



NACCHO

National Aboriginal Community
Controlled Health Organisation
Aboriginal health in Aboriginal hands

www.naccho.org.au

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

Submission to the Senate
Community Affairs Legislation
Committee

March 2021

About NACCHO

NACCHO is the national peak body representing 143 Aboriginal Community Controlled Health Organisations (ACCHOs) Australia wide on Aboriginal and Torres Strait Islander health and wellbeing issues. NACCHO's work is focussed on liaising with governments, its membership, and other organisations on health and wellbeing policy and planning issues and advocacy relating to health service delivery, health information, research, public health, health financing and health programs.

Our Members provide about 3.1 million episodes of care per year for about 350,000 people across Australia, which includes about 800,000 episodes of care in very remote and outer regional areas.

Sector Support Organisations, also known as Affiliates, are State based and also represent ACCHOs offering a wide range of support services and Aboriginal and Torres Strait Islander health programs to their Members including advocacy, governance, training and advocacy on State and Territory Government health care policies and programs.

Affiliates also support ACCHOs to deliver accessible, responsive and culturally safe services for Aboriginal and Torres Strait Islander people. The leadership and support provided by Affiliates strengthens governance and financial expertise in the Aboriginal and Torres Strait Islander community controlled health sector. Affiliates provide a strong interface for the Aboriginal and Torres Strait Islander community controlled health sector with the national reform agenda occurring in the health system. Together NACCHO and Affiliates harness better coordinated, more cohesive and cost-effective mechanisms for stakeholder and community engagement on Aboriginal and Torres Strait Islander health issues, and providing advice to State, Federal and Territory Governments.

ACCHOs range from large multi-functional services employing several medical practitioners and providing a wide range of services, to small services which rely on Aboriginal Health Workers/Practitioners and/or nurses to provide the bulk of primary care services, often with a preventive, health education focus. Our 143 ACCHOs operate approximately 700 facilities, including about 450 clinics. ACCHOs and their facilities and clinics contribute to improving Aboriginal and Torres Strait Islander health and wellbeing through the provision of comprehensive holistic primary health care, and by integrating and coordinating care and services. Many provide home and site visits; provision of medical, public health and health promotion services; allied health; nursing services; assistance with making appointments and transport; help accessing childcare or dealing with the justice system; drug and alcohol services; and providing help with income support.

Collectively, we employ about 6,000 staff, 56 per cent of whom are Indigenous, which makes us the single largest employer of Indigenous people in the country.

The COVID-19 pandemic has highlighted how effective the structure and combination of NACCHO, State and Territory Affiliates and Aboriginal Community Controlled Health Services is in responding to COVID-19.

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Recommendations

NACCHO recommends that the Australian Government:

1. Increase the maximum rate of the Jobseeker payment and other working age payments to the current aged pension rates.
2. Apply a consistent approach to indexation across all payment types, occurring twice per year in line with wages and prices (whichever is higher).
3. Provide higher payments, or an additional supplement, to people living in rural and remote regions where employment opportunities are scarce, and goods and services are expensive or unavailable.
4. Increase the Commonwealth Rent Assistance payment by 50% to more closely align with actual rental rates.

Introduction

NACCHO welcomes the inquiry into the *Social Services Legislation Amendment (Strengthening Income Support) Bill 2021* and appreciates the opportunity to contribute a submission to the Senate Standing Committee on Community Affairs.

The current amendment, effectively serving to raise the maximum rate of the Jobseeker payment by \$25 a week, unfairly and disproportionately impacts Aboriginal and Torres Strait Islander people. The amendment is in direct opposition to the National Agreement on Closing that Gap agreed to by all Australian Governments and will only serve to widen the gap.

Many Aboriginal and Torres Strait Islander people experience a lower standard of living than other Australians. In 2018, the employment rate for Aboriginal and Torres Strait Islander people was around 49%, compared to around 75% for non-Indigenous Australians¹. The gap in employment rates widens significantly in remote and very remote areas with an employment rate for Aboriginal and Torres Strait Islander people around 35% in Very Remote areas².

