

Multicultural Youth Advocacy Network Australia (MYAN)

Submission to Social Services Legislation Amendment (Strengthening Income Support) Bill 2021

February, 2021

2nd February 2021

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

Re: Social Services Legislation Amendment (Strengthening Income Support) Bill 2021

Multicultural Youth Advocacy Network Australia (MYAN) welcomes the opportunity to respond to the *Social Services Legislation Amendment (Strengthening Income Support) Bill 2021*. This submission is informed by our work with young people from refugee and migrant backgrounds across Australia, and draws on expert analysis by companies including Deloitte Access Economics, KPMG Accountants, and the Australian Business Council.

About MYAN

Multicultural Youth Advocacy Network Australia (MYAN) is the national peak body representing the rights and interests of young people aged 12-24 from refugee and migrant backgrounds. Our vision is that all young people from refugee and migrant backgrounds are supported, valued and thriving in Australia.

Young people from refugee and migrant backgrounds make up almost half of Australia's youth population.¹ MYAN works in partnership with young people, government, and non-government agencies across the youth, settlement and multicultural sectors at the state and territory and national levels to ensure the particular needs of young people from refugee and migrant backgrounds are recognised in policy and service delivery.

MYAN provides expert policy advice to government, delivers sector development activities, and supports the development of young people's leadership and advocacy skills so they can have their voices heard at the regional, state, and national levels.

Young people and employment

Responding to the rights and needs of young people is central to Australia's strong economic and social recovery in the post COVID-19 environment. The COVID-19 pandemic has affected the lives of everyone in the Australian community in acute and unpredictable ways, and disproportionately so the lives of those most disadvantaged in our community - including young people from refugee and migrant backgrounds and those facing structural barriers to economic and social participation.

The economic downturn in Australia due to the impact of COVID-19 saw the participation rate fall as people left the labour market, and the unemployment rate rise. While the Australian economy seems

¹ Australian Bureau of Statistics (2016) <https://www.abs.gov.au>

to be recovering relatively quickly from COVID, the recession of 2020 will have lasting effects on young people, particularly young migrants. Additionally, young people who are yet to enter the labour market are vulnerable to the long-term impacts of recessions with extended periods of unemployment, diminishing their labour market outcomes in the longer terms.

Young people already faced multiple challenges in entering and maintaining secure employment before the pandemic, and the intersection of being both young and from a refugee or migrant background means that this group of young people face additional barriers than their Australian-born, non-immigrant peers, leaving them particularly vulnerable to labour market exclusion and economic shock.

Many young people who have been, and will continue to be, impacted by the economic downturn will need access to targeted income support to avoid further entrenchment of employment disadvantage and to secure their future employability, physical and mental well-being, and current and future socioeconomic contributions to Australian society.

The case for addressing income support and income inequality is as much economic as it is social.

Proposed changes to income support

The COVID-19 pandemic has thrown into relief the importance of Australia's income support system. Income support has a crucial role in modern societies by providing critical safety nets to prevent chronic destitution, and are an important avenue to strengthening a weakening economy.² The COVID-19 pandemic clearly demonstrated both the benefits, and challenges, in Australia's existing social security system.

In 2020, MYAN welcomed the Federal Government's COVID-19 response packages that increased JobSeeker and related payments, as well provided support to people to keep their jobs or an income via the JobKeeper wage subsidy.

We were also pleased to see a range of measures put in place to ease access to income support and prevent destitution. The Coronavirus Supplement kept people out of poverty and improved the lives of nearly half a million Australian's during an unprecedented global health and economic crisis.³

However, **MYAN is deeply concerned about the proposal to increase JobSeeker's base rate by \$3.57 day to \$44.00 per day** and the impact this will have on the ability of young people, including young people from refugee and migrant backgrounds to meet the costs of basic necessities like food and toiletries, utilities, rent and the costs associated with looking for work.

² ACOSS (2020) *Next Steps for Income Support* Available at: <https://www.acoss.org.au/wp-content/uploads/2020/11/Social-security-next-steps-JUL-UPDATED-2-9-copy.pdf>

³ The Australian Institute (2020) *JobSeeker Cut Will Push 190,000 More People under Poverty Line—including 50,000 Children* Media Release, 18 November Available at: <https://australianinstitute.org.au/post/jobseeker-cut-will-push-190000-more-people-under-poverty-line-including-50000-children/>

\$44.00 a day is not enough to live on. The current poverty line in Australia is **\$457 a week** for a single adult.⁴

The government's proposed changes to the JobSeeker payment means a single person over the age of 18 would be living on \$308 per week- **\$149 below the poverty line. We urgently call on the government to ensure income support payments do not return to below-poverty levels again.** We also urge the government to retain important improvements in the system that will help people access income support quickly when they need it.

