



9<sup>th</sup> December 2022

Committee Secretary  
Senate Standing Committees on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600

## **RE: Inquiry into the extent and nature of poverty in Australia**

The Accountable Income Management Network (AIMN) welcomes the opportunity to make a contribution to the Senate Community Affairs References Committee's inquiry into the extent and nature of poverty in Australia. The AIMN is a nation-wide group of community members, grassroots advocates, representatives of national, state and local non-government organisations and community bodies, academics, social researchers and public policy experts. Our members have a strong commitment to social justice and human rights and are concerned about the provision of equitable social security support. The AIMN is particularly concerned about the imposition of compulsory income management (CIM) in all its forms.

Given the AIMN's focus on welfare conditionality, our submission responds to the following terms of reference (ToR) set out by the Committee:

- d. the impacts of poverty amongst different demographics and communities;
- e. the relationship between income support payments and poverty; and
- f. mechanisms to address and reduce poverty.

We strongly encourage the Committee to engage with the analysis of people with lived experience of poverty in Australia as a first priority during this inquiry. While we provide a summary of key concerns and associated recommendations in this submission, we direct the Committee to the work of grassroots advocates including the Antipoverty Centre and Australian Unemployed Workers' Union. Given disproportionate rates of poverty experienced by Aboriginal and Torres Strait Islander peoples due to the ongoing, systemic impacts of colonisation, the Committee must also centre the analysis of Indigenous community-controlled organisations in this inquiry. This includes both peak bodies and organisations providing area-specific community legal services, health services, and other social supports, such as Aboriginal Peak Organisations Northern Territory. Additionally, we recommend that the Committee engage with the social security rights work of Economic Justice Australia.

### **Poverty in Australia**

There is crisis of poverty in Australia. Joint research conducted by the University of New South Wales (UNSW) and the Australian Council of Social Service (ACOSS) has identified that approximately 13.4% of the population (3.3 million people) were living below the poverty line in 2019-2020.<sup>1</sup> This analysis also found that one in six Australian children were living in poverty. The United Nations

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<sup>1</sup> Peter Davidson, Bruce Bradbury and Melissa Wong, *Poverty in Australia 2022: A snapshot* (Sydney: Australian Council of Social Service and UNSW, 2022), <https://povertyandinequality.acoss.org.au/wp-content/uploads/2022/10/Poverty-in-Australia-2020-A-snapshot.pdf>, 16. To generate these figures, ACOSS and UNSW used a poverty line of 50% of median income, taking housing costs into account, but see final section on poverty line calculation.



identifies that poverty extends beyond a lack of income and access to resources enabling a sustainable livelihood. It has a range of different manifestations, including “hunger and malnutrition, limited access to education and other basic services, social discrimination and exclusion, as well as the lack of participation in decision-making.”<sup>2</sup>

Living below the poverty line in Australia affects, among other things, people’s ability to access safe, secure and affordable housing, fulfil basic nutritional needs, obtain medical care and fill prescriptions, pay for utilities and fuel, and use public transport.<sup>3</sup> Sustained financial insecurity has cumulative detrimental impacts on individuals’ social and emotional wellbeing.<sup>4</sup> People living with disability and/or chronic illness are subject to compounded financial burdens including costs associated with diagnosis and treatment, special equipment or modifications, and finding and retaining accessible housing.<sup>5</sup> These costs are even harder to absorb for people who have been denied access to the Disability Support Pension.<sup>6</sup> People in regional, rural and remote areas also face additional financial burdens in the form of significantly inflated food, essentials and fuel costs.<sup>7</sup>

Experiences of poverty are intensifying under Australia’s worsening cost of living crisis. The prices of food, fuel and utilities are rising,<sup>8</sup> and this is occurring alongside a squeeze in housing affordability.<sup>9</sup> While the nationally agreed benchmark for housing expenditure in low-income households is a maximum of 30% of household budget, barely any recent rental listings in Australia fulfil this criterion.<sup>10</sup> The right to adequate housing is recognised within the Universal Declaration of Human Rights as a component of the right to an adequate standard of living, and yet people living in poverty in Australia are prevented from exercising this right.<sup>11</sup>

