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Committee Secretary
House of Representatives Standing Committee
on Social Policy and Legal Affairs
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Committee Secretary

Thank you for the opportunity to make our submission on the Social Security Commission Bill 2018.

Catholic Social Services Australia (CSSA) is the Catholic Church's peak body for social services. We exist to research, challenge and advocate for a fair and just society that serves all Australians. We regard the Social Security Commission Bill 2018 as an important legislative instrument to ensure that Australians accessing pensions, allowances and other financial supports receive adequate income to live with dignity.

CSSA supports this Bill to establish a Social Security Commission. An independent and transparent means to determine the appropriate level of payments for those receiving pensions and allowances is foundational to ensuring that our social safety net operates effectively in preventing people from being trapped in poverty.

There is wide agreement and strong evidence that the current levels of Newstart and Youth allowances are inadequate, and in the case of Newstart, so inadequate that it is a barrier to employment. Many people living on Newstart and Youth allowances are forced to endure financial hardship. It is also the case that many Australians living on the minimum wage are having to deal with unnecessary financial hardship because the minimum wage is not a living wage, especially for those with dependents.

The Fair Work Commission's 2018 decision on the National Minimum Wage(NMW)¹ case noted:

We have previously stated that the tax-transfer system plays a major role in raising the living standards of families reliant on the NMW and modern award minimum wages that have children. However, it does not support them to the point that single parents working part time and single-earner couples with one partner not in the labour force are able to maintain an income above the poverty line.

The Commission² concluded:

... An increase in minimum wages makes an important contribution to the maintenance and improvement of relative and actual living standards for the low paid, but it is not sufficient by itself to perform this function and must necessarily be supported in relation to families with children by the tax-transfer system. However, the fact that recent changes to the tax-transfer system have

¹ Fair Work Commission; Annual Wage Review 2017-18, June 2018, paragraph 337

² Fair Work Commission; Annual Wage Review 2017-18, June 2018, paragraph 371

resulted in a deterioration in the real disposable income and relative living standards of NMW and award-reliant single-earner households with children places a greater burden on minimum wage adjustments, and tends to favour a larger rather than smaller increase to the NMW and modern award minimum wages.

The Fair Work Commission has acknowledged that cuts and changes to Family Tax Benefits were factors in their final decision on the level of increase of the minimum wage. However, the Commission acknowledged that certain groups would remain in relative poverty, even with the level of increase determined by them. The importance of the tax and transfer system, in particular Family Tax Benefits, cannot be underestimated in ensuring that the social safety net offers an adequate level of income for all Australians. Accordingly CSSA recommends that Family Tax Benefits be within the remit of the Social Security Commission.

A strong social safety net is essential to ensuring that we have a flourishing society. It is equally important that the social safety net is underpinned by the primary principle of meeting need. Australia's social security payment system requires an overhaul, one where transparency and evidence features in the setting of payment rates for pensions, allowances and family support payments. Accordingly CSSA supports the establishment of a Social Security Commission.

Sincerely,



Fr Frank Brennan SJ AO
Chief Executive Officer
Catholic Social Services Australia