



## Briefing on JobSeeker and Poverty, 5 May 2021

The Federal Government replaced the \$75 per week Coronavirus Supplement with a \$25 per week permanent increase from 1 April, meaning they are \$50 per week worse off.<sup>1</sup> This has plunged up to 3 million Australians, including over 1 million children, into deeper poverty, with the majority of adult recipients being women. 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.

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

- Even with full rent assistance and energy supplement, a single person now receives 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.<sup>2</sup> Before deducting housing costs, in 2017-18 this was \$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	<u>Max Weekly amount from 1/1/-31/3/21</u>	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	
<b>Total without Coronavirus Supplement</b>	<b>\$357.05</b>	<b>\$357.05</b>	<b>\$541.95</b>	
Coronavirus Supplement /Permanent increase	\$75.00	\$25.00	n/a	
<b>Total with Coronavirus Supplement/Permanent increase</b>	<b>\$432.05</b>	<b>\$382.05</b>	<b>\$541.95</b>	<b>\$500</b>
<b>Daily rate</b>	<b>\$61</b>	<b>\$54</b>	<b>\$77.42</b>	<b>\$71.43</b>

See also [Peter Whiteford and Bruce Bradbury, The Conversation 24/2/21](#) and [The Grattan Institute Blog 24/2/21](#).

- It appears the Federal Government did not pursue a larger increase because it was under the misapprehension this would not be acceptable to the Australian community. Research finds the opposite. For example, the Scanlon-Monash Index of Social Cohesion [2020 report](#) (published January 2021) found **social justice and equity** jumped to 112 in July 2020 and 110.5 in November 2020 from 93.1 in 2019 (previous range was 87.5 to 98 between 2011 and 2018).<sup>3</sup> The Smith Family [survey](#) of community attitudes published in January 2021 (based on November 2020 research) found 82% of people agreed with the statement “*helping children and young people overcome poverty should be a top priority for the country.*” We summarise earlier research in our 2019 Fast Fact [Australians Care about Poverty](#) and link to [RN Breakfast interview](#) with Executive Director of APW on 24/2/21.

### **Despite welcome increase in vacancies, unemployment is still affecting too many people**

- Before it ceased on 1/4/21, **1.9 million** people were receiving the Coronavirus Supplement (**plus ~1.1 million children**. APW estimates **56 percent of the total receiving CVS were women** and ACOSS estimates more than half a million people receiving JobSeeker & Youth Allowance Other (549,000) live in regional Australia<sup>4</sup>.
- Just over 800,000 people were relying on unemployment payments before the bushfires and pandemic struck. This doubled to over 1.6 million in May 2020. While the numbers have reduced by around 21% since then, **there are still nearly 1.3 million – half a million more people looking for work and receiving income support than in December 2019**. (Table 1)
- **New South Wales, Victoria and Queensland** have the largest numbers of people receiving payments.<sup>5</sup> (Table 2)
- Job vacancies are returning from record lows but nationally there were **more than 5 times the number of people receiving payments for the number of jobs advertised in March**. In Tasmania the ratio is 11, and it is over 8 to 1 in South Australia and the Northern Territory. These people are of course also competing with other people searching for work who are not receiving payments. (Table 3)
- Since the peak of unemployment in May 2020, **younger people have left payments in greater numbers than older people and women continue to be left behind**, with the number of women aged 65 and over receiving payments increasing by over 1,000. (Table 4)
- There are around 540,000 people aged over 45 receiving unemployment payments at March 2021. **Women make up a greater share of these older recipients**, despite being a lower proportion of all. (Table 4)
- Increasingly people remaining on payments will have been doing so **for more than 12 months** and are at great risk of prolonged hardship due to low rates of payment. In December 2019 there were 488,300 receiving unemployment payments for more than a year (long term unemployed) and ACOSS estimates this number is now **closer to 750,000**.<sup>6</sup>

- There were at least **440,000 children with a parent receiving JobSeeker or YAO** in February 2021, (out of a total of 1.1 million children with a parent on working age payments). (Table 5)
- There were more than **370,000 recipients who had a partial capacity to work** due to a psychological or psychiatric condition; physical impairment or an illness such as cancer.<sup>7</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. For example, parents where the youngest child is at least eight years old receive the JobSeeker payment rather than parenting payments.)