The majority of people in poverty in Australia rely on social security payments as their primary source of income. However, there are currently no working-age income support payments that fall above

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<sup>2</sup> Ending Poverty (website). United Nations, accessed December 5, 2022, <https://www.un.org/en/global-issues/ending-poverty>

<sup>3</sup> Aeryn Brown, “Break the Poverty Machine: the voices of Australia’s poor (part 2),” *Power to Persuade Blog*, October 14, 2022, <https://www.powertopersuade.org.au/blog/break-the-poverty-machine-2>

<sup>4</sup> Marina Chapman, “Break the Poverty Machine: the voices of Australia’s poor (part 1),” *Power to Persuade Blog*, October 13, 2022, <https://www.powertopersuade.org.au/blog/break-the-poverty-machine-1>

<sup>5</sup> Antipoverty Centre, “Stretching ourselves beyond reason to deliver government savings: a response to the Albanese’s first budget – part 3,” *Power to Persuade Blog*, October 29, 2022, <https://www.powertopersuade.org.au/blog/welfare-recipients-stretched-beyond-reason>

<sup>6</sup> Antipoverty Centre, *In Our Own Words: People with Disability Australia’s submission to the Senate Community Affairs References Committee Inquiry into the purpose, intent and adequacy of the Disability Support Pension* (Sydney: People with Disability Australia and Antipoverty Centre, 2021), <https://pwd.org.au/wp-content/uploads/2021/08/SUB-PWDA-DSP-Senate-Inquiry.pdf>

<sup>7</sup> Lorena Allam, “‘Lack of money’: 43% of Aboriginal people in remote communities have gone without food in past year,” *The Guardian*, July 13, 2020, <https://www.theguardian.com/australia-news/2020/jul/13/lack-of-money-43-of-aboriginal-people-in-remote-communities-have-gone-without-food-in-past-year>

<sup>8</sup> Royce Kurlmelovs, “‘I don’t use lights’: how five Australians are managing in the cost-of-living crisis,” *The Guardian*, November 14, 2022, <https://www.theguardian.com/australia-news/2022/nov/14/five-australians-managing-cost-of-living-crisis-housing-food-prices-inflation>

<sup>9</sup> “Renting across Australia became less affordable in 2022. See how much your state has changed,” *ABC News*, November 30, 2022 <https://www.abc.net.au/news/2022-11-30/rental-affordability-index-cost-of-living-australia-cities/101712026>

<sup>10</sup> Eddy Bourke and Melissa Foo, *Rental Affordability Snapshot: National Report/April 2022* (Canberra: Anglicare Australia, 2022), <https://www.anglicare.asn.au/wp-content/uploads/2022/04/Rental-Affordability-Snapshot-National-report.pdf>

<sup>11</sup> <https://www.ohchr.org/en/special-procedures/sr-housing/human-right-adequate-housing>



either 50% of median income or the Henderson Poverty Line.<sup>12</sup> As such, special attention must be paid to the delivery of social security in any poverty alleviation strategy.

### **Poverty and social security**

Australia is party to the International Covenant on Economic, Social and Cultural Rights (ICESCR), article 9 of which contains the right to social security. This articulates with article 2(1) of the ICESCR, which identifies that states party to the Covenant must “take steps... to the maximum of [their] available resources, with a view to achieving progressively the full realization of the rights recognized in the present Covenant by all appropriate means, including particularly the adoption of legislative measures.”<sup>13</sup> While article 4 of the ICESCR does acknowledge that states party to the Covenant may impose some limits on the rights enshrined therein, these limitations are understood to only be justifiable and legitimate if they are “compatible with the nature of these rights and solely for the purpose of promoting the general welfare in a democratic society.”<sup>14</sup>

Counter to the requirements for limitation outlined in article 4 of the ICESCR, the current model of social security delivery in Australia is embedded with a range of arbitrary and undemocratic limitations on access to government income support. The Australian social security system is premised on a fundamental distrust and devaluing of people requiring income support, rather than oriented towards promoting their general welfare. Such an approach to the delivery of social security has tangible effects: bar a temporary increase via the \$550 Coronavirus Supplement in 2020, rates of payment have been allowed to stagnate well below the poverty line. This has left people on social security incomes in sustained economic hardship, with associated detrimental impacts on health, wellbeing and social participation.