Government data shows that Aboriginal and Torres Strait Islander people are more likely than non-Indigenous Australians to receive income support payments. As of 30 June 2018, 45% of Aboriginal and Torres Strait Islander people aged 15 and over were receiving an income support payment, compared to 23% for non-Indigenous Australians. Aboriginal and Torres Strait Islander people are disproportionately represented in Jobseeker (formally Newstart) recipient statistics making up over 10% of total recipients³.

The Jobseeker payment is designed to assist unemployed Australians and support them while they search for work. Prime Minister Scott Morrison has stressed the need “to get the balance right between providing support for people and incentives to work”⁴. The proposed amendment ignores the weight of evidence showing that the low rate of income support acts as an additional barrier to employment⁵.

Adequate Increase to Jobseeker

NACCHO supports the call by ACOSS to raise the maximum rate of Jobseeker to current aged pension rates. This reform would represent an increase in the base rate of \$185 per week for a single person receiving the JobSeeker payment, bring the rate to a total of \$472 per week.

When Newstart was introduced in 1997, the rate was closely aligned to the pension rate. Over the ensuing years the gap between the two payments has increased steadily. The Government’s review of the welfare system highlighted these inequities and the need to provide a greater alignment of income support payments⁶. The review stated that “these differences significantly reduce the effectiveness of the system and lead to incentives for people to try and qualify for higher income support payments, rather than building their capacity and aiming for greater self-reliance through employment.”

¹ Department of Prime Minister & Cabinet, 2020, Closing the Gap Report 2020, <https://ctgreport.niaa.gov.au/content/closing-gap-2020>

² Ibid, p66.

³ AIHW, 2019, *Australia’s Welfare 2019: Indigenous income and finance*, <https://www.aihw.gov.au/reports/australias-welfare/indigenous-income-and-finance>

⁴ Media Release: *Morrison Government commits records \$9B to Social Security safety net*, 23 February 2021.

⁵ ACOSS, 2021, *Raise the Rate*, <https://raisetherate.org.au/>

⁶ McClure Review, 2015, *A New System for Better Employment and Social Outcomes*

The benefits of increasing the rate of the JobSeeker Payment to match the aged pension rate include:

- Lifting people out of poverty, with the current poverty line in Australia approximately \$466 per week⁷,
- Be simple to implement through the existing payments infrastructure,
- Allow people on the Jobseeker payment to meet their basic needs including rent, food, clothing and other life essentials,
- Provide necessary stimulus to communities where income support recipients live, as low income households spend all their income⁸,
- Maintain incentives to find paid employment as the proposed rate would only represent 63% of the minimum wage, and obligations for finding work would remain in place⁹.

When the Treasurer, the Hon Josh Frydenberg MP, introduced the coronavirus supplement in March 2020, he stressed the need for unemployed people to be able to “*to meet the costs of their groceries*”¹⁰. This remains the case for those who remain on JobSeeker, a disproportionate amount of whom are Aboriginal and Torres Strait Islander people. Anecdotally, NACCHO has heard numerous reports that outback stores could not keep up with demand for fresh fruit and vegetables when the coronavirus supplement was implemented. A higher JobSeeker rate will assist in improving food security for Aboriginal and Torres Strait Islander people. Access to adequate and nourishing food supplies and the ensuring preventative health benefits are necessary for improving health outcomes for Aboriginal and Torres Strait Islander people.

It has been well established that the low rate of the JobSeeker payment presents an additional barrier to finding paid work, in direct opposition to its purported aim. Low rates of income support negatively affect people’s mental and physical health as a result of constant financial stress. Research shows that people on JobSeeker are forced to choose between the necessities of life and are often unable to pay rent, bills, cover the costs of medicines, fresh food, petrol, travel, school supplies as well as buying suitable clothing for a job interview¹¹. As stated by the Chief Economist of KPMG Australia Dr Brendan Rynne “*The low level of Newstart [now JobSeeker] is actually forming a barrier to employment, as it is insufficient to allow unemployed people to actively conduct job search.*”¹²

As recommended by ACOSS, payments should be indexed twice a year, in line with wages and prices, whichever is higher. This should be applied consistently across all payment types to ensure there is equitable treatment for all people on income support. Using a consistent indexation method across all payment types will help to simplify the payments system and protect against unintended disparities between support payments over time.

