeker Payment (previously Newstart Allowance) and some mutual obligations were suspended. These temporary measures in response to the sudden increase in the numbers of unemployed was a tacit recognition that the existing level of Jobseeker was inadequate. The measures addressed some of the concerns of advocates and community service organisations about the adequacy and conditionality

⁷ Wickramasinghe, S & Bowman, D (forthcoming), *Trampolines, not traps: enabling economic security for single mothers and their children*, Brotherhood of St Laurence, Melbourne.

⁸ Tennant, D & Bowey, K 2019, [The impact of social security reforms on single mothers and their children](#), Centre for Excellence in Child and Family Welfare, Melbourne.

⁹ Davidson, P, Saunders, P, Bradbury, B & Wong, M 2018, [Poverty in Australia 2018](#), ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, ACOSS, Sydney.

¹⁰ Wickramasinghe & Bowman (forthcoming).

¹¹ Folbre, P 2018, 'The care penalty and gender inequality' in SL Averett, LM Argys & SD Hoffman (eds), *The Oxford Handbook of Women and the Economy*, Oxford University Press, Oxford.

¹² Australian Human Rights Commission 2019, Risk of homelessness in older women, viewed 20 August 2020, <<https://humanrights.gov.au/our-work/age-discrimination/projects/risk-homelessness-older-women>>.

of unemployment benefits, lifted many out of poverty and cushioned the economic impact of the pandemic for people who were suddenly without work.

On 21 July, the federal government announced that the Coronavirus Supplement would be extended until 31 December, at a reduced rate of \$250 per fortnight from 25 September. [Estimates by The Australia Institute](#) show that this \$300 reduction will see 370,000 Australians receiving the supplement, including 80,000 children, pushed into poverty.

This announcement also included the reintroduction of the assets test and Liquid Assets Waiting Period which will [wipe out the savings](#) of many at a time when the security of savings is so important.

According to the latest [ABS data](#), a record 1 million people were unemployed in July, and [the Treasurer stated](#) that 2 million Australians are being supported by the Coronavirus Supplement. The government's economic recovery plan relies in part on rising household consumption, and yet it is cutting spending capacity for those whose low income is almost wholly directed to the purchase of essential goods and services. Maintaining the \$550 Coronavirus Supplement beyond September will offer certainty and stability and aid economic recovery, as well as providing support for families doing it tough.

Recommendation

1. Maintain the \$550 Coronavirus Supplement until the crisis is over, and unemployment returns to pre-COVID levels

The critical importance of adequate payment rates

The base rate of JobSeeker Payment, previously called Newstart, has not been increased in real terms in 26 years. Among households where the reference person is receiving a payment, 57 per cent of households receiving JobSeeker Payment and 43 per cent of households receiving Youth Allowance, are living in poverty.¹³

Payments have repeatedly been shown to be inadequate to meet basic cost-of-living expenses, demonstrated through the research of academics, peak bodies and community service organisations, extensive media reporting and most importantly, firsthand accounts from people struggling to survive on payments.¹⁴

For example, one interviewee in a forthcoming BSL study reported:

¹³ Davidson, P, Bradbury, B & Wong, M 2020, [Poverty in Australia 2020: part 2, who is affected?](#), ACOSS/UNSW Poverty and Inequality Partnership Report No. 4, ACOSS, Sydney.

¹⁴ See, for example: Australian Council of Social Service (ACOSS) 2019, ["I regularly don't eat at all": trying to get by on Newstart](#), ACOSS, Sydney.

I make sure my son eats ... He gets what he needs to be happy and survive, but there'll be times when I do the grocery shopping and it'll be nappies, food for my son, formula for my son, and then I might get myself a bag of noodles for the week.¹⁵

The Coronavirus Supplement of \$550 effectively doubled the Jobseeker Payment and enabled many sole parents on Parenting Payment Single to meet everyday costs for the first time in a long time – as the National Council of Single Mothers and their Children's [550 Reasons to Smile](#) campaign conveys.

Stories collected by the campaign show parents using their supplement to buy warm winter clothes for their children, to feed their whole family regular meals, to purchase or fix whitegoods, have critical car repairs done, and participate in special family moments by buying a birthday present and cake for their child.

