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Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

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Senate Community Affairs Legislation Committee

My name is [REDACTED], I am a Social Worker and a member of the Australian Association of Social Workers. It has been noted that social workers have a unique contribution to make to the policy process, using the statutory experience of our profession and our service users.

The reason that I am writing this letter to those of you in the committee, is to introduce my policy submission that will propose a permanent raise to Jobseeker, Youth Allowance and other income support payments to remain above the poverty line that will enable every person to afford the essentials required for life.

Poverty was measured by [the Henderson poverty line](#), a sliding scale based on family size which estimates a couple with two children is in poverty if the household earns less than \$47,700 a year, or a single person who earns less than \$22,900.

The higher payments inclusive of the Coronavirus Supplement are helping release people from poverty and is opening up their lives. It is resourcing them get the bond together to escape homelessness or family violence and to put healthy food on the table. It is also ensuring they can get the dental and medical care they need and to pay for car repairs so they can take up job opportunities when they arise. In addition, they are helping over 2.24 million people and at least one million children to stay out of poverty.

The attached paper will guide the decision-makers through this social issue essential to Raise the Rate and present options deemed worthy of rectifying the problem. By not taking adequate actions, it has been shown that without doubt, the most vulnerable people in our communities will be adversely affected long term, whilst living in poverty.

Thank you for the time that you have taken to read this submission.

Yours sincerely,

The Problem

Covid-19 has presented a problem never before encountered in our lifetimes and has changed the way we do things.

Australia has the lowest rate of unemployment payments in the OECD, whereas, workers struggling to make ends meet during this pandemic are urging the government to not revert to pre-coronavirus levels of unemployment payments (Rouse, 2020). Since the outbreak began, JobSeeker payments have been doubled from \$550-a-fortnight to \$1,100, but the government has reverted back to \$250 at the end of September, when it predicted the worst of COVID-19 will be over (Rouse, 2020). Notably, most Australians think it's too soon to ease these changes (Rouse, 2020).

There are now 2.243 million people getting the coronavirus supplement to their income payments, including about 1.6 million who are on JobSeeker, where the number of people needing these payments in Victoria and NSW alone, now exceed those in the whole of Australia (compared to those who needed it in December 2019) (Tingle, 2020). This 2.243 million number also include about a quarter of a million single parents with children under eight (Tingle, 2020).

Matt Grudnoff, (senior economist at The Australia Institute), stated the coronavirus supplement had lifted 450,000 people out of poverty, and that “no other government has ever lifted so many people out of poverty so quickly” (Karp, 2020). The Australia Institute calculated that if the supplement is completely removed 270,000 mortgagees and renters who were not in poverty before Covid-19, *will* be forced into poverty (Karp, 2020). Grudnoff said this “will impact homelessness, put pressure on the banking system and have a knock-on effect to property investors” (Karp, 2020).

Why does this problem matter to Australia?

The new Jobseeker rate had transformed people's lives (Australian Council of Social Services [ACOSS], 2020b). For example, in April 2020, ACOSS surveyed 955 people receiving the Jobseeker payment: 92.8% said they were able to afford fresh fruit and vegetables, 75.1% said they were able to pay their bills, 69.2% said they were now able to pay for essential medical and health treatments, and 93.5% said the removal of the supplement would have a significant or extreme impact on their ability to cover the cost of essentials (ACOSS, 2020b).

“Since the Coronavirus Supplement, I feel I have some dignity again, I am extremely anxious about the future when the supplement stops” (Survey Respondent receiving the Coronavirus Supplement) (ACOSS, 2020b).

The government will clearly need to extend the bonus payments for those on jobseeker, but beyond this current crisis, the base rate of the payment needs to be permanently raised. It currently is not fit for purpose, as it does not allow people to survive while looking for work, and it doesn't do enough to support the economy when this recession hit (Jericho, 2020). ACOSS chief Cassandra Goldie says the Jobseeker payment, must be enough for people to survive, 'It's clear we need a permanent fix to our social safety net, we need a secure safety net that protects us all from poverty' (Rouse, 2020; Jericho, 2020).

Cutting the jobseeker coronavirus supplement by \$150 a week will plunge 370,000 Australians into poverty including 80,000 children, whereas, The Australia Institute has calculated this cut will hit Victoria the hardest with 123,000 more in poverty, which has experienced a renewed lockdown due to fighting the second wave of coronavirus infections (Jericho, 2020). After Victoria, deemed hit hardest, due to its large population and unemployment rate of 7.5%, The Australia Institute calculated the worst affected states will

be: New South Wales, with 89,000 pushed into poverty including 15,000 children, Queensland, with 91,000 pushed into poverty including 21,000 children and Western Australia with 32,000 pushed into poverty, including 8,000 children (Jericho, 2020).

