

19 November 2020

Senator Wendy Askew
Chair
Senate Community Affairs Legislation Committee
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Dear Senator Askew,

Social Services and Other Legislation Amendment (Extension of Coronavirus Support) Bill 2020

Thank you for the opportunity to provide input to the Committee's consideration of the Social Services and Other Legislation Amendment (Extension of Coronavirus Support) Bill 2020.

Anglicare Australia has long called for JobSeeker payments to be raised for good. In March, we welcomed the Government's move to raise the rate of JobSeeker above the poverty line, finally ending its 26-year freeze on support for people out of work. This lifted hundreds of thousands of Australians out of poverty and shielded the newly unemployed from destitution.

However this Bill will undo much of that work, further slashing rates on top of cuts already made in September. It will reverse the gains that Australia has made in tackling poverty, and plunge record numbers of people into hardship and deprivation as they work to recover from this historic downturn.

Many Australians were out of work and living in poverty for years before the Covid-19 pandemic. In the months since, those numbers have ballooned as record numbers of people lost their jobs and livelihoods as a result of the Government's shutdown. They will be recovering from this downturn for months and years to come. These people need certainty. That means a permanent increase above the poverty line, not more cuts.

All parliamentarians should consider message this Bill sends to the people in their electorates who are struggling in the wake of the recession. Anglicare Australia calls on the Government to withdraw this Bill and permanently raise the rate of JobSeeker payments above the poverty line. Failing that, we call on members of the opposition and crossbench to amend this Bill – with so many parliamentarians acknowledging the need for a permanent increase, now is the time to match that acknowledgement with action.

A permanent increase is long overdue

Before the Covid-19 pandemic, one in eight Australians lived in poverty. Worse still, one in six children lived in poverty. The biggest risk factor for living in poverty was living on income support.¹ Even with top-ups and extra payments, the old rate was trapping people in hardship. With many more people now reliant on JobSeeker, further cuts will push record numbers of Australians into poverty and housing stress.

This is backed by a recent survey of 2,000 Anglicare Australia clients. We found that two out of three people (58 percent) who came to us for emergency help were out of work; one in two needed help to get basic essentials such as food or medicine; and one in three (33 percent) needed help to manage a low income.ⁱⁱ This reinforced what the evidence had already been telling us – that the old rate of JobSeeker was so low that many people were turning to agencies like ours just to get by. Our survey also showed that emergency relief isn't a long-term answer to poverty. Almost one in two clients were coming to us for over a year.ⁱⁱⁱ What these people really needed was a decent income to match the basic cost of living.

Much was made of the doubling of the JobSeeker rate in March. However, Anglicare Australia believes that the rate had simply caught up with living costs after a 26-year freeze. The long stagnation of payments made the increase look large, but in truth, Australia's unemployment payments have been so low for so long that the debate over rates lost all sense of proportion. This helps explain why doubling the rate still left people barely above poverty line.

In the decades since the rate was frozen, rents in capital cities have more than doubled and government payments have failed to keep up. For example, a median rent in Sydney is \$500 per week. The proposed cuts would force a person on JobSeeker to spend all of their income on rent, even with the help of Commonwealth Rent Assistance. Anglicare Australia's Rental Affordability Update, released in the wake of the Covid-19 downturn, found that almost 99 percent of rental listings and sharehouses were not affordable for someone on Jobseeker, even with payments doubled. Under the old rate of Newstart, 0 percent would have been affordable.^{iv} Other essential living costs like food, education, health, transport, petrol, and electricity have also been rising since the early nineties.^v When compared to living costs, it's clear that payments are due for a big boost.

Anglicare Australia notes that children have been the biggest beneficiaries of the increase. Around one million children now have a parent who relies on JobSeeker.^{vi} They will bear the brunt of any cuts.

Put simply, the increase delivered in March was long overdue. Cuts handed in September are already hurting people, and further cuts will create an unprecedented crisis across the country.

The jobs aren't there

Even before the pandemic, there simply weren't enough jobs for those who needed them.^{vii} Government shutdowns and the Covid-19 pandemic have only worsened this problem. There are thirteen jobseekers for each vacancy, and the situation is especially bleak for people with barriers to work in need of entry-level roles. Anglicare Australia's Jobs Availability Snapshot shows that there are 106 jobseekers for each entry-level vacancy.^{viii}

There are now 1.6 million people looking for work,^{ix} and unemployment is expected to reach a record high once wage subsidies come to an end. Nearly one million jobs have been lost already. In May, around one in ten Australians who were surveyed said they believe they will never work again.^x Cutting JobSeeker payments now will condemn these people to poverty until they reach retirement age.

A permanent increase will benefit everyone

Raising the rate of JobSeeker will benefit whole communities, and the impact will go far beyond those who get the payment. The March JobSeeker increase boosted spending and helped protect Australia from a catastrophic downturn. Accenture has found that payment increases for people on low incomes deliver more benefits than those for people on medium or high incomes. This is because people who don't need tax cuts or stimulus payments are much less likely to spend them, especially during downturns.^{xi} That makes JobSeeker critical to our economic recovery.

