

19 November 2020

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 and Other Legislation Amendment (Extension of Coronavirus Support) Bill 2020*. 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.

Thank you for providing an opportunity to contribute to the *Social Services and Other Legislation Amendment (Extension of Coronavirus Support) Bill 2020*. We acknowledge the difficult economic circumstances brought on by COVID-19. We welcomed measures such as the Coronavirus Supplement as an essential support for mature workers thrown into unemployment or at risk of it due to COVID-19. However, we are very disappointed about the reinstatement of the Liquid Assets Waiting Period. We are also disappointed that the extension of the coronavirus support measures falls short of a much-needed permanent increase to the base rate of Jobseeker.

The Liquid Assets Waiting Period should be removed

We urge the committee to recommend that Part 3 of Schedule 1 of the Bill, which reinstates the Liquid Assets Waiting Period, be abandoned. As part of a suite of measures 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), 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 from redundancy and unemployment frequently forces older Australians to stretch thin resources further than planned, and indeed to east 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 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 retirement. We raised this issue in our submission to and discussions with the Retirement Income Review Panel and Secretariat. We anticipate that this has been considered as part of the Retirement Income Review, which the government has so far refused to release. We continue to call for the release of the Retirement Income Review report.

Alarminglly, the Social Services Legislation Amendment (Payment Integrity) Bill 2019, No.2019 is also currently before the Senate. Schedule 3 of this 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. Should the

Government choose not to abolish the LAWP, COTA Australia urges the Senate to amend this Bill to remove Schedule 3, so that the LAWP isn't extended to 26 weeks.

Replace the Coronavirus Supplement with a permanent change to Jobseeker and Commonwealth Rent Assistance (CRA)

The Coronavirus Supplement has been a key plank of an overall economic response to COVID-19 (combined with Jobkeeper and more recently JobMaker) and has assisted 2.25 million people since it was introduced. The supplement has delivered a much-needed boost to both individual hip pockets and the wider economy. Looking forward, there is a need to replace the Coronavirus Supplement with permanent increases to the Jobseeker rate and to the maximum rate of Commonwealth Rent Assistance (CRA), and to the indexation of both.

As Government considers the 'next phase' of the Coronavirus Supplement, we urge that the supplement be replaced with a permanent and adequate increase to the base rate of Jobseeker. Anecdotally, many consumers have reached out to us with a great deal of fear and trepidation about no longer being able to meet basic costs of living (such as purchasing fresh food or meeting out-of-pocket-healthcare-expenses) once the supplement is removed. 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 rejected by Parliament when the Abbot Government sought to change the age pension to CPI-only indexation in the 2014 Budget.

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 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 establish a rental index that reflects average rental prices and benchmark the CRA rate accordingly.

Overall, COTA Australia is pleased with the other additional measures taken through the Coronavirus supplement to support older Australians. We are disappointed that many of these supports which have been lifesavers during COVID-19 will soon be (or already have been) removed, returning many older Australians into poverty. We urge you to consider the recommendations in this letter.

Thank you again for the opportunity to provide a submission in relation to the Coronavirus Supplement. Please contact me to follow up any aspect of this submission.

Yours sincerely,

Ian Yates AM
Chief Executive