### **Concerns for increased homelessness and housing stress**

- Homelessness and other welfare agencies are already reporting a surge in demand for services as payments reduce and rent and mortgage deferrals and eviction moratoriums cease.<sup>8</sup> Unless funded in the May 2021 Budget, the Federal Government is due to cut \$56.7 million per year from Australian specialist homelessness services from 1/7/21. This will have a huge impact on the sector's ability to provide vital support for Australian communities.<sup>9</sup>
- As the April 2021 edition of [Anglicare Australia's Rental Affordability Snapshot](#) revealed **only 3 rental properties in Australia are considered affordable for a single person living on the 1 April Jobseeker payment**. The snapshot surveyed more than 74,000 properties and found that affordability has crashed to record lows.
- There were **1.655 million households receiving Commonwealth Rent Assistance (CRA)** in December 2020. This was a 29% increase (+364,195 households) since December 2019, primarily driven by a 112% increase in people receiving unemployment payments (+319,665). (Table 6)
- **Commonwealth Rent Assistance hasn't been increased in real terms in 20 years.** People relying on JobSeeker were paying \$225 per week rent in December 2020 and only receiving ~\$66 per week in Commonwealth Rent Assistance (median figures) – that is a **\$160 a week gap**. For a single parent with two children, the median rent paid in December 2020 was \$300 per week, the median CRA received was ~\$74 per week – a gap of \$226 per week.<sup>10</sup> The net \$50 loss in total payments (end of \$75 pw CVS and \$25 pw permanent base rate rise) widens the gap.

### **Concerns for children and families**

- We are extremely concerned about the impact on families receiving working age payments (including JobSeeker and Youth Allowance Other) who are supporting more than 1 million children or more than 1 in 5 of all Australian children. See our 2020 Fast Fact [Child Poverty in Australia](#). As [Professor Sharon Bessell at ANU](#) says "*children will wake up hungry, go to school hungry, and go to bed hungry. And based on our [research](#), they will be reluctant to tell anyone, because of a sense of shame and a desire not to further worry their parents.*"

- Research undertaken by the **ANU and published 20/4/21** alarmingly predicts that due to cuts in payments which took effect from 1/4/21, child poverty rates for single parent families will soar to 41% – more than double the rate during the peak of COVID-19 and higher than pre-pandemic levels. Poverty rates for children under 5 years of age in single parent families is expected to increase from 12% to 46%.<sup>11</sup>

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

- The **Business Council of Australia**, as long ago as August 2012,<sup>12</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."* 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."*
- 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>13</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). 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.<sup>14</sup>

### Changes to the income test are a further blow for those working part-time

- During 2020 the Government introduced a more generous income test for unemployment payments (the amount a person on payments can earn before losing any payment). 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 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 \$256 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.<sup>15</sup> The government has also removed 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 lost benefits. Note this number as a

proportion of all receiving payments has increased since the test was relaxed in 2020. (Table 7)

### **Partner income test has reverted to pre-COVID levels**

- The partner income test was also dramatically cut 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 ended on 31 March and it will revert to around \$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 24% of the total from December 2019 to December 2020 - a total increase of more than 200,000 couples receiving unemployment payments. Many of these couples will be ineligible for any income support from 1 April. Numbers will reduce but not necessarily because they have found employment. (Table 8)

### **Poverty was too high before the pandemic**

- 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."*

## 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 our separate Analysis of Coronavirus Supplement Recipients 5/5/21 plus 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.

**Table 1) Job Seeker Payment and Youth Allowance Other Recipients, December 2019 to 9 April 2021**

As at	Total Recipients JobSeeker & Youth Allowance Other	
<b>Dec-19</b>	<b>813,721</b>	(Pre bushfires & pandemic)
28-Feb	815,872	
6-Mar	817,869	
13-Mar	812,774	
20-Mar	887,896	
27-Mar	891,340	
3-Apr	964,522	
10-Apr	1,070,320	
17-Apr	1,199,234	
24-Apr	1,346,172	
1-May	1,554,729	
8-May	1,631,303	
<b>15-May</b>	<b>1,651,316</b>	(Peak to date)
22-May	1,640,773	
29-May	1,635,286	
5-Jun	1,628,990	
12-Jun	1,625,042	
19-Jun	1,620,505	
26-Jun	1,614,412	
July	1,621,513	
28-Aug	1,624,269	
11-Sep	1,619,066	
25-Sep	1,566,274	
9-Oct	1,577,667	
16-Oct	1,541,059	
October	1,498,764	
13-Nov	1,466,855	
27-Nov	1,454,869	
25-Dec	1,474,321	
8-Jan-21	1,437,458	
29-Jan-21	1,371,563	
12-Feb-21	1,383,512	
<b>26-Mar</b>	<b>1,298,413</b>	(Last data before CVS ended 1/4/21)
9-Apr	1,275,900	

Source: DSS data provided to [Senate Covid-19 Committee](#) Additional Documents and [DSS JSP and YAO Monthly Profile](#)

