



## Briefing on Poverty and Coronavirus Supplement, 12 February 2021

Anti-Poverty Week is concerned that without a substantial permanent increase in payments, the removal of the Coronavirus Supplement from 31 March will cause greater poverty, hardship and possible homelessness for all who are relying on these critical payments. We all hope the economy and jobs market make a strong recovery from this terrible recession but that's not going to be by March. As one of the wealthiest nations in the world, we can and must protect those most vulnerable. It's simply the right thing to do.

### Number of people affected

- Nationally more than **2 million** people are receiving the Coronavirus Supplement (**plus ~1 million children**), including almost 1.5m people receiving unemployment payments JobSeeker or Youth Allowance Other. APW estimates 55 percent of those receiving CVS are women and ACOSS estimates more than half a million people receiving JobSeeker & Youth Allowance Other (549,000) live in regional Australia<sup>1</sup>. See Appendix for more data.
- In June 2020 more than **1.7 million households** were relying on **Commonwealth Rent Assistance**, including many who have become unemployed due to the COVID-19 pandemic and subsequent economic shut-downs. Commonwealth Rent Assistance hasn't been increased in real terms in 20 years. As a special edition of [Anglicare Australia's Rental Affordability Snapshot](#) revealed, rentals in the lower end of the market have not reduced (and nor are they expect to as more people trade down as the recession continues). People relying on JobSeeker were paying \$225 per week rent in June 2020 and only receiving ~\$66 per week in Commonwealth Rent Assistance (median figures). For a single parent with two children, the median rent paid in June was \$300 per week, the median CRA received was \$73 per week. The full Coronavirus Supplement of \$275 per week was helping fill the gap.<sup>2</sup>

### Reducing payments won't solve skill mismatch or help employers

- The **Business Council of Australia**, as long ago as August 2012,<sup>3</sup> said: "*The rate of Newstart no longer meets a reasonable standard of adequacy and may now be so low as to represent a barrier to employment.*"
- Nationally, in December there were **nine people receiving JobSeeker Payment & YAO (1,474,321) for every vacancy advertised (171,500)**.<sup>4</sup> Note also ABS data shows workers had 76,000 fewer full-time jobs in December than the year before, but 12,000 more part-time jobs.<sup>5</sup>
- Leading academics including Professor Jeff Borland from the University of Melbourne says there is "**no evidence**" that the higher level of JobSeeker during 2020 has had any appreciable effect on incentives to take-up paid work for people receiving the

supplement. *“Monthly gross flows data from the ABS show that there has been no decrease in flows from unemployment to employment following the introduction of the Supplement... there is no evidence of a large upward shift in the vacancy rate, as would be expected if the COVID-19 Supplement was having a major impact on incentives to work.”*<sup>6</sup>

- In the event a person refuses suitable paid work, or leaves suitable paid work without good reason, they may have their payment cancelled or not granted immediately. (**Mutual Obligation** regime).

### **Poverty was too high on the old Newstart rate**

- Too many Australians were already experiencing deep poverty before the Supplement was introduced. Mothers’ skipped meals to feed their children, people missed out on necessary medications and some older people went to bed at 5pm in winter because they couldn’t afford to warm their homes. As stated in the Senate Committee’s **Report of the Senate Inquiry into the Adequacy of Newstart** (released 30/4/20):

*“In her submission, Aeryn explained how a small increase to Newstart would enable her to afford many basic essentials and concluded: But most importantly, I’d no longer be just surviving or even barely existing. I could afford to live.”*

Regarding the central question, whether the payments were adequate, the Committee view was (section 2.124-2.127):

*“In a wealthy country like Australia, no one should be forced to forego meals in order to pay for medications or housing. The committee heard throughout the inquiry distressing accounts of deprivation, highlighting the daily struggles of those living below the poverty line... Alarmingly, these lived experiences of poverty and extreme deprivation are those of people who do receive income support payments. They have not fallen through the cracks of the welfare system. Rather, the current system is failing them. The Australian income support system is clearly not meeting its objective of ensuring a minimum standard of living for all.”*

- In January 2021 (with the reduced Coronavirus Supplement), the single rate of JobSeeker is **\$51 a day** or \$362pw, which is \$18,800 a year. This is less than half the minimum wage. Unless the government acts in this session of Parliament, it will go down to \$41 a day, or \$287pw, which is \$14,900 a year from 31 March.
- Going back to the old rate would **cost the economy** \$31.3 billion and 145,000 full-time jobs over the next two years, Deloitte Access Economics has found.<sup>7</sup>
- Increasing JobSeeker permanently is a matter of “**fairness**” according to the Reserve Bank Governor: “As a society, what level of support do we want to provide to people who don’t have a job? And different people legitimately have different views on the level of support stopping, [but] my own view is that some increase is justifiable.” This confirmed his statement in [August 2020](#) that “There is, I think, a fairly broad consensus across society that some increase in the level of the old Newstart is appropriate. I would join that consensus.”
- ACOSS is recommending **at least a \$25 per day increase** on the old, brutal Newstart rate of just \$40 a day be put in place permanently so people can rebuild their lives.

