



Australian Government

Australian Government response to the
Community Affairs References Committee report:

Inquiry into adequacy of Newstart and related payments and alternative mechanisms to
determine the level of income support payments in Australia.

September 2024

Introduction

The Australian Government notes the Community Affairs References Committee (the Committee's) report to the Inquiry into adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia.

On 30 April 2020, the Committee released its report into its inquiry into the adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia. The inquiry began in July 2019, received 471 submissions in total, and held 8 public hearings.

The report contained 27 recommendations across a number of portfolios with a focus on improving the welfare of individuals on Newstart Allowance. The Government notes the 27 recommendations in the report which include, among others, recommendations about: the adequacy of social security payments; a definition of poverty; further reviews of the social security system; service delivery and vulnerable people; mutual obligations; introduction of an independent advisory body; as well as recommendations for the Senate.

The former government did not respond to the report.

4 years have lapsed since the report was tabled. A number of recommendations have been addressed through a range of measures that have been implemented to ensure job seekers have the best opportunity to secure employment.

On 20 March 2020, JobSeeker Payment replaced Newstart Allowance and 6 other payments and became the main unemployment payment in Australia.

In the 2024-25 Budget, the Government has invested around \$2 billion to provide more support in the social safety net. The Government:

- Increased the maximum rates of Commonwealth Rent Assistance by a further 10 per cent to help relieve rental cost pressures for recipient households. This represents an investment of \$1.9 billion over five years from 2023-24 and builds on the Government's 15 per cent increase to Commonwealth Rent Assistance maximum rates in the last Budget. These are the first back-to-back increases in rent assistance in over 30 years.
- Extended the higher rate of JobSeeker Payment and Energy Supplement to single recipients with an assessed partial capacity to work of less than 15 hours per week so that those with barriers to employment who have limited or no capacity to work due to their condition receive an additional \$71.20 a fortnight.
- Changing the 25 hour per week work limit to 100 hours over a 4 week settlement period and removing the restrictions on study, volunteering and travel to work for Carer Payment, commencing from 20 March 2025.
- Extended the two year freeze of social security deeming rates for a further 12 months to 30 June 2025 to provide continued relief for around 876,000 income support recipients.

The 2024-25 Budget income support measures build on the 2023-24 Budget measures, which included increases to working age and student payments by at least \$40 per fortnight, increases to Commonwealth Rent Assistance maximum rates by 15 per cent, and the expansion of eligibility to Parenting Payment Single to single parents with a youngest child under 14 years.

Combined with indexation that was applied on 20 September 2023, the 2023-24 increase to the base rate of JobSeeker Payment represented the biggest ever nominal increase in the primary adult unemployment payment rate.

With these increases and indexation, since May 2022, the base rate of JobSeeker Payment increased from \$642.70 to \$778.00 per fortnight. This is an increase of \$135.30 a fortnight, or

21.1 per cent, providing over \$3,500 in additional support each year.

Together, the 2024-25 and 2023-24 Budget income support measures, represent an additional \$11.5 billion investment in the social safety net.

The Government notes the Committee's recommendation to set a national definition of poverty and to undertake a review of the income support system, including reviews into the rates of different payments and supplements and the establishment of a Social Security System Expert Group, tasked with reviewing the social security system.

The Government has committed to consider the rates of income support payments, including JobSeeker Payment, at every Budget update.

The Government has also established the Economic Inclusion Advisory Committee, to provide advice on economic inclusion, including policy settings, systems and structures, and the adequacy, effectiveness and sustainability of income support payments ahead of every Federal Budget.

The Government notes the report's recommendations about service delivery and vulnerable people. The Government, through Services Australia, provides a range of specialist services and supports to assist disadvantaged and vulnerable people, including vulnerable young people and people affected by family and domestic violence.