More than four in 10 low-income renters in Australia are struggling to pay their rent, despite receiving government assistance, whereas, new research shows a [report](#) from the Productivity Commission found that 40.5 per cent of low-income people receiving Commonwealth Rent Assistance were in rental stress (Michael, 2020). In addition, after September, charities are bracing for a second surge of unemployed households needing help to put food on the table, pay bills and cover housing, cautioning of the necessity to permanently increase Jobseeker (Duke, 2020).

There are warnings of a record number of people that will have to rely on charity if the JobSeeker rate is dropped back; in fact, Anglicare Australia executive director Kasy Chambers has warned cutting the JobSeeker rate back to the pre-supplement level during the coronavirus pandemic could push more households into a crisis situation (Duke, 2020). In addition, Grattan Institute household finances program director Brendan Coates also expects the unemployment rate to increase, making an ongoing increase in JobSeeker particularly crucial, stating "it's a recipe for hardship and a demand for charity that will go through the roof." (Duke, 2020).

Exploring why Australian citizens are unemployed.

The policy response to Covid-19 is a collective decision of nine governments, not an event that just fell out of the sky (Murphy, 2020b). People can't get jobs because social distancing restrictions have felled whole industries; whilst, economic recovery in the absence of better treatments, or a vaccine, is going to be fitful, and predictions are that it's going to be a stop-start process (Murphy, 2020b; Henriques-Gomes, 2020). Some people who lose their jobs now, will never work again, or they will have a significant spell out of the workforce, or be retrained for an industry that hasn't yet been felled. It has been noted that long-term unemployment is going to be with us long term as a consequence of these events (Murphy, 2020b).

Australians that are on jobseeker don't have much confidence in finding a job as they are not there (Murphy, 2020; Denniss, 2020).

Unbelievably, by cutting the incomes of the unemployed and cutting consumption spending in regions of high unemployment, the Morrison government's efforts to "motivate" the unemployed will inevitably result in a reduction in the number of jobs available (Denniss, 2020). This reality of being homeless in 2020 is eye-opening and petrifying a lot of people that are in the same dilemma (Murphy, 2020a; Butler, 2020).

Mr Morrison and others in his government, as well as treasury department officials, have claimed the current rate of JobKeeper and JobSeeker was a disincentive for people to accept paid employment, whereby, care needs to be taken with this approach, as it might do the exact opposite for many unemployed people (Butler, 2020). In fact, by cutting the rate is a barrier to people finding employment, as there are now basic items that people are able to afford for the first time in a long time (Butler, 2020). Like things that are needed to be equipped for work: like buying clothes, or undeniably eating well, and as a result they now have the energy to look for jobs; without it they may become stigmatised into a cycle of poverty (Butler, 2020).

Appallingly, there are already overtones of "dole bludger" in much of what the Government says about cutting back the supplement (Tingle, 2020). At the moment, it is important to note that the genuine stories of thousands of shocked people who never thought they'd be unemployed are getting drowned out by the incomprehensible numbers of people

who have lost their jobs in the past couple of months (Tingle, 2020). Keeping in mind this much-needed supplement goes to those on parenting payments and eight other income support payments, including Youth Allowance and Farm Household Allowance (Tingle, 2020).

The idea that we may be seeing an historic shift in the number of people living in poverty in Australia does not really register at this stage (Tingle, 2020).

Researched options to challenge this problem

Option One:

In Australia, policy is far more likely to be based on feelings than facts (Denniss, 2020). While there is much talk about the importance of evidence-based policy, ironically, there is scant evidence that such an approach exists, for example, the government's decision to cut the incomes of around five million Jobkeeper, Jobseeker and other benefit recipients in September (Denniss, 2020). This is confirmed by virtually every known economist who agrees that cutting government spending in the middle of a recession will lead to a contraction in the size of the economy, and therefore, an increase in unemployment (Denniss, 2020).

The biggest policy mistake to make at the moment would be to withdraw support too early, whereby, the government can play an important role here, by using its balance sheet to smooth things out and reduce the severity of the downturn (Denniss, 2020). In doing so, it helps not only in the present, but in the future as well. Bank of Australia, Philip Lowe makes it clear, "we have low levels of national debt and no need to fear government spending", it is seen as a change that is entirely manageable and affordable, and it's the right thing to do to those who are bearing the brunt of this recession (Denniss, 2020).