The Australian social security system is also characterised by an emphasis on punitive welfare conditionality, from ‘mutual obligations’ under Workforce Australia and ParentsNext to CIM via the Cashless Debit Card and BasicsCard. Despite ample documentation of the failure of and harms associated with welfare quarantining measures, CIM is still being entertained as a viable policy option in Australia. Though the current federal government has repealed the Cashless Debit Card in the East Kimberley, Ceduna, Goldfields and Bundaberg and Hervey Bay areas, CIM continues across the Northern Territory and Cape York, as well as in specified regions around the country. For an in-depth discussion of our concerns about the imposition of CIM in Australia, we refer the Committee to our submission to the Senate inquiry into the Social Security (Administration) Amendment (Repeal of Cashless Debit Card and Other Measures) Bill 2022, provided as an attachment to this document.

First Nations people are disproportionately impacted by mechanisms of welfare conditionality and are additionally subject to unique forms of government paternalism via the social security system.<sup>15</sup> This raises further concerns in relation to Australia’s obligations under the United Nation Declaration on

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<sup>12</sup> Davidson, Bradbury and Wong, *Poverty in Australia 2022*, 23; 20220420 AC election 2022 background for journalists

<sup>13</sup> United Nations (General Assembly), *International Covenant on Economic, Social, and Cultural Rights*, United Nations, December 16, 1966, <https://www.ohchr.org/en/instruments-mechanisms/instruments/international-covenant-economic-social-and-cultural-rights>

<sup>14</sup> United Nations (General Assembly), *ICESCR*.

<sup>15</sup> Economic Justice Australia, *Economic Justice Australia submission to the inquiry into the application of the United Nations Declaration on the Rights of Indigenous Peoples in Australia* (Sydney: Economic Justice Australia, 2021), <https://www.ejaustralia.org.au/wp-content/uploads/Economic-Justice-Australia-submission-to-UNDRIP-inquiry-230622.pdf>



the Rights of Indigenous Peoples (UNDRIP) and the Convention on the Elimination of All Forms of Racial Discrimination. As noted in our submission to the inquiry into the application of UNDRIP in Australia, economic control of First Nations people has been a consistent feature of Australian colonial policy and successive federal governments have used First Nations communities as a testing ground for ‘innovations’ in punitive social security policies, including CIM.<sup>16</sup>

Social security advocacy and legal services are chronically underfunded and under-promoted to social security recipients.<sup>17</sup> People on income support payments are subject to significant administrative burdens in the process of accessing, retaining and reinstating payments. Given these burdens and the myriad ways that individuals risk having their payments suspended or otherwise affected, support to retain or reinstate payments, and to challenge departmental decisions, must be made readily available. This is of particular importance in regional, rural, remote and very remote areas, where government servicing is also stretched thin.

Accessing social security is highly stigmatised in Australia, and this stigma cannot be dismantled without fundamentally reorienting the delivery of social security, restoring its provision as a right rather than a privilege. This requires a cultural shift at the level of government as well as within the Departments of Social Services and Employment and Workplace Relations, and Services Australia. As evidenced by recent hearings held as part of the Robodebt Royal Commission, there is an entrenched lack of care for the welfare of social security recipients among senior bureaucrats in the Australian Public Service.<sup>18</sup>

