

3 March 2021

Committee Secretary
Community Affairs Legislation Committee
PO Box 6100
Parliament House
Canberra ACT

Submitted via email to: community.affairs.sen@aph.gov.au

Dear Secretary,

The Council on the Ageing (COTA) Australia writes in response to the *Social Services Legislation Amendment (Strengthening Income Support) Bill 2021*. COTA Australia is the national consumer peak body for older Australians. Through its own networks and those of the State and Territory Councils on the Ageing (COTAs) around Australia we represent more than 1,000 seniors' organisation members - which jointly represent over 500,000 older Australians - and over 45,000 individual members and supporters.

Council on the Ageing (COTA) acknowledges the Bill's \$25 per week increase to the JobSeeker and other working age payments as the first real term increase in 26 years. Any permanent increase to JobSeeker is good news for unemployed Australians, but \$25 is not enough to prevent job seekers, including tens of thousands of older Australians, falling into poverty.

The need for a substantial rise in the unemployment payment is more urgent than an ever given the COVID pandemic. In September 2019 and in March 2020 COTA Australia reaffirmed the need for a permanent \$75 per week increase in the payment, at a minimum. COTA remains convinced that such an amount is still what's needed for people to meet the basic costs of living. We have attached for your information our September 2019 submission to your committee which discusses this need in greater detail.

COTA would also like to acknowledge that ACOSS and the Raise the Rate for Good Campaign (of which we are a member) has called for a more substantial increase to lift the rate of JobSeeker to \$65 *per day*. Such an increase would certainly raise older JobSeeker recipients out of poverty. We welcome any and all measures that alleviate poverty amongst older Australians, who for reasons of age discrimination are often left out of the workforce permanently in later years of working age.

We note however that three additional issues have not been addressed by this Bill and would submit them to the Committee for its consideration of amendments to the legislation:

Index the rate of JobSeeker in line with indexation for pensioners

One significant contributor to the reason this is a single biggest increase to JobSeeker in 26 years is the deficiency of the income support system's indexation arrangements. COTA submits that this permanent increase must be accompanied by improvements to indexation.

While a range of options are available, one approach could be to benchmark Jobseeker against Male Total Average Weekly Earnings (as pensions and the single parenting payment now are). The deficiency of the current CPI-only approach to indexation applied to Jobseeker is obvious and widely critiqued, and was rejected by Parliament when the Abbot Government sought to change the age pension to CPI-only indexation in the 2014 Budget.

Amend the bill to remove the Liquid Assets Waiting Period

We urge the committee to amend the Bill, which reinstates the Liquid Assets Waiting Period, to put an end to this measure. As part of a suite of actions to assist older unemployed people to get the support they needed during COVID-19, the Liquid Assets Waiting Period was temporarily removed. We urge you to recommend reversal of the decision to reintroduce the Liquid Assets Waiting Period (LAWP), if not for all then at least for unemployed mature age workers, who will be among the most vulnerable amid what will be at least a medium term recession, with long term consequences especially for the older unemployed.

Early or forced retirement brought on by redundancy and unemployment frequently forces older Australians to stretch thin resources further than planned, and indeed to eat into their assets to survive. COTA Australia is very concerned about the many people who hold significant amounts of liquid assets outside of superannuation, for a number of valid reasons, for the express purpose of providing for their retirement on top of any superannuation (which a proportion do not have much of anyway). Requiring such assets to be drawn down at a time when re-employment prospects are dwindling inevitably results in diminished retirement incomes and increased chances of poverty prior to and into retirement.

Alarmingly, the *Social Services Legislation Amendment (Payment Integrity) Bill 2019, No.2019* remains before the Senate. Schedule 3 of that Bill would increase the maximum liquid assets waiting period from 13 weeks to 26 weeks. Doubling the length of the LAWP could have disastrous consequences for many older workers affected by the COVID-19 induced economic crisis.

Raise the Maximum Rate of Commonwealth Rent Assistance (CRA)

Increasing CRA is the best way to ensure that older renters can continue to keep a roof over their heads. COTA Australia urges an increase in the maximum amount of rent to which CRA applies by at least 40%. This would mean retaining the current calculation of paying \$0.75 of CRA for every dollar of rent paid over \$124.60. The maximum amount of rent paid used in this calculation would increase 40% from \$310.73 per fortnight to \$435.02 per fortnight. This would result in an increase of the maximum CRA payable (depending on the amount of rent you pay) increasing from \$139.60 per fortnight to \$232.82 per fortnight, or an extra \$93.22.

Longer term, the Government should give consideration to establishing a rental index that reflects average rental prices and benchmark the CRA rate accordingly.

Thank you again for the opportunity to provide a submission in relation to the Coronavirus Supplement. Please contact me, or Deputy Chief Executive, Corey Irlam, to follow up any aspect of this submission.

Yours sincerely,

Ian Yates AM
Chief Executive

Attachment: Submission to Senate Standing Committee on Community Affairs – September 2019