The reduced Coronavirus Supplement of \$250 per fortnight from 25 September will undo much of these gains. The chart below (see Fig. 1) shows the impact of the Coronavirus Supplement at \$550 and \$250 per fortnight for single adults and single parents with two children relative to the relevant Henderson poverty line for each recipient type. In each circumstance, the base rate is below the poverty line, with those relying on JobSeeker Payment receiving less than 75 per cent of the poverty line. The \$550 supplement brings the rate above the poverty line in all cases, though even here, single-parent families on JobSeeker are only just above the poverty line. The \$250 supplement plunges single-headed families on Jobseeker Payment below the poverty line, with only those eligible for Parenting Payment above the poverty line. Even these families, however, are still below 60 per cent of the equivalised median household income, which by several definitions would itself be classified as poor.

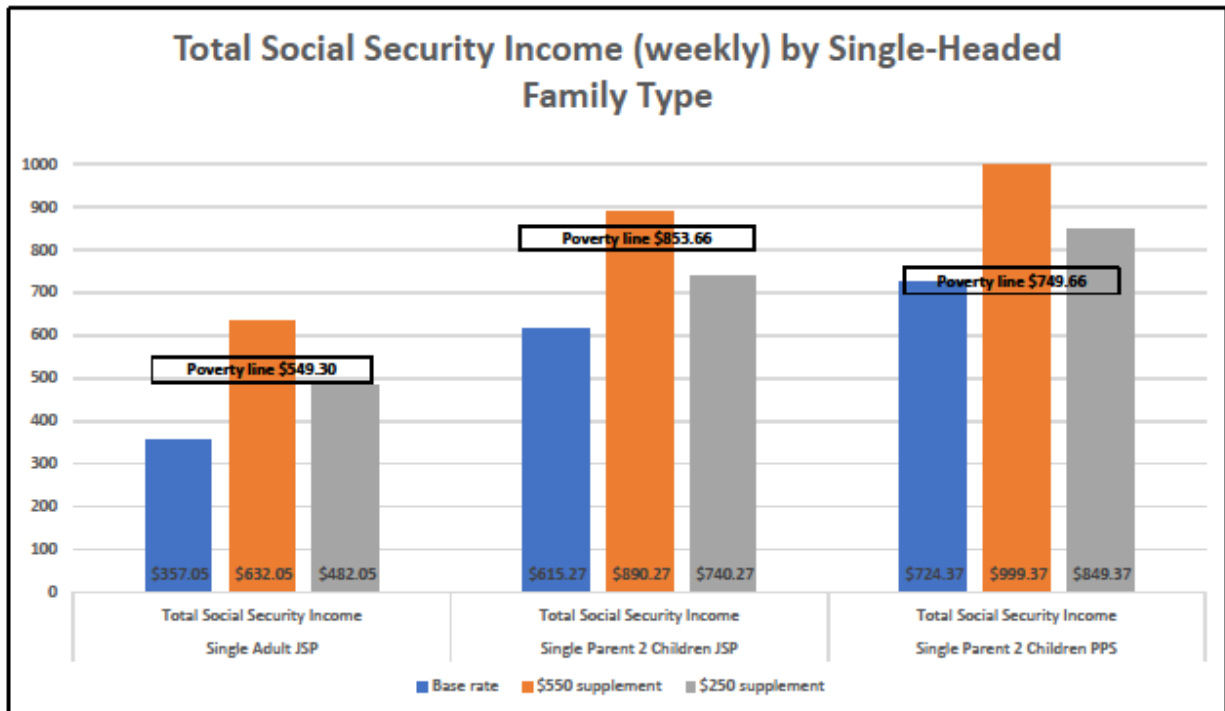
It is important to note that the poverty line is the minimum level below which payments should not fall. It should not be considered a ceiling for payments.

The Henderson Poverty Line was developed in 1973 and has been updated on a quarterly basis since then. As the [Melbourne Institute notes](#), 'issues such as the move away from the traditional male breadwinner model, the end of full employment and problems updating the poverty line have led to the increased use of alternative income- and consumption-based poverty lines' (see for example, [Joseph Rowntree Foundation](#) and [ACOSS/UNSW](#)).