### **Alleviating poverty in Australia**

Analyses of poverty in Australia including by the UNSW and ACOSS research partnership<sup>19</sup> and by the Treating Families Fairly network<sup>20</sup> identified a marked improvement in individual and household wellbeing during the six-month period in 2020 when the Coronavirus Supplement payment was provided to social security recipients and ‘mutual obligations’ suspended. Poverty in Australia fell to a 17-year low in June 2020 due to the provision of the Coronavirus Supplement, with UNSW and ACOSS reporting that increased payments lifted 646,000 people out of poverty.<sup>21</sup> Combined with the suspension of mutual obligations, this led to positive outcomes in physical and psychological wellbeing for social security recipients and provided them with the opportunity to better engage with both workforce participation and unpaid productive work.<sup>22</sup> However, even with Coronavirus

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<sup>16</sup> Accountable Income Management Network, *Submission to the Senate Legal and Constitutional Affairs Committee’s inquiry into the application of the United Nations Declaration on the Rights of Indigenous Peoples in Australia* (Melbourne: Accountable Income Management Network, 2022),

<https://accountableincomemanagementnetwork.files.wordpress.com/2022/06/20220617-aimn-undrip-submission.pdf>

<sup>17</sup> Economic Justice Australia, *Federal budget submission 2023* (Sydney: Economic Justice Australia, 2022), [https://www.ejaustralia.org.au/wp-content/uploads/Pre-budget\\_submission\\_2023-EJA.pdf](https://www.ejaustralia.org.au/wp-content/uploads/Pre-budget_submission_2023-EJA.pdf), 11-12.

<sup>18</sup> Luke Henriques-Gomes, “Conspiracy or stuff up? Robodebt royal commission probes how far up the chain of command blame falls,” *The Guardian*, November 12, 2022, <https://www.theguardian.com/australia-news/2022/nov/12/conspiracy-or-stuff-up-robodebt-royal-commission-probes-how-far-up-the-chain-of-command-blame-falls>

<sup>19</sup> Davidson, Bradbury and Wong, *Poverty in Australia 2022*.

<sup>20</sup> Elise Klein, Kay Cook, Susan Maury and Kelly Bowey, *Social security and time use during COVID-19* (Melbourne: Swinburne University of Technology and Centre for Excellence in Child and Family Welfare, 2021), <https://www.cfecfw.asn.au/wp-content/uploads/2021/03/Social-security-and-time-use-during-COVID-19-Report-Treating-Families-Fairly-2021.pdf>

<sup>21</sup> Davidson, Bradbury and Wong, *Poverty in Australia 2022*, 17.

<sup>22</sup> Klein et al., *Social security and time use during COVID-19*.



Supplement in place, a national survey conducted by ACOSS found that 33% of people still regularly skipped meals, while 40% were still unable to access adequate healthcare or medications.<sup>23</sup>

Despite the clearly positive outcomes associated with a raise in social security payments (albeit to a still-inadequate rate), the former federal government chose to first halve and then fully withdraw the Coronavirus Supplement, pushing hundreds of thousands of Australians back below the poverty line. The current federal government has maintained this position by choosing not to raise the rate of social security payments, despite increasing cost of living pressures. There has been no shift in the underlying rationale of punitive welfare conditionality accompanying these meagre payments. The October 2022-23 federal budget represented yet another missed opportunity for the federal government to address the inadequacy of social security payments.<sup>24</sup>

There is a correlation between increasing social security spending and poverty reduction,<sup>25</sup> and this has been compellingly demonstrated by the impacts of the Coronavirus Supplement. However, in order to comprehensively address poverty in Australia, there must be a fit-for-purpose tool that can appropriately measure and track key poverty indicators. Antipoverty advocates have identified that the Henderson Poverty Line does not adequately take into account the cost of housing in Australia, nor does it factor in necessary expenditure on durable technological infrastructure necessary for study, work and social engagement.<sup>26</sup>

Poverty in Australia is a political choice, not an inevitability. We advocate for a transformation of the social security system that centres the provision of liveable social security as a basic right, delivered unconditionally and with a focus on the wellbeing and empowerment of recipients. A new system needs to be flexible and adaptive, guided by the needs and concerns of users, and based on empirical evidence.

