



# Submission to the Senate on Social Services and Other Legislation Amendment (Strengthening the Safety Net) Bill

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This submission was prepared by: Dr Carolyne Njue

Credit to S.J McGrath, S. Gunning, S. McFadden, C. Marsden, and D. Allen for their valuable contribution.

## **Contacts**

Wesley Mission

Level 4, 220 Pitt Street, Sydney NSW 2000

*Wesley Mission acknowledges the traditional custodians of the lands on which we work, and pay our respects to Elders past and present*



## Summary

Policy stance on the Social Services and Other Legislation Amendment (Strengthening the Safety Net) Bill 2023<sup>1</sup>, which proposes the introduction of the following provisions:

### **Broadening eligibility for Parenting Payment Single by allowing single parents to remain eligible until their youngest child reaches age 14; up from the current cut-off age of 8**

Wesley Mission supports this amendment. Expanding the Parenting Payment Single (PPS) until a single parent's youngest child is 14 years old recognises the increasing financial demands and psychological pressures on single primary caregivers as their children grow older. The expansion of the PPS is not just an issue of financial aid. It is about acknowledging the contribution of these caregivers and ensuring they are adequately supported to raise the next generation. The societal benefits of such a policy change could be significant and would reduce stress on families, minimise disruptions, and decrease the demands on the foster care system. The proposed expanded PPS could also inspire and influence similar support programs like ParentsNext.

### **Offering a \$40 per fortnight increase to the base rates of JobSeeker Payment, Youth Allowance and other working-age payments**

Wesley Mission strongly recommends the implementation of the Australian Council of Social Service (ACOSS) proposal to raise the base rate of income support payments. While the proposed rate of \$40 per fortnight for recipients of JobSeeker Payment, Youth Allowance, and other working-age payments is a step in the right direction and can offer some relief, it won't substantially mitigate poverty or offset the rising cost of living. We propose linking the rate of increase for income support payments directly to a living cost index to guarantee the adequacy of these benefits. Such increases could lessen financial stress, promote personal development, improve employability, bolster mental health and foster social and community development.

### **Enabling long-term, single JobSeeker Payment recipients aged 55+ to access the higher rate currently paid to those aged 60+**

Wesley Mission endorses the proposed amendment to modify income limits for pension reductions and to increase JobSeeker payments. Our support specifically advocates for a payment increase for those 55 and older to offset growing living costs and to align payments for 55-59 year-olds with those 60 and above. We also support revising the income limit that prompts pension cuts, allowing recipients to earn more without sacrificing their benefits. Additionally, we propose reassessing age eligibility criteria for Age Pension and JobSeeker payments to accommodate the unique life expectancy of Aboriginal and Torres Strait Islander peoples. These amendments will not only enhance equity and efficiency in our welfare system, but more importantly, will improve quality of life for older Australians.

### **Implementing a 15% increase to the maximum rate of Commonwealth Rent Assistance (CRA)**

While this adjustment can provide increased flexibility for single primary caregivers and their families, its impact may be limited by high living costs and unrestricted rent increases. Wesley Mission suggests adopting policies that link rent increases to inflation, similar to the Australian Capital Territory's approach. This could help reduce excessive rental hikes and the associated financial stress on tenants. Moreover, ensuring adequate funding and accessibility for tenants' advice, advocacy services, and financial counselling is critical to effectively manage housing affordability issues.



Our feedback on the proposed amendments is organised and detailed in the sections below.

## 1. Expanding Parenting Payment Single Eligibility

Wesley Mission supports the proposed expansion of Parenting Payment Single (PPS) to remain available until a single parent's youngest child is 14 years old, which is a significant improvement from the current age limit of eight. This change would provide crucial support to single parents as their children grow and their needs evolve, particularly as societal expectations and living costs increase.

Children's expenses<sup>2</sup> – including their nutritional needs, educational requirements, extracurricular activities and dependence on technology – increase as they mature. This makes extended financial support critical to their wellbeing. Enhanced financial security could lead to better nutrition, increased stability at home and improved school performance.

This amendment acknowledges the financial stress faced by single parents, who are often constrained by a single income source and have difficulties finding flexible employment,<sup>3</sup> maintaining tenancies in the private rental market and managing childcare responsibilities. Single mothers particularly endure high levels of psychological distress due to these pressures<sup>4</sup>.