⁷ Grattan Institute, 2020, *The Recovery Book: What Australian governments should do now*, p.58.

⁸ The Australia Institute, 2021, *JobSeeker cut cruel and economically reckless*, <https://australiainstitute.org.au/post/jobseeker-cut-cruel-and-economically-reckless>

⁹ The Australia Institute, 2021, *New Analysis: Countries with Higher Unemployment Payments Have Lower Jobless Rates*.

¹⁰ The Hon Josh Frydenberg MP, March 2020, *Interview with Karl Stefanovic and Allison Langdon, The Today Show, Channel 9*, <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/transcripts/interview-karl-stefanovic-and-allison-langdon-today-5>

¹¹ The Conversation, 2020, *Top economists want JobSeeker boosted \$100+ per week, tied to wages*. <https://theconversation.com/top-economists-want-jobseeker-boosted-100-per-week-tied-to-wages-150364>

¹² KPMG, 2019, *Raising Newstart – an economic and social winner*. <https://newsroom.kpmg.com.au/raising-newstart-economic-social-winner/>

NACCHO has provided a detailed analysis of these additional barriers and their impacts on Aboriginal and Torres Strait Islander people in a submission to this Committee in September 2019 that go beyond this current inquiry¹³

Additional Support for Rural and Remote regions

In addition to the call for a substantial increase to the JobSeeker payment above, NACCHO calls for additional support, such as an additional supplement, to support people in rural and remote regions. As covered above, Aboriginal and Torres Strait Islander people in rural and remote areas experience a significantly lower level of employment than non-Indigenous people in these regions. This is highlighted by the fact that in Very Remote areas, the median income for non-Indigenous Australians is 3.6 times higher than that of Aboriginal and Torres Strait Islander people¹⁴. In addition to this there are also a lack of employment opportunities, high costs or unavailability of goods and services and greater need to travel to access these services¹⁵. This additional support should be calculated according to individual circumstance, opportunity, and need to ensure that it is targeted to those who need the support.

Failure to acknowledge and respond to the differing needs of rural and remote people, particularly Aboriginal and Torres Strait Islander people, will only compound discrepancies in outcomes.

Rent Assistance

NACCHO recommends that the rate of Commonwealth Rent Assistance (CRA) increase by 50% to adequately align with actual rental rates. The current rate of CRA does not sufficiently subsidise private rental costs for tenants on low-incomes or income support payments. In 2018 the median CRA payment was \$135 a fortnight which equates to only 30% of the median fortnightly rent of \$450 a fortnight¹⁶. This falls far short of the minimal level of assistance that should be considered acceptable.

As with the JobSeeker payment, the real rate of CRA has not increased over the years despite rent and other living expenses greatly increasing. According to the Grattan Institute, a 40% increase in the maximum only provides the same real level of assistance to renters as it did 15 years ago¹⁷.

While it is beyond the scope of this inquiry, NACCHO would support a wide ranging review of housing infrastructure and investment to improve access to affordable, safe, and appropriate housing for Aboriginal and Torres Strait Islander people.

Conclusion

The *Social Services Legislation Amendment (Strengthening Income Support) Bill 2021* and the cessation of the coronavirus supplement will drive more people into poverty and add an additional barrier to helping people obtain employment.

¹³ Australian Parliament House, 2019, <https://www.aph.gov.au/DocumentStore.ashx?id=a45594ea-fecb-47b0-9130-667f0524d6ef&subId=670726>

¹⁴ AIHW, 2019, *Indigenous income and finance*.

¹⁵ Australian Parliament House, 2009, *Everybody's Business: Remote Aboriginal and Torres Strait Community Stores*.

¹⁶ AIHW, 2019, *Housing assistance in Australia*. <https://www.aihw.gov.au/reports/housing-assistance/housing-assistance-in-australia-2019/contents/financial-assistance#fa1>

¹⁷ The Grattan Institute, 2019, *The inadequacy of income support payments* <https://grattan.edu.au/news/five-charts-on-what-a-newstart-recipient-really-looks-like/>