As we argue later in this submission, an independent social security commission is needed to develop measures of adequacy to inform the structure and rates of payments. Leaving the base rates unchanged will effectively condemn people to poverty, with both short- and long-term consequences for individuals, families, the economy, and society.

¹⁵ Wickramasinghe & Bowman (forthcoming).

Fig. 1



Source: Melbourne Institute: Applied Economic & Social Research 2020, *Poverty Lines: Australia*, University of Melbourne, Melbourne. Information on benefits and allowances is from Services Australia.

In a deep economic recession, adequate payments contribute to economic stimulus because households on low incomes spend most of their income. As the COVID-19 crisis eases, the job market picks up and the Coronavirus Supplement is no longer needed, payments must be adequately and permanently increased prior to the removal of the supplement. We suggest that payments be increased to the rate of pensions until an independent social security commission is established to review and set payment rates. Alignment with pensions would mean a \$185 increase per week (\$370 per fortnight) to Jobseeker Payment. [Professor Peter Whiteford estimates](#) that this could cost around \$7.4 billion, but this does not factor in the projected increase in the number of people needing support. He has also estimated that if there are more than two million people on working age payments in September this year, this would imply a rough budget cost of around \$17 billion in a full year.

Cutting rates is also extremely costly: a steep increase in poverty among millions of Australian households will cause long-lasting social and economic harm and perpetuate cycles of intergenerational poverty.

Recommendation

2. Deliver a permanent and adequate increase to the base rate of social security payments

The pandemic has exacerbated underlying inequalities

Prior to the pandemic, wage growth was sluggish, there were high levels of household debt, unaffordable housing, growing underemployment, with a growth in part-time, often casualised jobs – and inadequate and conditional social security.

The Senate Community Affairs References Committee found evidence that the low rate of payments, combined with poorly designed mutual obligations and employment services, create a barrier to employment rather than providing the support people need to find and access work.¹⁶

As a result of the pandemic, unemployment has risen sharply and [Treasury forecasts it will reach 10 per cent](#) by the end of the year. [Other forecasts](#) suggest it could go as high as 15 per cent. Newly arrived migrants, [young people](#) trying to get a first job; [women](#) – especially single mothers – trying to manage work and family responsibilities; and [mature age people](#) all face tough competition for jobs. Each of these groups has been hit hard by high rates of unemployment and underemployment.

Debt moratoriums and moratoriums of evictions have taken some of the pressure off, but there is deep concern about the levels of financial distress and insecurity once these measures cease.

Unless preventative action is taken in this budget it is likely that poverty will increase. Children and young people will suffer – as will their families and communities.

People on temporary visas who are not eligible for social security support have been plunged into desperate poverty. We must ensure that [no-one is left behind](#).

Social security payments must not be divorced from other social policies and programs, such as employment services, and must be responsive to the changing labour market. Social security must be buttressed by mutually reinforcing initiatives such as workforce planning, training, economic development, inclusive employment and support services.

Social security is just one plank of rebuilding the economy, other submissions will detail proposals for universal free childcare, job creation and investment in education, training and workforce development. To build sustainable just futures also requires [investment](#) in local manufacturing and the environment.

Recommendation

3. Invest in voluntary employment support, training, career advice and guidance and free quality childcare to ensure those hit hardest by the crisis are not permanently left behind
4. Extend income support and JobKeeper to people in the Australian community who are currently ineligible, including temporary visas holders, international students and people seeking asylum

¹⁶ Senate Community Affairs References Committee 2020, [Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia](#), Parliament House, Canberra.

Making work pay

On 21 July, the federal government announced that they would be increasing the amount people can earn from income to \$300 per fortnight before their payments are affected. This will apply to JobSeeker Payment and Youth Allowance (other) from 25 September.

We welcomed this announcement as it recognised that many people working part-time or casual jobs also rely on income support to make ends meet. [Peter Whiteford and Alexandra Heron estimated](#) that 12 per cent of part-time workers also rely on social security. Retaining this increased allowable income would support people to reconnect to the workforce in a way that does not jeopardise their financial security, especially during a time when work is increasingly precarious. We also recommend extending this allowance income increase to other payments, including Parenting Payment.

