



Briefing on Poverty, JobSeeker & Working Age payments, 3 March 2021

On 23 February, the Federal Government announced it will replace the \$75 per week Coronavirus Supplement with a \$25 per week permanent increase from 1 April.¹ This will plunge up to 3 million Australians, including 1 million children, into poverty. The Government has missed an historic opportunity to right the wrong of children growing up in poverty and consigned far too many Australians to a shocking struggle to put food on their table, pay their rent and search for work. 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. See also link to [RN Breakfast interview](#) with Executive Director of APW on 24/2/21. You can make a submission to the [Senate Community Affairs Committee considering this legislation](#) but submissions need to be received by 5 March. See here for a [guide](#) from ACOSS Raise the Rate campaign.

Revised payments from 1 April 2021 are well below the poverty line

- Even with full rent assistance and energy supplement, this will take a single person to a maximum of \$54 a day, \$11 a day below the poverty line of \$65 for a single person. In Australia, the poverty line is generally defined as 50% of median household income. Before deducting housing costs, in 2017-18 this was² \$457 a week for a single adult (**\$65 a day**); \$731 for a sole parent with two children (\$104 a day); or \$960 for a couple with two children (\$137 a day).

Assume single, no dependents, renting privately	Max Weekly amount from 1/1/-31/3/21	Max Weekly amount with \$25 per week from 1/4/21	Age Pension Single	Full-time JobKeeper to 28/3/21
JobSeeker Payment	\$282.85	\$282.85	\$430.30	\$500
Rent Assistance (if paying at least \$155.37 rent pw)	\$69.80	\$69.80	\$69.80	
Energy Supplement	\$4.40	\$4.40	\$7.05	
Pension Supplement (max)	\$0	\$0	\$34.80	
Total without Coronavirus Supplement	\$357.05	\$357.05	\$541.95	
Coronavirus Supplement /Permanent increase	\$75.00	\$25.00	n/a	
Total with Coronavirus Supplement/Permanent increase	\$432.05	\$382.05	\$541.95	\$500
Daily rate	\$61	\$54	\$77.42	\$71.43

See also Anti-Poverty Week Fast Fact 2020 [Poverty in Australia](#); [Peter Whiteford and Bruce Bradbury, The Conversation 24/2/21](#) and [The Grattan Institute Blog 24/2/21](#).

Changes to the income test are a further step backwards for those working part-time

- The Government introduced a more generous income test during 2020. When announcing the extension of the measure to 31 March, the Prime Minister and [Minister Ruston on 10/11/20](#) said: "As the jobs market improves we want to encourage people to re-engage with the workforce because we know that even a few hours of work a week while on payment can have a dramatic impact on the pathway off income support." It is unclear why that policy lever has been abandoned. Under the 2020 changes, the income-free area (the amount of income a person can earn before their payment rate is reduced) increased from \$106 per fortnight for JobSeeker Payment and \$143 per fortnight for Youth Allowance (Other) to **\$300 per fortnight**. A person's fortnightly payment rate was then reduced by 60 cents for each dollar of income over \$300. The new income tests which will apply from 1 April 2021 means the free area will be reduced to \$150 a fortnight (and they will lose 50 cents per \$1 to \$254 per fortnight and then 60 cents after that). For someone earning \$300 pf, this means a loss of \$40 per week compared to March, in addition to the \$50 a week reduction in base payment.³ The government will also remove indexation of the Jobseeker income free area.
- At 29 January there were 274,172 people who had some earnings while claiming JSP or YAO - 94% of them were earning over \$143 a fortnight so will lose benefits. Note this number as a proportion of all receiving payments has increased since the test was relaxed in 2020.

	Percentage with Some Earnings, December 2019	Percentage with Some Earnings, 29 January 2021
Newstart/JobSeeker Payment	17%	20%
Youth Allowance Other	18%	22%
JSP & YAO Total	17%	20%

Partner income test will also revert to pre-COVID levels

- The partner income test will also revert on 1 April. Our unemployment benefit system has always been highly targeted and precluded many couples from receiving it if one partner was working. The pre-COVID income test meant no payment if the partner earned more than \$48,328 pa. From March 2020 the government significantly relaxed this to allow a member of a couple to claim some JobSeeker (and the full Coronavirus Supplement) even when their partner was earning up to \$80,000 pa. This provision runs out on 31 March and it will revert to around \$53-54,000 pa (not \$48,000 due to the \$50 a week base rate increase). The proportion of JSA and YAO recipients who were partnered increased from 20% to 29% of the total from December to June 2020. Another way to express it is to say Partnered recipients increased by 180% from ~150,000 to ~425,000 and non-Partnered increased by 79% over the same time period. Many of these couples will be ineligible for any income support from 1 April. See Appendix for details.