## Recommendations

1. The rate of all income support payments must be raised and kept above the Henderson poverty line, until its replacement with a new fit-for-purpose measure of poverty in Australia.
2. Compulsory income management in Australia must immediately be brought to an end. Should income management continue as a policy measure, participation must be voluntary and opt-in only.
3. Mutual obligations requirements including Work for the Dole must be abolished and expenditure on predatory job service providers redirected towards the development of voluntary, strengths-based support for employment, training and career guidance.

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<sup>23</sup> Australian Council of Social Service, *'I Can Finally Eat Fresh Fruit And Vegetables': Survey of 955 People Receiving The New Rate Of JobSeeker And Other Allowances* (Sydney: Australian Council of Social Service, 2020), <https://www.acoss.org.au/wp-content/uploads/2020/06/200624-I-Can-Finally-Eat-Fresh-Fruit-And-Vegetables-Results-Of-The-Coronaviru...pdf>

<sup>24</sup> "From welfare recipients to Labor without love: a response to the Albanese government's first budget – part 1," *Power to Persuade Blog*, October 28, 2022, <https://www.powertopersuade.org.au/blog/to-the-pm-without-love-from-welfare-recipients>

<sup>25</sup> Ben Phillips and Vivikth Narayanan, *Financial Stress and Social Security Settings in Australia* (Canberra: ANU Centre for Social Research and Methods, 2021), [https://csrcm.cass.anu.edu.au/sites/default/files/docs/2021/5/FS\\_and\\_OPM\\_paper\\_SVA\\_PDF\\_0.pdf](https://csrcm.cass.anu.edu.au/sites/default/files/docs/2021/5/FS_and_OPM_paper_SVA_PDF_0.pdf)

<sup>26</sup> Gareth Hutchens, "Why are millions of Australians still living in poverty? Experts say it's solvable," *ABC News*, October 20, 2022, <https://www.abc.net.au/news/2022-10-20/why-are-millions-of-australians-still-living-in-poverty/101553340>





4. A comprehensive assessment must be undertaken to urgently develop a rigorous measurement of poverty in Australia, centring the expertise of unemployed advocates and people with lived experience of poverty. Any such measure must incorporate cost of living concerns, including housing costs, and an assessment of financial stress.
5. The federal government must commit to ensuring that the right to social security in Australia is duly protected and strengthen the operation of human rights oversight mechanisms with regard to both current and future social security legislation. In practice, this will require government to commission an independent review to:
  - a. Gauge the extent to which the right to social security is unjustly limited by current policies including but not limited to compulsory income management, mutual obligations requirements, prohibitive eligibility requirements for the Disability Support Pension and overarching concerns about the below-poverty-line rate of social security payments, and
  - b. Develop a set of measures to rectify identified issues and to prevent the future implementation of failed retrogressive social security policy measures.
6. The federal government must commit comprehensive and sustained funding to Aboriginal community-controlled organisations for the provision of dedicated social security legal assistance. Specific funding should also be provided to community legal centres serving regional, rural, remote and very remote communities, to enable provision of specialist, culturally safe and well-being focused legal advice and assistance on social security issues.<sup>27</sup> This will enable social security recipients, particularly those who are First Nations people, to interpret and challenge any potential or actual restriction of their right to social security.
7. All of the above listed recommendations must be implemented consistent with Article 22 of the Universal Declaration of Human Rights and its articulation with the United Nations Declaration on the Rights of Indigenous Peoples, and with Australia's obligations as a party to the International Covenant on Economic, Social and Cultural Rights.

If the Committee has any questions in relation to this submission, please email [contactaimnetwork@gmail.com](mailto:contactaimnetwork@gmail.com).

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<sup>27</sup> We refer the committee to Economic Justice Australia's submission to the UNDRIP inquiry under the 46<sup>th</sup> Parliament for further detail on this matter.