Recommendation

5. Retain the increased allowable income of \$300 per fortnight for JobSeeker Payment and Youth Allowance (other), and extend this to other payments

An emphasis on compliance creates barriers

Social security in Australia has always been conditional, but the adoption of active labour market policies that focus on mutual obligation has led to one-sided compliance requirements. As [BSL has argued](#):

For too long, the concept of reciprocity has focused on the obligations of those receiving income support payments, rather than also recognising the obligations of government. If work is held to be the best form of welfare, government must ensure that decent, sustainable jobs exist.

Rates of poverty among single parent families have been compounded by punitive compliance requirements introduced over the last decade, including the introduction of the Targeted Compliance Framework. Failure to comply with mutual obligation requirements (as set out in [participation](#) or [job plans](#)) can result in suspension or cancellation of payments. A delayed payment can mean late payment of bills and rent – exposing families to increased financial risk.

Furthermore, automated suspensions create much stress and anxiety, as BSL researchers found when interviewing people receiving social security for their forthcoming study:

When I get an email saying I've got a new myGov message, I go, 'Oh no, what is it? Am I going to be cut off for some reason?' or what is this going to be and it just makes my guts twist.¹⁷

Findings from the Centre's survey of child and family services practitioners show the agonising choices resulting from payments suspension:

¹⁷ Wickramasinghe & Bowman (forthcoming).

They have had to prioritise buying food for the family, cannot pay their rent and other payments, which results in them falling further behind financially. There have been instances of mothers and their children being threatened with homelessness, if they do not pay their rent.¹⁸

Significant time and energy must be expended by people to ensure that payments are received without delay or interruption. And this time could be better spent. Even when claimants have a job, they are forced to meet mutual obligation requirements. One twenty-something single mother interviewed by BSL had escaped a violent relationship. She worked in a casual job with unpredictable hours. If she or her child were unwell and she could not work, she did not get paid. To improve her job prospects, she studied accounting while volunteering as a treasurer for a community organisation. But her work hours were not consistent enough to fulfil her compliance requirements, and her volunteering was not recognised because the association was not on the approved Centrelink list. She told BSL researchers:

If you are really low on your hours they question it – they expect you to make up the 30 hours [a fortnight] otherwise they automatically cut off your payment. I have explained to them about the flexible nature of work but they don't care. I get this sick feeling when I look for jobs – I already have a job, [I'm a] single parent and trying to get as many skills as possible – but they expect you to apply for jobs where you don't have the skills, and there is no consideration of mental health.

She added:

This is where it is not fair: I'm doing all I can, I'm working, I've done certificates. If my payment gets cut off again I don't know where we will end up. I need to find another way of paying rent and I have no back-up. I can't go to family as they have their own problems. That's one of my biggest concerns and fears – when they automatically cut you off.¹⁹

The Targeted Compliance Framework has added to the stress that people experience. It is an example of a system based on compliance rather than support.

Independent ethical oversight of automated processes is especially important. Automated decision making has the potential to cause harm to individuals and undermine the rule of law because it is not clear who has made the decision, on what basis the decision was made or indeed that a decision has been made until its impact is felt. While ethical codes are important, alone they are not adequate. The development and implementation of an ethical approach to collection, management, storage and use is needed.²⁰ The appointment of the Chief Data Officer has the potential to sharpen a focus on the ethical collection, storage and use of data. However, the use of data-matching, the use of artificial intelligence and the development of predictive algorithms

¹⁸ Tennant & Bowey 2019.

¹⁹ Wickramasinghe & Bowman (forthcoming).

²⁰ Mulgan, G 2019, 'AI ethics and the limits of code(s)', blog post, 16 September, Nesta, viewed 20 August 2020, <<https://www.nesta.org.uk/blog/ai-ethics-and-limits-codes/>>.

must be overseen by an independent body so that processes are fair, equitable, transparent and accountable.