Number of people affected

- Nationally some **2 million** people are receiving the Coronavirus Supplement (**plus ~1 million children**), including almost 1.4m people receiving unemployment payments JobSeeker or Youth Allowance Other (which are increasing again after a slight decline recently). 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 Australia⁴. 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.⁵

Concerns for children

- We are particularly concerned about the impact on 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.”*⁶

Reducing payments won't solve skill mismatch or help employers

- The **Business Council of Australia**, as long ago as August 2012,⁷ 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.”* In [responding](#) to the 23/2/21 announcement, the BCA said *“It's crucial that we return to proper indexation of the JobSeeker allowance and work towards getting it to where it used to sit - closer to the Aged Pension.”*
- Nationally, in December there were **nine people receiving JobSeeker Payment & YAO (1,474,321) for every vacancy advertised (171,500)**.⁸ 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.⁹

- 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.”*¹⁰
- 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). Changes announced on 24/2/21 (not requiring legislation) will compel jobseekers to attend *jobservices* interviews in person face to face (when many businesses still do not have employees back in the office). They also require employers to report people who do not take up job offers and compel jobseekers to apply for 20 jobs a month by 1 July.¹¹

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.”

- 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**¹². 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 full Coronavirus Supplement reduced 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."*¹³
- 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%).¹⁴

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 or contact **Toni Wren, Executive Director** on ed@antipovertyweek.org.au or 0405 705 442.

Appendix

Table 1) Coronavirus Supplement eligible payments over time

Note we would expect Austudy numbers to increase again as new academic year commences **plus even if only 20% of 1.1 million now expected to receive JobKeeper** at end of March 21 end up on Seeker (+200,000 move to Seeker) would mean total will go back to well over 2 million by 31 March or very soon thereafter. Note the recipient numbers increased on 12 February after a small reduction in previous weeks which may reflect employers shedding Keeper staff in anticipation of ending of program.

DSS Payments CVS eligible	Dec-19	26-Jun-20	25-Dec-20	29-Jan-21	12 Feb 21
Newstart/JobSeeker Payment	728,405	1,441,287	1,324,316	1,236,023	1,245,016
Youth Allowance (Other)	85,316	173,125	150,005	135,540	138,496
Parenting Payment Single	228,606	243,433	243,100	240,058	241,699
Parenting Payment Partnered	68,087	92,022	95,551	94,140	94,705
Partner Allowance	977	652	unknown	unknown	unknown
Widow Allowance	7,342	5,549	3,557	3,081	2,913
Special Benefit	6,709	9,638	8,979	8,665	8,502
Sickness Allowance	5,172	6	n/a	n/a	n/a
Youth Allowance (student and apprentice)	134,456	225,483	177,979	180,253	186,146
Austudy	27,634	41,391	36,772	36,308	37,108
ABSTUDY Living Allowance	7,595	9,806	9,527	8,483	8,705
TOTAL	1,300,299	2,242,386	2,049,786	1,942,551	1,963,290

Source: [DSS Demographic Data](#) December 2019 and June 2020, noting CVS was introduced in March 2020 due to the pandemic. December 2020 – 12/2/21 data from Income Support Recipients by State at 25/12/20 published at [Senate Select Committee on COVID-19 Additional Documents](#) #45, #52 and #56.

Table 2) Changes in Partner Allowance over time

		JobSeeker Payment	Youth Allowance Other	Total	Percent of total	Percent increase Dec 19- June20
Dec-19	Partnered	148,037	3,294	151,331	20	
	Not Partnered	580,368	82,022	662,390		
	Total	728,405	85,316	813,721		
Jun-20	Partnered	418,184	7,239	425,423	29	180
	Not Partnered	1,023,103	165,886	1,188,989		79
	Total	1,441,287	173,125	1,614,412	100	98

Source: [DSS Demographic Data](#) December 2019 and June 2020

Table 3) Women as a Percentage of CVS recipients, 26 June 2020

DSS Payments CVS eligible	Total	Females	Males	Female %
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
TOTAL	2,242,386	1,234,900	1,007,486	55

Source: [DSS Demographics June 2020](#)