The impacts of living in poverty are far reaching, but have significant consequences on people's job readiness and ability to access secure and meaningful employment opportunities.

Poverty does not result in improved employment outcomes, nor does it benefit the economy.

We know that:

- Young people in Australia have been disproportionately economically impacted by the pandemic and will be severely adversely affected by this response to income support.⁵
- Poverty is not an incentive to finding work.⁶
- Young people cannot find work if there are not enough jobs. A strong economy and a strong labour market provide the best foundation to reduce the need for income support.⁷
- Young people from refugee and migrant backgrounds face additional systemic barriers when seeking employment, which can leave them more vulnerable to economic shocks.⁸
- The rate of income support presents a barrier to employment and risks entrenching poverty.⁹

Many effects of poverty are well known, not least that it negatively impacts the productive potential of the workforce.¹⁰ Aside from an actual lack of jobs, if people are not healthy or are not able to access basic goods and services, they cannot work to their full productive capacity.

When people who are receiving income support are living below the poverty line, this can be a barrier to employment due to:

- homelessness, (including secondary homelessness)
- insecure and unsafe housing
- declining mental and physical health
- prohibitive costs of transportation

⁴ ACOSS (2021) *Poverty in Australia* Available at: <http://povertyandinequality.acoss.org.au/poverty/>

⁵ MYAN (2020) *Covid-19 and Young People from Refugee and Migrant Backgrounds* Available at: myan.org.au

⁶ Borland, J (2020) *Would a rise in JobSeeker affect incentives for paid work?* Labour market snapshot #71 November (19) 2020 University of Melbourne

⁷ Business Council of Australia (2019) *Submission to the Senate Community Affairs References Committee inquiry into the adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia* Available at: <https://www.bca.com.au/>

⁸ MYAN (2020) *Covid-19 and Young People from Refugee and Migrant Backgrounds* Available at: myan.org.au

⁹ Business Council of Australia (2012) *Submission to the Senate Education, Employment and Workplace Relations References Committee Inquiry into the Adequacy of the Allowance Payment System for Jobseekers and Others* Available at: <https://www.bca.com.au/>

¹⁰ Holmes, Anne (n.d) *Some economic effects of inequality* Parliament of Australia <https://www.aph.gov.au>

- lack of appropriate clothing to meet dress code requirements
- lack of appropriate education and inability to pay for training courses
- costs of childcare.¹¹

Poverty can be devastating for the individual experiencing it, and also detracts from the Australian economy's productive potential and economic growth, contributes to asset bubbles and leads to an overreliance on debt which could have disastrous implications for the economy¹².

Multiple reports indicate that lowering income inequality is a sound investment that will improve economic growth and measures.¹³ For example, accounting firm KPMG has noted that income support payments are too low, and that an increase in income support would actually boost the economy by stimulating spending, particularly in regional areas, as income support recipients "spend, rather than save, almost all they receive."¹⁴ Economists at Deloitte Access Economics estimate that increasing Newstart by just \$75 per week¹⁵ would boost GDP in Australia by \$4 billion.¹⁶

We urge the government to review the proposed changes to JobSeeker, and increase the fortnightly amount to at least above the poverty line. This will ensure that young people are appropriately supported during periods of uncertainty and adequately prepared to re-enter the job market, particularly when the economy stabilises. This will avoid further entrenchment of longstanding inequalities and disadvantage for particular groups of young people and will ensure that all of Australia's young people can access opportunities for future social, economic and civic participation.

Further, MYAN endorses the key recommendations outlined by the Australian Council of Social Services (ACOSS) in their [position paper on income support](#).

MYAN would be pleased to provide further information on any part of this submission to assist the Committee.

Yours faithfully,



Nadine Liddy

National Manager

MYAN

¹¹ Community Affairs References Committee (2020) *Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia* Report. Commonwealth of Australia 2020

¹² Holmes, Anne (n.d) Some economic effects of inequality Parliament of Australia <https://www.aph.gov.au>

¹³ OECD (2015) *In it together: why less inequality benefits us all* OECD Publishing, Paris. Available at: https://read.oecd-ilibrary.org/employment/in-it-together-why-less-inequality-benefits-all_9789264235120-en#page4

¹⁴ KPMG (2019) *Submission to the Senate Standing Committee on Community Affairs Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia* Available at:

¹⁵ Modelling undertaken by ANU suggests \$100 per week would be optimal

¹⁶ Deloitte Access Economics (2018) *Analysis of the impact of raising benefit rates Australian Council of Social Service*