Accenture's spending tracker shows that people getting the payment increase spent 39 percent more than they normally would in the second week of May. Those receiving neither payment spent 18 percent less than they normally would.^{xii} Crucially, the new rate helped households to spend and stimulate the economy in the midst of the downturn. In the week of the JobSeeker increase, total spending went up from 80 percent of the normal weekly average to 93 percent. In the months after, it bounced between 93 to 97 percent until the first round of cuts in September.^{xiii}

Much of that spending was on household essentials. In the first week of the JobSeeker increase in March, essential spending jumped from 87 percent of the normal weekly average to 99 percent. In the months after, it bounced between 95 to 99 percent. This is because thousands of Australians out of work had been going without essentials like food, medicine, and heating.

These findings are backed by a recent survey from the Australian Council of Social Service. It found that 93 percent of people who have their incomes boosted by the increase are now able to buy fresh fruit and vegetables. 83 percent are eating healthier and more regularly, and 69 percent can now afford essential medical and health treatments.^{xiv}

With so many Australians relying on JobSeeker, and even more on related payments such as Youth Allowance, the cuts in this Bill will put Australia's economic recovery at risk.

Supporting people on age and disability pensions

Throughout the pandemic, almost no extra support has been given to people on the age and disability pensions. This Bill again excludes them from support, leaving them with small one-off payments even though they face high costs. For example, Anglicare Australia's recent Rental Affordability Update found that people on the age and disability pensions were at the very bottom of the rental market. With no change to their payments, a person on the Age Pension can afford just one percent of rentals, while a person on the Disability Support Pension can afford 0 percent.^{xv} Along with those on carer payments, these are the groups most vulnerable to the virus.

Self-isolating in the midst of a downturn is expensive, distressing, and exhausting. Older Australians and people with disabilities also have much higher medical, power and transport costs. Equity demands that extra support be extended to these groups for as long as the pandemic is with us.

Raising the rate of JobSeeker for good

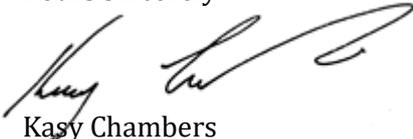
Although the Government has sought to frame this Bill as an extension of support, it is functionally a cut. Anglicare Australia calls on the Government to withdraw this Bill and permanently raise the rate of JobSeeker payments above the poverty line. Support must also be extended to groups who are absorbing higher costs as a result of the pandemic (for example, people on the Age Pension, Disability Support Pension, and carer payments).

This will mean raising the rate of JobSeeker and related payments to meet the Henderson poverty line. The Henderson poverty line accounts for different costs to different groups, and this will mean paying supplements to some people depending on their situation. It will also involve taking account of Australia's high housing costs (the Henderson poverty line assumes that 30 percent of a person's income is spent on housing).^{xvi}

If the Government cannot commit to keeping Australians out of poverty, we urge members of the opposition and crossbench to amend this Bill to ensure payments are above the poverty line. We would be willing to meet with Government, opposition, or crossbench parliamentarians to discuss the particulars of these recommendations.

Anglicare Australia appreciates the opportunity to provide feedback on this Bill. Noting the tight timeframe on this Inquiry, we invite members of the Committee to contact Anglicare Australia if they have any questions on anglicare@anglicare.asn.au or on 02 6230 1775.

Yours sincerely



Kasy Chambers
Executive Director

ⁱ University of New South Wales (2020) [Poverty in Australia 2020. Part 1: Overview.](#)

ⁱⁱ Anglicare Australia (2020) [Anglicare Australia Emergency Relief and Financial Counselling Client Survey.](#)

ⁱⁱⁱ Ibid.

^{iv} Anglicare Australia (2020) [Rental Affordability Update 2020.](#)

^v Anglicare Australia (2018) [State of the Family: The Real Story.](#)

^{vi} Australian Council of Social Service (2020) [Taking the Temperature: COVID-19 Update from ACOSS and its Members.](#)

^{vii} Anglicare Australia (2019) [Jobs Availability Snapshot 2019.](#)

^{viii} Anglicare Australia (2019) [Jobs Availability Snapshot 2020.](#)

^{ix} Australian Bureau of Statistics (2020) [Labour Force, Australia, May 2020.](#)

^x Essential Research (2020) [The Essential Report: 19 May 2020.](#)

^{xi} AlphaBeta (2020) [COVID19 Economic Impact Real Time Tracking: June 1-8, 2020.](#)

^{xii} Ibid.

^{xiii} Ibid.

^{xiv} Australian Council of Social Service (2020) [Survey Of People Receiving The New Rate Of JobSeeker And Other Allowances.](#)

^{xv} Op cit: Anglicare Australia Rental Affordability Update.

^{xvi} Melbourne Institute (2020) [Poverty Lines: Australia. December Quarter 2019.](#)