**Table 2) Unemployment Payments by State and Territory, December 2019 to 26 March 2021 & share of total**

<b>JSP and YAO By State/Territory</b>	<b>Dec-19</b>	<b>Share of National - Dec 19</b>	<b>May 2020 (peak to date)</b>	<b>Share of National, May 20</b>	<b>JSP &amp; YAO 26/3/21</b>	<b>Share of National, 26/3/21</b>
New South Wales	224,538	28.0%	476,784	30.0%	386,919	29.9%
Victoria	177,800	22.0%	389,229	24.0%	305,247	23.6%
Queensland	190,573	23.0%	379,687	23.0%	297,661	23.0%
Western Australia	97,746	12.0%	181,348	11.0%	136,057	10.5%
South Australia	73,309	9.0%	126,375	8.0%	102,873	7.9%
Tasmania	24,418	3.0%	39,857	2.4%	32,898	2.5%
Northern Territory	18,622	2.3%	26,369	1.6%	23,121	1.8%
Australian Capital Territory	6,551	0.8%	14,858	0.9%	11,311	0.9%
<b>Total Recipients</b>	<b>813,721</b>	<b>100.0%</b>	<b>1,635,286</b>	<b>100%</b>	<b>1,296,087</b>	<b>100%</b>

Source: December 2019 is [DSS Demographic Data](#) December 2019, May 2020 and 26/3 2021 is DSS data to [Senate Covid-19 Committee](#) Additional Documents.

**Table 3) Unemployment recipients and job vacancies by State/Territory, March 2021**

	<b>Mar-21</b>	<b>JSP &amp; YAO</b>	<b>Vacancies</b>	<b>Ratio</b>
<b>New South Wales</b>		386,919	75,300	<b>5.2</b>
<b>Victoria</b>		305,247	60,200	<b>5.1</b>
<b>Queensland</b>		297,661	46,700	<b>6.4</b>
<b>Western Australia</b>		136,057	27,600	<b>4.9</b>
<b>South Australia</b>		102,873	12,700	<b>8.1</b>
<b>Tasmania</b>		32,898	3,000	<b>11</b>
<b>Northern Territory</b>		23,121	2,700	<b>8.6</b>
<b>ACT</b>		11,311	7,200	<b>1.6</b>
<b>Australia</b>		<b>1,296,413</b>	<b>238,700</b>	<b>5.4</b>

Source: [DSS JSP and YAO Monthly Profile](#), March 2021 and [Internet Vacancy Index \(IVI\)](#), March 2021.



**Table 4) Unemployment Payments (JobSeeker Payment & Youth Allowance Other) by Gender and Age, May 2020 and March 2021**

<b>Females By Age Group</b>	<b>May-20</b>	<b>Mar-21</b>	<b>Recipient difference May 20-Mar 21</b>	<b>Percentage difference May 20-Mar 21</b>
Under 25 years	155,203	111,069	-44,134	-28%
25-34 years	152,116	110,003	-42,113	-28%
35-44 years	138,212	113,962	-24,250	-18%
45-54 years	153,632	132,743	-20,889	-14%
55-64 years	149,673	136,058	-13,615	-9%
65 and over	16,065	17,225	+1,160	-7%
<b>Female recipients</b>	<b>764,901</b>	<b>621,060</b>	<b>-143,841</b>	<b>-19%</b>
<b>Female as % of total</b>	47%	48%		
<b>Males By Age Group</b>	<b>May-20</b>	<b>Mar-21</b>	<b>Recipient difference</b>	<b>Percentage difference</b>
Under 25 years	178,418	131,782	-46,636	-26%
25-34 years	223,333	163,181	-60,152	-27%
35-44 years	168,922	129,149	-39,773	-24%
45-54 years	146,363	118,146	- 28,217	-19%
55-64 years	137,745	118,574	-19,171	-14%
65 and over	15,604	14,521	-1,083	-7%
<b>Male recipients</b>	<b>870,385</b>	<b>675,353</b>	<b>-195,032</b>	<b>-22%</b>
<b>Male as % of total</b>	53%	52%		
<b>All recipients</b>	<b>1,635,286</b>	<b>1,296,413</b>	<b>-338,873</b>	<b>-21%</b>

Source: [DSS JSP and YAO Monthly Profile](#), May 2020 and March 2021.

Note March 2021 data does not take account of end of JobKeeper or income support changes such as significant reduction in Partner Income test which took effect 1/4/21.