- Responses to the National Council of Single Mothers & Their Children **550 Reasons to Smile** campaign elicited the following:

*“When the \$550 ends I dread living like before again. I dread the kids going without. I dread the hunger, and fear of homelessness.”*

*“I lost my job through no fault of my own through covid lockdown and will not get be getting it back unfortunately... without the CVS I would not be able to afford everyday living expenses and I am concerned about what will happen when it finishes...”*

Note parents where the youngest child is at least eight years old receive the JobSeeker payment rather than parenting payments.

- Nationally of the people receiving unemployment payments before the pandemic, around 23% were **aged over 55 years**; 41% had some kind of **disability** that impairs their ability to work and 13% are **families with children**<sup>8</sup>. Government policies over many years have restricted access to parenting and disability pensions, which means a larger number of people in these situations are relying on unemployment payments.

### How the Coronavirus Supplement has helped reduce poverty

- Anti-Poverty Week and many others warmly welcomed the Federal Government’s introduction of the \$550 per fortnight Coronavirus Supplement to income support payments including Job Seeker in March 2020. **More than 3.3 million Australians (including 1.1 million or 1 in 5 children) have been protected from poverty.** That has been documented by [research](#) conducted by Ben Phillips and colleagues at the Australian National University as well as numerous surveys of recipients.
- The National Council of Single Mothers & Their Children as part of their **550 Reasons to Smile** campaign September 2020 survey found 94% of respondents said it was either critical (76.5%) or very important (17.5%) to keep the Coronavirus Supplement of \$550 per fortnight. CEO Terese Edwards said: *“the supplement is helping women get the bond together to leave a situation of domestic violence, buy a family computer so kids can home school, put healthy food on the table three times a day and make it possible to repair cars and pay for other essentials like regular medication.”*<sup>9</sup>
- According to the ABS Survey conducted in November 2020, **paying household bills** was reported to be the most common use of the Coronavirus Supplement (67%).<sup>10</sup>

### Concerns for children

- We are particularly concerned about the impact on their children. Growing up in poverty is simply bad for children. We have summarised the experience and evidence in our 2020 Fast Fact [Child Poverty in Australia](#). In particular we have drawn from ARACY research which shows *“Children in monetary poverty (that is children living below the poverty line) suffered effects far wider than just their material basics. For example, they are more than 1.7 times more likely to face food insecurity, nearly twice as likely to lack good relationships with friends and almost two and a half times more likely to be missing out on learning at home”*.

- We also note that in [October 2020 Melbourne University](#) published research that confirmed “*experiencing just a single year of poverty during childhood is associated with poorer socio-economic outcomes in terms of educational attainment, labour market performance and even overall life satisfaction in early adulthood. Children from poor households are 3.3 times more likely to suffer adult poverty than those who grew up in never poor households.*”<sup>11</sup>

## About Anti-Poverty Week

- *Anti-Poverty Week supports the Australian community to have an increased understanding of poverty and to take action collectively to end it. We are a diverse network of individuals and organisations who share this purpose and we focus our activity each year in the week around the United Nations Day for the Eradication of Poverty on 17 October.*
- Our key message is **Poverty exists. Poverty hurts us all. We can all do something about it.** It is one of hope, not despair. Since the bushfires and COVID-19 pandemic in 2020 we have been focusing on the need to keep income support payments above the poverty line as well as ensuring all Australians have a safe, affordable place to call home (and supporting the [Everybody's Home](#) campaign).
- See more at our website [www.antipovertyweek.org.au](http://www.antipovertyweek.org.au) or contact **Toni Wren, Executive Director** on [ed@antipovertyweek.org.au](mailto:ed@antipovertyweek.org.au) or 0405 705 442.