Table 4) Children with a parent receiving CVS, 31 July 2020

Dependent children with parent on CVS eligible payment	31-Jul-20
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
TOTAL	1,143,839

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

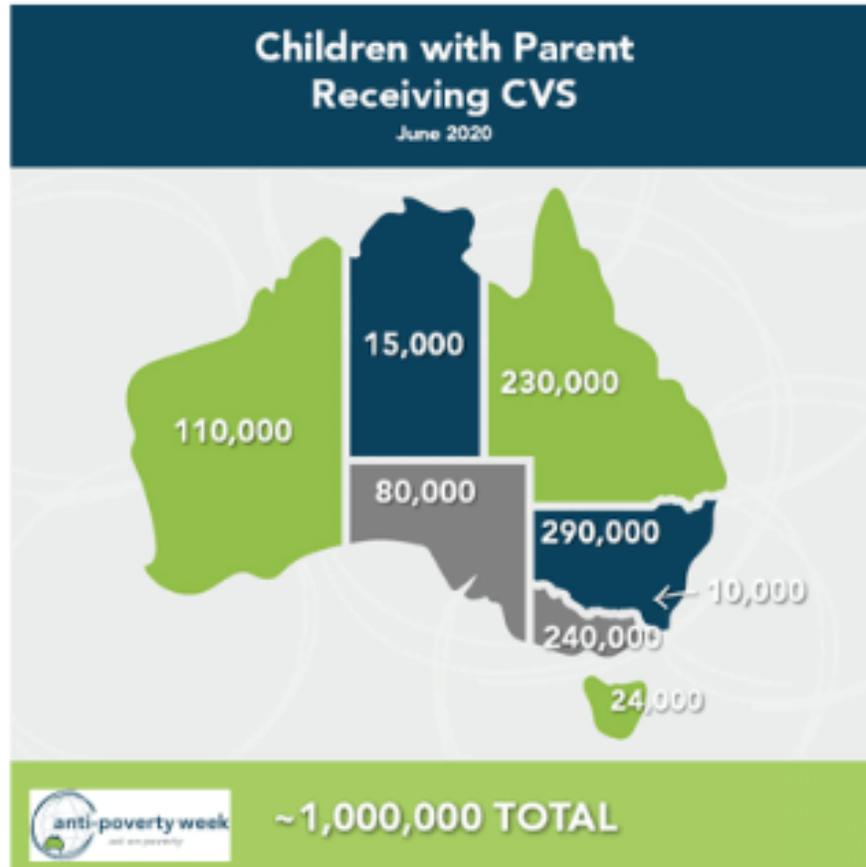


Table 5) Anti-Poverty Week Analysis of top 14 Coalition Federal seats receiving the CVS, 26/6/20 and 10/2/21.

MP Name	Political Party	Fed Electorate & State	% Job Loss 14/3/20-18/4/20 (Grattan Institute analysis) Where workers live not work	Total Recipients CVS 26/6/20 (DSS data Q on N #222, Senate COVID Committee .)	Total Recipients CVS 8/1/21 (The Guardian)	CVS Expenditure lost per fortnight from 1/4/21 (millions) (The Guardian)
		Australia	7.5%	2,242,392	~2,000,000	~\$300 million
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

¹ [Joint Ministerial media Release, 23/2/21](#)

² Davidson, P., Saunders, P., Bradbury, B. and Wong, M. (2020), [Poverty in Australia 2020: Part 1, Overview](#). ACOSS/UNSW Poverty and Inequality Partnership Report No. 3, Sydney: ACOSS, note Federal Government funds the [HILDA survey](#) from University of Melbourne who also use this measure as well as others.

³ Further modelling has been undertaken by former public servant [David Plunkett](#).

⁴ Regional data from [Cassandra Goldie in the Newcastle Star](#).

⁵ [DSS Demographic Data](#) June 2020.

⁶ [Does poverty in childhood beget poverty in adulthood in Australia?](#) by Dr Esperanza Vera-Toscano & Professor Roger Wilkins.

⁷ [BCA submission to Senate Inquiry](#), August 2012.

⁸ 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](#).

⁹ <https://thenewdaily.com.au/finance/finance-news/2021/01/29/household-savings-recovery-myth/>

¹⁰ [SMH 25/11/20](#) see also [Prof Jeff Borland Labour Market Snapshot #71](#), November 2020.

¹¹ [Mutual Obligation details](#) 23/2/21.

¹² 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.

¹³ APW news, [Single parents 'dreading' cuts](#), 9/9/20

¹⁴ 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