

Why government must permanently increase JobSeeker, Youth Allowance and related income support payments

10 November 2020

Broad consensus for a permanent increase

- RBA Governor, Dr Philip Lowe said that JobSeeker needs to permanently increase (COVID-19 Senate Inquiry, 14 August 2020).
- BCA CEO Jennifer Westacott called for JobSeeker to be permanently lifted closer to the Age Pension, where it used to be set, stating “I think we need a permanent approach to the allowance, to the system, so people can live a dignified life.” (RN, 10 Nov 2020).
- John Howard said in 2018 that Newstart needed to be lifted: “I think the freeze has probably gone on too long”, referring to the lack of a real increase in 25 years.
- In addition to millions of Australians, these high profile organisations and individuals support a permanent increase to JobSeeker: The Australian Medical Association, Country Women’s Association of Australia, Cancer Council of Australia, Council of Small Business Organisations of Australia, Australian Industry Group, Australian Investment Council, ACTU, Alan Kohler, Dick Smith, John Roskam, Ben Fordham, Dr Shane Oliver, AMP Chief Economist, Alan Oster, NAB Chief Economist, KPMG, Gerard Henderson, Grattan Institute, Group of Eight Universities, CEDA.

A permanent increase is good for the economy and jobs

- The Department of Social Services expects 1.8 million people receiving JobSeeker Payment by December 2020, more than the total for April at the height of the economic shutdown, when the government doubled payments to meet need.
- Chris Richardson calls for a permanent increase to JobSeeker “if it goes back to \$40 a day, it’s going to be twice as bad because it’s going to be affecting the incomes of twice as many people.” He added “We’ve had relatively the most job losses where unemployment was already the highest. That means particular regions are doing it really, really tough, and an extra dollar of unemployment benefit does double duty. It does extra heavy lifting at the moment as the best targeted, most effective regional spending we can do” (9 September 2020).

- Deloitte Access Economics found that cutting the Coronavirus Supplement in September, & removing it entirely from 1 January would cost the economy \$31 billion over two years, & 145,000 jobs.
- The Australian Retailers Association CEO Paul Zahra stated: “It doesn’t make sense to return people who do not have work to the poverty line...Every dollar given in social security is spent. Every dollar spent in retail, gives someone a job – from sales staff to manufacturer to the truck driver delivering the goods. One person’s spending is another person’s income.” (9 September 2020).
- There is just one job available for every 12 people without paid work and people looking for more hours (ABS 2020).

A permanent increase is needed for the millions relying on this lifeline

- 1.1 million children live in homes receiving the Coronavirus Supplement. These families are already struggling to cover the cost of the basics because of the 25 September cut.
- An ACOSS survey found that after paying rent, 20% would be left with 0-\$7 per day, to cover everything else, while a further 21% would be left with just \$7-\$14 a day (Sept 2020).
- There are 168 private rentals that are affordable for single person on the current rate of JobSeeker (including Rent Assistance), Australia-wide (Anglicare Australia, 2020). This represents 0.2% of private rentals surveyed.
- In a September ACOSS survey, 95% of people reported that returning to \$40 a day would have an ‘extreme’ or ‘significant’ impact on their ability to cover the basics.

Adequate payment rates are not a disincentive to paid work

- We are a long way from restoring employment to where it was before the recession.
 - Just over 50% of jobs have been restored.
 - The vast majority of them part time.
- There are still twice as many people on unemployment payments as there were before the recession, chasing fewer jobs.
- Unemployment payments are nowhere near high enough to discourage people from taking up paid work. JobSeeker with the current Coronavirus Supplement is just 54% of the minimum full time wage.