

Social Services Legislation Amendment (Strengthening Income Support) Bill 2021

March 2021



About the Tenants' Union of NSW

The Tenants' Union of NSW is the peak body representing the interests of tenants in New South Wales. We are a Community Legal Centre specialising in residential tenancy law and policy, and the main resourcing body for the state-wide network of Tenants Advice and Advocacy Services (TAASs) in New South Wales. The TAAS network assists more than 25,000 tenants, land lease community residents, and other renters each year. We have long-standing expertise in renting law, policy and practice.

The Tenants' Union NSW is a member of the National Association of Tenant Organisations (NATO), an unfunded federation of State and Territory-based Tenants' Unions and Tenant Advice Services across Australia. We are also a member of the International Union of Tenants.

Contact

Jemima Mowbray

Tenants' Union of NSW
Level 5, 191 Thomas St
Haymarket, NSW 2000
Ph: 02 8117 3700

Website: tenants.org.au

The Tenants' Union of NSW' office is located on the unceded land of the Gadigal of the Eora Nation.

About this submission

Our work, and that of the Tenants Advice and Advocacy Services we work alongside, brings us into frequent contact with very low, low- and moderate-income households who rent across NSW. These include many households who are recipients JobSeeker and other related payments, as well as all recipients of Commonwealth Rent Assistance (CRA). At June 2020 government income support was the main source of income for around a quarter of all renters.

Our comments are relatively brief and are in line with our previous recommendations provided to the Senate Standing Committee on Community Affairs' 2019 inquiry on the Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia.

NSW renters & income supports during the pandemic

During the pandemic the Australian Government introduced a COVID-19 Supplement to be paid to those on Jobseeker, Youth Allowance and other eligible payments. This supplement has played a significant role in supporting those who unexpectedly lost employment as a result of the pandemic. It also had the added benefit of providing much needed relief for those already on Newstart (now Jobseeker), Youth Allowance, and other payments who had been struggling to meet daily living costs because of the acknowledged low level of payments. The November 2019 Rental Affordability Index reported prior to the COVID-19 supplement a single person on Newstart (now Jobseeker) would be required to pay at least 77% of their income on rent to live in a capital city, and 135% of their income to live in Greater Sydney.

The recent Senate Inquiry into the adequacy of Newstart and other related payments acknowledged the inadequacy of payment levels. Newstart and other support payments have not seen an increase in real terms in 25 years. The Inquiry recommended that a national definition of poverty be established, and that Newstart (now Jobseekers) and other related social security payments be set at a level to ensure those relying on payments were not living in poverty.

In May of 2020, the Raise the Rate campaign surveyed 955 people in receipt of income support payments to find out how the coronavirus supplement was impacting their lives. A few of the statistics from their findings include:

Before the introduction of the Coronavirus Supplement,

- 66% of people had less than \$14 a day to live on, after paying their rent or mortgage
- 75% of people said they skipped meals because of a lack of funds
- 20% of people said they were skipping at least 1 meal per day
- 70% of people were struggling with medical costs

After the introduction of the Coronavirus Supplement,

- The number of people skipping meals because of a lack of funds had dropped by over half, to 33%
- 93% of people reported that they can afford more fresh fruit and vegetables
- The number of people reporting that they were struggling with medical costs had dropped by over 40%, with only two in five people now reporting that they were experiencing difficulties paying for medicines and health services
- 94% reported that the end of the additional payment would have either a significant or severe impact on their finances.

According to one of the people surveyed, "This supplement has reduced anxiety and stress in my household. It has helped me get my car fixed, we now eat better and healthier. We are able to set aside money for emergencies and small holidays to see family. I can afford my water, electricity and gas bills, and to have the Internet (which is an essential for my studies). I can afford to upgrade my fridge, freezer and other goods that raise my bills."

Following the introduction of the coronavirus supplement, social housing providers reported a fall in rental arrears, as social housing rent costs did not rise with the introduction of the supplement. This shows that when renters have a more adequate household income, they prioritise making rental payments. Income support levels without the coronavirus supplement are simply too low for many income support recipients to be able to pay their rent consistently – even for some who rent in the relatively more affordable social housing sector.

We outlined above how JobSeeker payments and the temporary coronavirus supplement for those on other income supports have made a significant difference to people's ability to pay for basic essentials such as food, basic toiletries, healthcare and household bills. From the end of March to September 2020 JobKeeper fortnightly payments were \$1,500 and the Coronavirus Supplement attached to the JobSeeker scheme was \$550 per fortnight. From September 2020 the JobKeeper rates declined and the JobSeeker tapered. Both the JobKeeper payment and JobSeeker supplements are due to end at the end of March.

The proposed changes set out in the *Social Services Legislation Amendment (Strengthening Income Support) Bill 2021* will increase the rate of working-age payments by \$50 a fortnight from 1 April 2021. This will leave recipients relying on the payment with \$44 a day on the base rate once the increase is introduced. If they were on JobSeeker with the supplement, they will find themselves \$50 worse off each week, a decrease of around 15%. We are aware that many, including those on the much higher income support payment of JobKeeper, are already struggling to sustain their housing in the NSW private rental market. We are very concerned that those who relied on the COVID-19 payments, if or when shifted across to the new rate of JobSeeker will struggle to sustain their current tenancies in the private rental market.

A permanent, more substantial increase required

The experience of NSW renting households through the pandemic has only reinforced the need for a substantial increase to income support payments. We direct you in relation to this to the [ACOSS/Deloitte Access Economics' September 2020 report](#) *Estimating the economic impacts of lowering current levels of income support payments*, which sets out the strengthened case for a permanently higher unemployment benefit. We also note [ANU research on poverty and housing stress](#) published end of August 2020 that indicates that as a result of the introduction of COVID-19 income supports (JobKeeper and JobSeeker) the number of people living in poverty had actually **decreased** by around 32% over the course of the crisis and up to that point.

In our previous submission we recommended the Henderson poverty line (50% of median income) be adopted as the most appropriate guide to determining income support payments. No household relying on income supports should be pushed below the poverty line. The proposed increase of \$50 a week in the bill does not go anywhere near delivering on the necessary required increases to the rate of JobSeeker and other related payments across all family types to ensure recipients and their households are kept or lifted out of poverty.

Recommendation

That the *Social Services Legislation Amendment (Strengthening Income Support) Bill 2021* ensures a permanent increase to the maximum basic rates of working age social security payments such that recipients receive a rate above the poverty line. Until a more current, appropriate national definition of poverty is established the Henderson poverty line (50% of median income) might be adopted as a guide.