## Appendix

**Table 1) Coronavirus Supplement (CVS) recipients over time**

<b>DSS Payments CVS eligible</b>	<b>Dec-19</b>	<b>26-Jun-20</b>	<b>25-Dec-20</b>
Newstart/JobSeeker Payment	728,405	1,441,287	1,324,316
Youth Allowance (Other)	85,316	173,125	150,005
Parenting Payment Single	228,606	243,433	243,100
Parenting Payment Partnered	68,087	92,022	95,551
Partner Allowance	977	652	unknown
Widow Allowance	7,342	5,549	3,557
Special Benefit	6,709	9,638	8,979
Sickness Allowance	5,172	6	n/a
Youth Allowance (student and apprentice)	134,456	225,483	177,979
Austudy	27,634	41,391	36,772
ABSTUDY Living Allowance	7,595	9,806	9,527
<b>TOTAL</b>	<b>1,300,299</b>	<b>2,242,386</b>	<b>2,049,786</b>

Source: [DSS Demographic Data](#) December 2019 and June 2020, noting CVS was introduced in March 2020 due to the pandemic. December 2020 data from Income Support Recipients by State at 25/12/20 published at [Senate Select Committee on COVID-19 Additional Documents](#) #45

**Table 2) Women as a Percentage of CVS recipients, 26 June 2020**

<b>DSS Payments CVS eligible</b>	<b>Total</b>	<b>Females</b>	<b>Males</b>	<b>Female %</b>
JobSeeker Payment	1,441,287	667,908	773,379	46
Youth Allowance (Other)	173,125	83,812	89,313	48
Parenting Payment Single	243,433	231,220	12,213	94
Parenting Payment Partnered	92,022	82,875	9,147	90
Partner Allowance	652	610	42	94
Widow Allowance	5,549	5,549	0	100
Special Benefit	9,638	4,306	5,332	45
Sickness Allowance	6			
Youth Allowance (student and apprentice)	225,483	129,970	95,513	58
Austudy	41,391	22,770	18,621	55
ABSTUDY Living Allowance	9,806	5,880	3,926	60
<b>TOTAL</b>	<b>2,242,386</b>	<b>1,234,900</b>	<b>1,007,486</b>	<b>55</b>

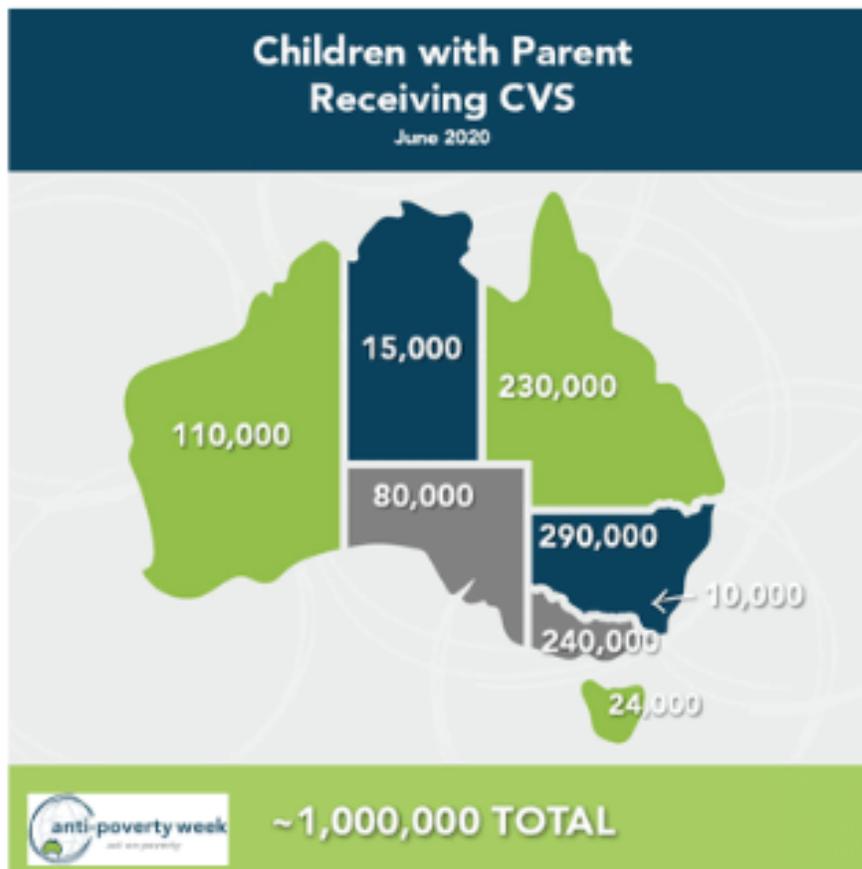
Source: [DSS Demographics June 2020](#)

**Table 3) Children with a parent receiving CVS, 31 July 2020**

<b>Dependent children with parent on CVS eligible payment</b>	<b>31-Jul-20</b>
JobSeeker Payment	503,860
Youth Allowance (Other)	2,261
Parenting Payment Single	493,922
Parenting Payment Partnered	125,379
Partner Allowance	<5
Widow Allowance	N/p
Special Benefit	3,156
Youth Allowance (student and apprentice)	930
Austudy	13,151
ABSTUDY Living Allowance	1,180
<b>TOTAL</b>	<b>1,143,839</b>

Source: [Senate Committee on COVID-19 Answers to Questions on Notice](#) #269, Question SQ20-000532, not their total is 1,143,916. Since July 2020, JSA & YAO totals have reduced by 10% - we therefore estimate there are still 1 million children at 23/12/20 with a parent receiving CVS.