Recommendation

6. Ensure mutual obligations are fair and proportionate, and remove financial penalties that place people, particularly children, at risk
7. Ensure automated processes are based on a clear ethical framework, that is regularly and independently monitored and reviewed

Reform social security so it is fit for purpose now and in the future

How the system treats people is all important. Periods of unemployment can happen to anyone in our changing economy. Increased compliance and punitive, rather than enabling, approaches set everyone up to fail – families, workers and jobseekers navigating a precarious labour market, employers, communities and our nation. Even before COVID-19, Australia faced economic challenges and the future of work was uncertain. We face current and future challenges of climate change, environmental degradation, demographic, technological and geopolitical change: it cannot be business as usual.

The social security system must shift away from the current approach that emphasises personal failings and leaves people feeling belittled and stigmatised. Instead, we need an approach to social security that values the social safety net as an investment in our nation, advances human rights, builds capabilities and addresses systemic drivers of disadvantage.

Principles articulate how a nation understands the purpose of social security, what it wants the system to achieve. They shape system design and provide an agreed reference point to test future policies and practices. They ought to reflect our commitment to the Sustainable Development Goals, which include tackling poverty, and our obligations as signatory to international conventions that demand a better social protection system, one that is adequate, enabling and fair. To this end BSL has articulated [five indivisible principles](#) that should underpin reform.²¹

As previously mentioned, an independent body should be established to review and set the rates and structure of social security payments that ensure an adequate standard of living. This could include additional supplement payments for individuals and families according to need and would enable a transparent non-partisan process based on a principled approach.

²¹ Bowman, D, Thornton, D & Mallett, S 2019, [Reclaiming social security for a just future: a principled approach to reform](#), Brotherhood of St Laurence, Melbourne.

Recommendation

8. Establish an independent commission to review and set the rates and structure of social security payments, including the conditions that apply to these payments, according to an adequacy benchmark.

Conclusion

Everyone has the right to a life free from poverty. An adequate standard of living, which enables access to an essential level of benefits provides a critical foundation for improving the lives of children, young people and families experiencing disadvantage.

As a community, we must ensure that the people in our country who are living in or at the edge of poverty are not forgotten; that as our society's living standards improve, those in need are not left behind. We must reinvest in a social security system that can effectively respond to current and future challenges; such a system is a key plank of a strong and cohesive society that alleviates poverty, rather than exacerbating it. Australia needs to provide a system that supports, without judgement or punishment, children and their families to live each day with dignity and hope. The budget must reflect a commitment to invest in social protections that enable a strong, resilient and flourishing nation – for all of us.

About the authors of this submission

Brotherhood of St Laurence

BSL is a social justice organisation working alongside people experiencing disadvantage to address the fundamental causes of poverty in Australia. We believe no one should live in poverty. Our mission is to pursue lasting change, to create a more compassionate and just society where everyone can thrive. Our approach is informed directly by the people experiencing disadvantage and uses evidence drawn from our research, together with insights from our programs and services, to develop practical solutions that work.

Centre for Excellence in Child and Family Welfare

The Centre is the peak body for child and family services in Victoria. For over 100 years we have advocated for the rights of children and young people to be heard, to be safe, to access education and to remain connected to family, community and culture. We represent over 150 community service organisations, students and individuals throughout Victoria working across the continuum of child and family services, from prevention and early intervention to the provision of out-of-home care.

Council of Single Mothers and their Children

The Council of Single Mothers and their Children Inc. (CSMC) is a non-profit organisation founded in 1969 by single mothers to secure a better life for themselves and their children. CSMC advocates for the rights and interests of single mother families, focusing on poverty, social security, child support, family law and housing, and provides specialist support services. CSMC envisions a society where single mother families are valued and treated equally and fairly.

Grandparents Victoria and Grandparents Australia

Formed in 2001, Grandparents Victoria (GPV) is a state-wide not-for-profit organisation of grandparents who believe that grandparents have a role to play in supporting families, particularly children. Grandparents Australia Inc. was formed by GPV in 2002 to:

- Promote the role and needs of grandparents and grandchildren
- Undertake public awareness campaigns and research projects relevant to the interests and needs of grandparents and grandchildren
- Liaise with the federal, state and local governments on matters of significance to grandparents and grandchildren.