One of our financial counsellors shared a case of a 45-year-old single mother of three living in regional Australia:

“This year her youngest child turned nine, so the client has been moved from Parenting Payment onto Jobseeker Payment, a decrease of approximately \$240/fortnight. She has been working as a cleaner on and off, however as she is unfamiliar with operating under an ABN, she has landed herself with a \$1,400 tax debt. She has had a couple of dental issues that were too urgent for her to wait on the public waitlist, so this has chewed through all her savings. She owes \$3,000 on her council rates; \$3,800 on her electricity account and has deferred her mortgage payments for three months until August 2023. The client relies on “happy pills” for her anxiety and depression and has to reduce her work hours to prioritise her mental health.”

This mother's situation worsened when her youngest child turned nine, shifting her from Parenting Payment to Jobseeker and reducing her income by approximately \$240/fortnight. The resulting financial strain coupled with a tax debt and urgent dental expenses exhausted her savings and exacerbated her mental health problems.

This case emphasises the urgent need to pass the Social Services and Other Legislation Amendment (Strengthening the Safety Net) Bill 2023 and expand PPS to single principal carers whose youngest child is under 14 years. Such a measure could prevent individuals like our case study from becoming homeless, ultimately reducing the pressure on government-funded services.

The proposed change also fosters inclusivity by recognising main caregivers such as grandparents or other relatives who must act as primary caregivers. Without financial support, these families might be forced to decline caring for the child, which increases the child's risk of entering the foster care system and separating them from family. Therefore, an extended PPS offers more than financial relief, as it can help prevent family disruptions and have a positive long-term impact.

We hope such a measure will inspire programs like ParentsNext to support parents with children up to 14 years old.



## 2. Raising the base rate of income support payments

Wesley Mission full supports the proposal by the Australian Council of Social Service (ACOSS) to raise the base rate of income support payments. This elevation, ACOSS argues, is crucial to sufficiently cover fundamental living costs<sup>5</sup>. The amendment proposes the implementation of a \$40 per fortnight raise in the standard rates for JobSeeker Payment, Youth Allowance and other working-age payments. While a modest boost of \$40 every two weeks could help meet recipients' basic needs, the eroding effects of inflation must be considered as it has significantly diminished the value of past payment increases.

Our financial counsellors have expressed direct concern regarding this policy measure. One counsellor stated, "While an additional \$40 every two weeks will provide some relief, it will fall short in lifting recipients out of poverty, especially considering the current high cost of living." Another commented, "If we consider weekly grocery shopping, an extra \$20 doesn't stretch very far."

The situation is particularly pressing, as detailed by our Early Intervention & Counselling Manager: "Our demand for counselling services and emergency relief is surging because people simply don't have adequate funds to cover living expenses — electricity, rent and even the cost of essential foods have significantly increased. An additional \$40 per fortnight barely covers the cost of bread and milk for a family." In the fiscal year 2022/23, Wesley Mission's financial counselling program served 2,343 clients and Emergency Relief assisted an additional 2,711 clients.

Feedback from our financial counsellors highlights that it is becoming more challenging for recipients to afford necessities such as rent and food with their existing payments.

Many young Australians grappling with high unemployment and limited educational opportunities are significantly burdened by the financial pressures of moving out of their parents' homes and handling costs like rent or mortgages<sup>6</sup>. Recent data shows an increasing trend of young adults opting to live with their parents, primarily due to the significant rise in daily expenses such as utilities, food, and transportation<sup>7</sup>. Persistent financial stress can harm the wellbeing of young individuals. The following case study illustrates the challenges many young people face:

Jake\*, a 23-year-old apprentice, is at a financial crossroads. Despite working long hours, he earns just above the threshold that would allow him to qualify for income support. Jake's predicament is not unusual; many apprentices work extensive hours for minimal pay. Of Jake's meagre bi-weekly income of \$400, half goes towards the medication he requires for his chronic health condition. His parents stepped in to help, enabling him to secure a healthcare card. This card substantially reduced his medication cost to a manageable \$5, providing significant financial relief. However, even with two jobs, Jake struggles to stay financially afloat. Meeting his financial responsibilities is a constant challenge, and it is only through the support of his family that he can keep his head above water.