**Figure 1): APW estimates of children by State**



**Table 4) Anti-Poverty Week Analysis of top 14 Coalition Federal seats receiving the CVS, 26/6/20 and 10/2/21.**

MP Name	Political Party	Fed Electorate & State	% Job Loss 14/3/20-18/4/20 ( <a href="#">Grattan Institute analysis</a> ) Where workers live not work	Total Recipients CVS 26/6/20 (DSS data Q on N #222, <a href="#">Senate COVID Committee</a> .)	Total Recipients CVS 8/1/21 ( <a href="#">The Guardian</a> )	CVS Expenditure lost per fortnight from 1/4/21 (millions) ( <a href="#">The Guardian</a> )
		<b>Australia</b>	<b>7.5%</b>	<b>2,242,392</b>	<b>~2,000,000</b>	<b>~\$300 million</b>
Entsch	LNPQLD	Leichhardt, QLD	8.5%	25,491	22,984	\$3.448 m
Price	Lib	Durack, WA	5.5%	21,502	19,484	\$2.922 m
van Manen	LNPQLD	Forde, QLD	6.7%	21,313	19,490	\$2.923 m
Bell	LNPQLD	Moncrieff, QLD	9%	21,360	18,122	\$2.718 m
Robert	LNPQLD	Fadden, QLD	9%	21,271	17,891	\$2.683 m
Conaghan	Nat	Cowper, NSW	11.6%	19,852	17,877	\$2.681 m
Young	LNPQLD	Longman, QLD	5.7%	20,216	18,587	\$2.788 m
Ramsay	Lib	Grey, SA	8.6%	19,305	18,510	\$2.776 m
Porter	Lib	Pearce, WA	5.4%	19,432	17,046	\$2.556 m
Thompson	LNPQLD	Herbert, QLD	6.5%	19,811	18,045	\$2.706 m
Hogan	Nat	Page, NSW	9.7%	18,964	17,456	\$2.618 m
Pitt	LNPQLD	Hinkler, QLD	7.6%	18,066	16,405	\$2.460 m
O'Brien	LNPQLD	Wide Bay, QLD	8.6%	17,636	15,294	\$2.294 m
Howarth	LNPQLD	Petrie, QLD	5.7%	17,920	15,541	\$2.331 m

## ENDNOTES

<sup>1</sup> Regional data from [Cassandra Goldie in the Newcastle Star](#).

<sup>2</sup> [DSS Demographic Data](#) June 2020.

<sup>3</sup> [BCA submission to Senate Inquiry](#), August 2012.

<sup>4</sup> Income Support Recipients by State at 25/12/20 published at [Senate Select Committee on COVID-19 Additional Documents #45](#) and [December 2020 Vacancy Report](#).

<sup>5</sup> <https://thenewdaily.com.au/finance/finance-news/2021/01/29/household-savings-recovery-myth/>

<sup>6</sup> [SMH 25/11/20](#) see also [Prof Jeff Borland Labour Market Snapshot #71](#), November 2020.

<sup>7</sup> [Deloitte Access Economics Report for ACOSS, 15/9/20](#).

<sup>8</sup> Based on analysis of Department of Social Security Newstart recipient data, [DSS Demographics December 2018](#). Note categories are not exclusive, some people may be counted in more than one category.

<sup>9</sup> APW news, [Single parents 'dreading' cuts](#), 9/9/20

<sup>10</sup> Proportion of people receiving the Coronavirus Supplement who reported using the payment for each item in the last four weeks ([Household Impacts of COVID-19 Survey November 2020](#) published 14/12/20).

Household bills (%)	Household supplies/Groceries (%)	Mortgage /rent (%)	Saving it (%)	Medical services or supplies (%)	Credit card/personal debt (%)	Recreation/leisure activities (%)	Clothing/footwear (%)	Furnishings/household equipment (%)
67.4	63.3	38.9	26.3	26.1	19.1	17.5	14.9	7.7

<sup>11</sup> [Does poverty in childhood beget poverty in adulthood in Australia?](#) by Dr Esperanza Vera-Toscano & Professor Roger Wilkins.