Supporting people affected by family and domestic violence is a priority for Services Australia's social work service. Social workers provide professional intervention with family and domestic violence referrals given high priority to enable a timely service. Social workers provide: counselling; crisis intervention; referrals; and specific payment related assistance, including Crisis Payment and Child Support exemptions due to family and domestic violence.

The Government notes recommendations relating to employment services including further reviews of employment services and mutual obligation requirements. On 4 July 2022, Workforce Australia replaced jobactive as the new mainstream employment service. In August 2022, the House of Representative's Select Committee into Workforce Australia was established to inquire into and report on matters related to Workforce Australia Employment Services. The Committee tabled its final report on 30 November 2023.

In September 2022, the Government held its Jobs and Skills Summit, bringing together unions and civil society to start a national conversation about a shared vision for Australia's labour market.

Building on the foundations of the Summit, *Working Future: The Australian Government's White Paper on Jobs and Opportunities* was released on 25 September 2023. Its objectives are to deliver sustained and inclusive full employment, promote job security and strong, sustainable wage growth, reignite productivity growth, fill skills needs, build our future workforce and overcome barriers to employment and broaden opportunity.

It included two immediate actions in the social service portfolio, to permanently enhance the pension work bonus and to extend the employment income nil rate period for those on income support. These measures commenced on 1 January 2024 and 1 July 2024 respectively.

These processes and measures reflect the Government's commitment to listen to the views of the community and stakeholders, and continue its positive agenda to boost economic inclusion and tackle disadvantage.

The Government thanks the individuals and organisations who contributed to the Inquiry.

Inquiry into the Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia

Recommendations made by the Committee

No	Recommendation
1	The Committee recommends the Australian Government set a national definition of poverty. The Government should immediately commence work in collaboration with academic experts and the community sector to determine this definition.
2	The Committee recommends the Australian Government immediately undertake a review of the income support system to ensure that all eligible income support recipients do not live in poverty.
3	The Committee recommends the Australian Government undertake a review of the adequacy of the Commonwealth Rent Assistance program, to ensure it significantly improves rental affordability and reflects fluctuations in rents and local rental market circumstances.
4	The Committee recommends the Australian Government work with state and territory governments to ensure immediate increases in funding for emergency relief housing and social housing.
5	The Committee recommends the Australian Government introduce measures to further reduce out-of-pocket medical costs for low-income earners and income support recipients.
6	The Committee recommends the Senate consider referring to the Community Affairs References Committee an inquiry into health inequality in Australia.
7	The Committee recommends the Senate consider referring to the Community Affairs References Committee an inquiry into provision of dental care in Australia.
8	<p>The Committee recommends the Department of Social Services immediately improve the level of and access to the supports available through Centrelink services to victims of domestic and family violence, including:</p> <ul style="list-style-type: none"> • the Crisis Payment eligibility criteria, including the number of times an individual can apply for the Crisis Payment; • the rates of payments; • the adequacy of Centrelink rules and practices to establish the relationship status of a social security applicant; • the delays in accessing payments; and • the availability of trained and specialised staff operating in Centrelink offices to support victims of domestic and family violence.
9	<p>The Committee recommends the Australian Government immediately undertake a review of Austudy and ABSTUDY to examine:</p> <ul style="list-style-type: none"> • the adequacy of the eligibility criteria; • the appropriateness of the application process and timeliness of decisions;