\*Name changed

Jake's situation is far from unique and considered fortunate in comparison to others. Many apprentices – who often endure additional challenges such as relocating for work or lengthy daily commutes – are in similar situations. The present income support payments, whether for youth, JobSeeker or pensions, do not adequately meet their needs, resulting in higher demand for financial support programs. This highlights the need to reassess and augment support mechanisms to keep pace with increased living costs.



Increased payments could ease the financial burden on young individuals and allow them to meet their basic needs. It could also encourage recipients to engage in personal development initiatives such as acquiring new skills or furthering their education. This could enhance their employability, leading to higher-paying jobs and the opportunity to break free from the poverty cycle.

A payment increase could also positively impact mental health by reducing financial stress. A 2022 shows that individuals facing financial difficulties are at least twice as likely to grapple with mental health problems compared to those who are not<sup>8</sup>. Conversely, the same applies. For individuals dealing with mental health issues, and particularly those who are having suicidal thoughts due to unmanageable debts, financial counselling to be a crucial intervention, potentially offering a life-changing and life-saving intervention.

Moreover, increased income support could enable individuals to invest in their personal development or participate in social activities, resulting in a stronger sense of belonging and overall wellbeing and contributing to broader goals of social inclusion and community development.

### **3. Enabling long-standing, single JobSeeker Payment beneficiaries who are aged 55 and over to receive the elevated rate currently offered to those 60 and over**

Wesley Mission endorses an increase in income support for single JobSeeker recipients aged 55 and above. This would ease financial strain as living costs continue to escalate and detrimentally impact savings. A change to equalise these payments with people aged 60 and above would streamline income support and mitigate income inequality among the elderly.

Ageing can bring about various hurdles that affect work capacity and result in additional costs<sup>9</sup>. As older individuals approach retirement, living expenses – especially healthcare – often increase. This scenario can exacerbate financial stress, social isolation and mental health conditions like anxiety and depression. The added pressures of unemployment and job searching can also impact physical health. Enhanced income support would facilitate better retirement planning and ensure a stable income during this life stage. It would enable them to afford a healthier lifestyle, including balanced diets, gym memberships, wellness programs and comprehensive health insurance. Thus, raising the payment rate could offset rising costs and improve quality of life.

The current system is criticised for limiting older individuals' earnings and not providing enough to live independently. Many people are discouraged from additional employment due to fear of jeopardising benefits, resulting in higher costs for essentials such as medication and electricity. Wesley Mission's financial counselling team leader suggests that allowing people to earn more without affecting their benefits would provide considerable relief. This would prevent recipients from falling into arrears on housing payments and help them afford necessities. The prevalence of financial hardship, increasing homelessness among the elderly and their struggle to afford underscore the need for a revised income support system. Therefore, modifying the income limit before pension cuts and increasing JobSeeker payments could be critical to improve older adults' financial and health outcomes.



This is emphasised by the case of a 65-year-old Aboriginal woman who had been receiving carer payments while caring for her nephew and had to switch to JobSeeker payments after he moved out. At 65, she is ineligible for the Aged Pension, which requires one to be 67. The woman's question: "I am a First Nations Australian, why do I have to wait until 67 to access the Age Pension?" conveys the urgency of this issue.

Aboriginal and Torres Strait Islander people face a lower life expectancy than their non-Indigenous counterparts, leading to discrepancies in government support services. The Care Finder program, administered by the Wesley Mission in parts of New South Wales, is one example where this disparity is considered. Eligibility is set at 65 years for the general population but lowered to 50 years for Aboriginal and Torres Strait Islander people.

In the spirit of reconciliation and respect for the resilience of these communities, this same principle could be extended to the Age Pension. Such an adjustment would better align support services with their unique life expectancy, potentially improving their quality of life. Given the importance of achieving equitable health outcomes and promoting reconciliation, such a proposal warrants serious consideration.

#### **4. Granting a 15% increase in the topmost rate of Commonwealth Rent Assistance (CRA)**

The proposed changes aim to strengthen the New Tax System (Family Assistance) Act 1999, Social Security Act 1991 and Veterans' Entitlements Act 1986 by raising the maximum limit of the Commonwealth Rent Assistance (CRA) by 15%. While this 15% increase in CRA could help relieve some of the burden for single primary caregivers and their families on low incomes, it may not be enough given Australia's high cost of living and uncapped rent increases.