At March 2021:

Females aged over 45 years = 288,026 (46% all women)

Males aged over 45 years = 251,241 (37% all men)

All over 45 years = 539,267 (42% of total recipients)

**Table 5) Children with a parent receiving JobSeeker Payment & YAO, 31 July 2020 and 12 February 2021**

<b>Payment</b>	<b>31-Jul-20</b>	<b>12 Feb 2021</b>
JobSeeker Payment	503,860	438,249
Youth Allowance (Other)	2,261	1,948
<b>Total JSP and YAO</b>	<b>506,121</b>	<b>440,197</b>

Source: July 2020 from [Senate Committee on COVID-19 Answers to Questions on Notice](#) #269, Question SQ20-000532, not their total is 1,143,916. February 2021 is same but #604. IQ21-000006.

**Table 6) Changes in Commonwealth Rent Assistance, Dec 2019-Dec 2020**

	<b>Dec-19</b>	<b>Dec-20</b>	<b>Number increase Dec 19-Dec 20</b>	<b>% increase Dec 19-Dec 20</b>
<b>Newstart/JobSeeker</b>	273,896	581,408	307,512	112%
<b>Youth Allowance (Other)</b>	12,284	24,437	12,153	99%
<b>JobSeeker &amp; YAO</b>	286,180	605,845	<b>319,665</b>	112%
<b>All individuals and families</b>	1,291,651	1,655,846	<b>364,195</b>	29%

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

**Table 7) Unemployment payments, changes in earnings from employment, Dec 2019-January 2021**

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

Source: [DSS Demographic Data](#) December 2019 and [DSS JSP and YAO Monthly Profile](#), 29 January 2021

**Table 8) Changes in Partner Allowance for Unemployment Recipients, Dec 2019-Dec 2020**

		<b>JobSeeker Payment</b>	<b>Youth Allow. Other</b>	<b>Total</b>	<b>Percent of total</b>
<b>Dec-19</b>	Partnered	148,037	3,294	151,331	20
	Not Partnered	580,368	82,022	662,390	
	<b>Total</b>	<b>728,405</b>	<b>85,316</b>	<b>813,721</b>	
<b>Jun-20</b>	Partnered	418,184	7,239	425,423	29
	Not Partnered	1,023,103	165,886	1,188,989	
	<b>Total</b>	<b>1,441,287</b>	<b>173,125</b>	<b>1,614,412</b>	
<b>Dec 20</b>	Partnered	348,844	5,500	354,344	24
	Not Partnered	975,472	144,455	1,119,927	
	<b>Total</b>	<b>1,324,316</b>	<b>150,005</b>	<b>1,474,271</b>	

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

## ENDNOTES

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<sup>1</sup> [Joint Ministerial Media Release, 23/2/21](#)

<sup>2</sup> 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.

<sup>3</sup> The [Scanlon-Monash Index of Social Cohesion](#) provides an overview in the five core pillars of social cohesion: belonging, worth, social justice, participation and acceptance and rejection. These endeavor to answer the question: *What is the state of social cohesion in Australia?*

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

<sup>5</sup> Local unemployment payment data available from <https://profile.id.com.au/> Community Profile and then go to Post Census update JobSeeker (it includes the JobSeeker and YAO data by State, LGA, Region from the monthly DSS update and can compare to pre-COVID-19, i.e. December 2019)

<sup>6</sup> [DSS Demographic Data](#) December 2020 and APW estimates based on DSS official answer in Senate Estimates, 25/3/21.

<sup>7</sup> [DSS Demographic Data](#) December 2020 and estimates based on DSS official answer in Senate Estimates, 25/3/21.

<sup>8</sup> <https://www.abc.net.au/news/2021-03-30/regional-homeless-fears-jobkeeper-and-jobseeker-supplement-ends/13279522> and <https://www.missionaustralia.com.au/news-blog/news-media/mission-australia-s-winter-campaign-seeks-to-end-hidden-homeless-crisis-faced-by-older-australians>

<sup>9</sup> <https://www.abc.net.au/news/2021-05-01/homelessness-funding-state-federal-workers-risk-unemployment/100104970>

<sup>10</sup> [DSS Demographic Data](#), December 2020.

<sup>11</sup> Ben Phillips and Vivikth Narayanan, [Financial Stress and Social Security Settings in Australia](#), ANU Centre for Social Research and Methods, April 2021. Also [5 page summary](#).

<sup>12</sup> [BCA submission to Senate Inquiry](#), August 2012.

<sup>13</sup> [SMH 25/11/20](#) see also [Prof Jeff Borland Labour Market Snapshot #71](#), November 2020.

<sup>14</sup> [Mutual Obligation details](#) 23/2/21.

<sup>15</sup> Further modelling has been undertaken by former public servant [David Plunkett](#).