No	Recommendation
	<p>and</p> <ul style="list-style-type: none"> • determine rates of payments that ensure people do not live in poverty.
10	The Committee recommends the Australian Government commission in 2021 an independent review of the student income support system and its administration.
11	The Committee recommends the Productivity Commission consider undertaking a study of the economic impacts of the income support payment policies on the not-for-profit sector; other federal government agencies; state, territory and local governments; and local economies.
12	The Committee recommends the Australian Government immediately review the earnings threshold of income support payments to ensure it does not impede jobseekers transitioning to work.
13	The Committee recommends the Senate consider referring to the Community Affairs References Committee an inquiry into the mutual obligation requirements for working-age income support recipients and the adequacy and effectiveness of employment programs.
14	<p>The Committee recommends the Department of Social Services and the Department of Education, Skills and Employment urgently undertake, in collaboration with stakeholders, an evaluation of the current employment services with a view to ensuring:</p> <ul style="list-style-type: none"> • There is adequate capacity to meet the significant increase in demand for their services. • That employment programs move to a strength based, individualised approach that better meets the needs of all jobseekers. • That employment services are not responsible for any compliance implementation.
15	The Committee recommends the Department of Social Services urgently undertake the review of the Impairment Tables that will expire in 2022 and ensure that people with disability or a medical condition who cannot work receive fit-for-purpose support.
16	The Committee recommends the Department of Social Services immediately undertake a review of mutual obligations requirements in relation to job search activities for people who are unable to work due to a medical condition or a disability.
17	The Committee recommends the Australian Government work with employer groups to reduce the social, economic and budget costs of age discrimination.
18	The Committee recommends the Senate consider referring to the Education and Employment References Committee an inquiry into age discrimination in employment.
19	The Committee recommends the current Retirement Income Review examine as part of its review, the adequacy of the JobSeeker payment and its impact on the Age

No	Recommendation
	<p>Pension system and budget, with reference to:</p> <ul style="list-style-type: none"> • early access to superannuation due to financial hardship experienced by unemployed income support recipients over 55; and • the impact of means testing and the liquid assets waiting period on the retirement savings of unemployed people applying to the JobSeeker Payment.
20	<p>The Committee recommends the Australian Government immediately review the adequacy of the Parenting Payment (Single) and Family Tax Benefit —Part B to ensure:</p> <ul style="list-style-type: none"> • eligible single parents receive adequate support to meet the additional costs of raising a child until the child leaves the secondary school system; and • that the total of income support payments an eligible applicant can receive does not allow the applicant to live in poverty.
21	<p>The Committee recommends the Australian Government review the adequacy of the Remote Area Allowance with the view to:</p> <ul style="list-style-type: none"> • set an adequate rate of payment to address the higher costs of living in remote Australia; and • set a remote-area measure of inflation to be used to index the payment annually
22	<p>The Committee recommends the National Indigenous Australians Agency commission a study into the prevalence, causes and consequences of First Nations Peoples living in remote communities not taking up or dropping out of the social security system.</p>
23	<p>The Committee recommends the Department of Social Services undertake a review of the adequacy of the Youth Allowance policy criteria and rates of payment to ensure recipients do not live in poverty.</p>
24	<p>The Committee recommends Services Australia ensure that vulnerable young people are systematically assigned a caseworker to assist them with their applications for income support payments and connect them with the relevant services that can provide further assistance.</p>
25	<p>The Committee recommends the Australian Government establish a Social Security System Expert Group led by independent experts charged with periodically examining the adequacy of the social security system and reporting to Parliament to ensure the Australian Government meets its responsibilities.</p>
26	<p>The Committee recommends that the Social Security System Expert Group is tasked with a review of the social security system to advise Parliament on how to reform the system to achieve better outcomes and increase economic participation. Such a review would provide advice to Parliament on the following matters:</p> <ul style="list-style-type: none"> • establishing an appropriate mechanism to establish payment rates for allowances, pensions and supplements; • determining an appropriate benchmark for the indexation of all income

No	Recommendation
	support payment rates; <ul style="list-style-type: none"> • ensuring payments and allowances reflect people's circumstances and needs; • adopting effective models to support people into work; • providing additional support and measures to address entrenched disadvantage and long-term unemployment; and • addressing any other related matters identified by the Social Security System Expert Group.
27	The Committee recommends that once the Coronavirus Supplement is phased out, the Australian Government increase the JobSeeker Payment, Youth Allowance and Parenting Payment rates to ensure that all eligible recipients do not live in poverty.

Noted

The Government notes these recommendations. However, given the passage of time since this report was tabled, a substantive Government response it no longer appropriate.