Housing expenses represent a significant burden for many households, particularly for those on low incomes. In the competitive private rental market, many struggle to negotiate with real estate agents and landlords, who themselves may be under financial pressure. This competition leads to inflated rental prices as demand exceeds supply. This imbalance means tenants can find themselves in properties they cannot afford because the rent prices are inflated. In extreme cases, landlords raise rents substantially, as illustrated by a recent Sydney case where a property's rent increased by \$1,400 per month<sup>10</sup>. Even though the tenant won the case at the tribunal, the situation created unnecessary inconvenience and impeded their ability to secure appropriate housing.

Some regions such as the ACT have linked rent increases to inflation to prevent landlords from making excessive rental hikes. This approach may help to curb unchecked rent inflation.

Those relying on programs like CRA often also have difficulty securing rental properties. Tenants' advice and advocacy services that provide support in disputes with landlords have been invaluable, but demand for their services is high. Our financial counsellors refer several clients in a month to tenant services.

Such financial stress can push employed individuals and those relying on payment programs towards homelessness, incurring more indirect costs such as reliance on takeaway meals and emergency relief services. In 2022/23, our data illuminates the gravity of this issue: notably,



20% (or 446 clients) of those utilising Wesley Mission's financial counselling services were identified as potentially at risk of homelessness.

Financial counsellors and emergency relief workers play a key role in mitigating these effects, by providing tailored advice, referrals and advocacy to those in financial crises.

## Endnotes

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<sup>1</sup> Parliament of Australia. 2023. The Social Services and Other Legislation Amendment (Strengthening the Safety Net) Bill 2023. BILLS DIGEST NO. 88, 2022–23

<sup>2</sup> Australian Institute of Family Studies. New Estimates of the Cost of Children [https://aifs.gov.au/sites/default/files/2\\_new\\_estimates\\_of\\_the\\_costs\\_of\\_children\\_0\\_0.pdf](https://aifs.gov.au/sites/default/files/2_new_estimates_of_the_costs_of_children_0_0.pdf); AIFS. 2020. A Guide to calculating the costs of children. [https://aifs.gov.au/sites/default/files/publication-documents/costs\\_0.pdf](https://aifs.gov.au/sites/default/files/publication-documents/costs_0.pdf); AMP-NATSEM. 2013. The Cost of KIDS: raising children in Australia. <https://www.goldsborough.com.au/assets/publication-files/AMP-NATSEM.pdf>

<sup>3</sup> Australian Bureau of Statistics. (2022, June). *Labour Force Status of Families*. ABS. <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-status-families/latest-release>.

<sup>4</sup> Australian Institute of Family Studies. 2018. Children growing up in families under housing stress. <https://aifs.gov.au/media/children-growing-families-under-housing-stress>; 2020. Australian Families Then & Now. [https://aifs.gov.au/sites/default/files/publication-documents/2007\\_aftn\\_housing\\_0.pdf](https://aifs.gov.au/sites/default/files/publication-documents/2007_aftn_housing_0.pdf)

<sup>5</sup> Australian Council of Social Service (*n.d.*) "Everyone should have enough to cover basics." Available at <https://raisetherate.org.au/>

<sup>6</sup> McCrindle. The rise of the 'Kidult.' <https://mccrindle.com.au/article/topic/demographics/the-rise-of-the-kidult/>

<sup>7</sup> AIFS. 2019. More young adults living at home with their parents. <https://aifs.gov.au/media/more-young-adults-living-home-their-parents>; McCrindle. [The rise of the 'Kidult' - McCrindle](https://mccrindle.com.au/article/topic/demographics/the-rise-of-the-kidult/)

<sup>8</sup> Beyond Blue and the Australian Securities and Investment Commission. 2022. The Money and Mental Health Social Research Report. <https://www.beyondblue.org.au/media/media-releases/media-releases/new-research-confirms-the-relationship-between-financial-wellbeing-and-mental-health>

<sup>9</sup> McCallum, J. (2023). *Australia's new aged: issues for young and old*. Taylor & Francis.; Dogra, S., Dunstan, D. W., Sugiyama, T., Stathi, A., Gardiner, P. A., & Owen, N. (2022). Active aging and public health: evidence, implications, and opportunities. *Annual review of public health*, 43, 439-459.

<sup>10</sup> Frank Chung. May 29, 2023. Sydney tenant Chantelle Schmidt reveals NCAT decision after challenging \$350-per week rent hike. <https://www.news.com.au/finance/real-estate/renting/sydney-tenant-challenge>