Option two:

A plan for National recovery

Australia has one of the most underdeveloped manufacturing sectors of any industrial country in the world, however, in Australia's case, the fact is that we are using more manufactured goods all the time, whilst, we are actually producing a smaller and smaller share of those said goods (McIlroy, 2020). Australia ranks last in manufacturing self-sufficiency when ranked among the world's developed economies, demonstrated in a new report showing the nation uses \$565 billion worth of manufacturing output annually, but produces only \$380 billion of said products (McIlroy, 2020). Notably, growing Australia's manufacturing sector to make as much as we use, will create hundreds of thousands of high-wage, high-skill secure jobs (McIlroy, 2020).

The Morrison government believes a groundswell of consumer sentiment could help drive a return to domestic manufacturing in the post-coronavirus world, in addition, Australian Manufacturing Workers' Union national secretary Paul Bastian says boosting manufacturing jobs should be part of efforts to lower unemployment in the wake of the pandemic (McIlroy, 2020). Estimates of increasing Australia's manufacturing self-sufficiency to 100 per cent could add another \$180 billion a year in new manufacturing output, boost GDP by \$50 billion a year and add more than 650,000 direct and indirect jobs (McIlroy, 2020; Pupazzoni, 2020).

Recommended option:

For the first time in years, people on income support have been able to afford the basics, a \$300 cut p/f will mean people have less money to spend on food, energy, rent and their health needs (Butler, 2020). Making the current raise to Jobseeker, Youth Allowance, and other income support payments permanent to stay above the poverty line will specifically guide recovery for a healthy economy (Butler, 2020; ACOSS, 2020a). Advocates for manufacturing say the sector could again be a major employer, only if it is encouraged to grow, nevertheless, this would require national leadership from our decision makers by promoting innovation with research and development incentives, it's been done before with varying success (McIlroy, 2020).

Implementation Limitations:

The scheduled snapback of the JobSeeker payment after December will rip the equivalent of \$326.9 million per fortnight from the retail sector, or the equivalent of \$8.5 billion per year (Burney,2020). Social security recipients spend an estimated 58 per cent of their payments on retail goods or services, based on these spending habits, out-of-work Australians will spend \$326.9 million per fortnight from their Coronavirus supplement from September on, at grocery stores, supermarkets, convenience stores, bakeries and other local small businesses (Burney,2020).

The Prime Minister's scheduled December JobSeeker snapback is estimated to rip this \$326.9 million per fortnight specifically from the retail sector, including many local and small businesses, it also threatens the jobs and livelihoods of millions of Australians who work in these sectors (Burney,2020; Kelly, 2020). The Prime Minister could give certainty, not only to Australians receiving social security payments during this difficult period, but to the many small and medium business enterprises employing Australia's retail workers (Burney, 2020).

A major point to make at this time, is that governments can't shut down industries and then be critical at people for burning through taxpayer cash, in other words, they can't have their cake and eat it too (Burney,2020). It has been agreed that Governments in this country have resolved to work collectively in this crisis, and with it, they carry special responsibilities for their citizens (Murphy, 2020b).

Conclusion:

Unemployment benefits need to do two things: first, they need to allow people to support themselves while looking for work, and second, they should act as automatic stabilisers during recessions, so as to keep money flowing across the economy (Jericho, 2020). The government should be proud of the fact that it effectively doubled unemployment payments in late March with the coronavirus supplement, Australia Institute research shows that this one decision has lifted 425,000 Australians out of poverty, whilst contrasting with ending the coronavirus supplement, that would push 650,000 Australians into poverty, including 120,000 children (Grudnoff, 2020).

The risk of reducing this financial support too early will be the release of considerable economic shock, demonstrated by letting some Australians fall into poverty and thus increasing the rates of mental distress, so, there is doubt that cutting back on jobseeker would generate savings for the government in the long term because of this (Grudnoff, 2020; Janda

& Lasker, 2020). Parents and in particular, unemployed parents, are experiencing extremely high levels of financial stress that will have long-term consequences on them, and on their children. With the Government rethinking its distribution of payments in favour of families has the potential to have large long-term benefits especially in regards to children's developmental needs (Grudnoff, 2020; Hurst, 2020).

The writer of this submission has faith in the decision makers to develop a system that we can be proud of, whereby, we need to be clear about the national imperative. We now have an opportunity to do good, to get people to the other side of the crisis and to invest in the productive capacity of people and infrastructure, so that Australia can emerge in a position of strength, and we can finally bid this pandemic farewell (Murphy, 2020).

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