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Senate Community Affairs Legislation Committee

Inquiry into the

**Inquiry into Coronavirus Supplement and Other Legislative Amendments
(Extension of Coronavirus Supplement) Bill 2020**

Prepared by:
Frances Davies
17/11/2020

Authorisation

This submission has been authorised by the NFAW Board

Professor Helen Hodgson
Chair, Social Policy Committee,
National Foundation for Australian Women

Marie Coleman AO PSM
Advisor, Social Policy Committee

Inquiries about this submission should be directed to Helen Hodgson at nfaw@nfaw.org

Inquiry into Coronavirus Supplement and Other Legislative Amendments (Extension of Coronavirus Supplement) Bill 2020

This submission is being made by The National Foundation for Australian Women (NFAW).

NFAW is dedicated to promoting and protecting the interests of Australian women, including intellectual, cultural, political, social, economic, legal, industrial and domestic spheres, and ensuring that the aims and ideals of the women's movement and its collective wisdom are handed on to new generations of women. NFAW is a feminist organisation, independent of party politics and working in partnership with other women's organisations.

Recommendations

NFAW rejects the draft proposals and recommends that the draft Bill introduce a permanent and adequate increase for the relevant payments.

Discussion

Welfare groups argue that the introduction of the Coronavirus Supplement made an enormous contribution to decreasing poverty and economists agree that that the budget can afford a permanent increase.

NFAW reject the Government's claim that the reduction will encourage more people into work. According to the ABS, there were 1.6 Jobseeker and Youth Allowance recipients with only 206000 recorded vacancies in September. At a time of increasing unemployment, the proposed cut is likely to inhibit recovery and inflict damage on vulnerable families. A further cut to the Supplement will reduce consumer spending when unemployment is increasing and the economy needs stimulus.

We reject the Prime Minister's suggestion that the the level of spending on welfare is holding Australia back.

NFAW believes the proposal is ideological and misguided.

Women are already over-represented in reduced employment outcomes, levels of poverty and reliance on income support and its attendant effects on the Australian economy. The Coronavirus supplement and other short term supports provided by the Government lifted women and children out of poverty.

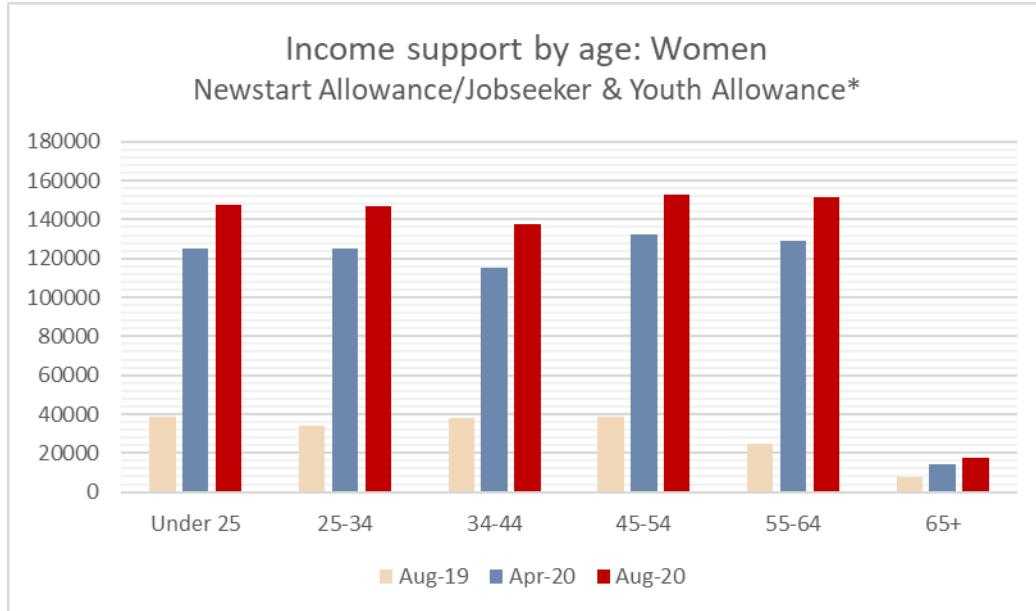
Women are more likely to live in poverty than men, with 20% of all women living in poverty compared to 17% of men ([OECD, 2019](#)). Women also spend more years living in poverty compared to men ([The Melbourne Institute, 2017](#), p.36).

Women in Australia are more likely to be reliant on income support when compared to men. According to June 2020 data, when consolidating all Centrelink payment types women make up 57% of recipients ([AIHW, 2020](#)). However, when looking specifically at the Jobseeker allowance, their numbers are 14% below those of their male counterparts.

While women are less likely than men to be on the Jobseeker (then Newstart) payment, their numbers have skyrocketed for all age groups below retirement age, effectively doubling the number of women on either Jobseeker or the Youth Allowance. Figure 1 provides a comparison of women on the Newstart Allowance and the Youth Allowance at August 2019 (pre-pandemic); and on Jobseeker and

the Youth Allowance at April 2020 (approximately one month into the pandemic response), and August 2020 (the most recent data set available). Women aged between 45-65 are the most likely to be on Jobseeker, with women aged 34-44 least likely. The numbers show a marked increase between April and August of this year for all age groups.

Figure 1: Changes in income support for women by age, pre- and post-COVID-19



* The age brackets used to report data has changed since August 2019; the numbers in this column are therefore approximate but not exact.

Single parent families, 83% of whom are female-headed, remain the family type with the greatest experience of poverty (ABS, 2019). With the transfer of thousands of single parents to the Newstart Allowance annually since 2007, poverty has risen for sole parent families from 47% to 66% between 2009 and 2014 (ACOSS and UNSW, 2020, p. 28 footnote 21). Furthermore, while child support payments are often factored into single-parent families' income calculations by Centrelink, it can also be very difficult for mothers to collect (Natalier and Edwards, 2019). While adequate child support payments that are received on time can alleviate poverty (Skinner, Cook and Sinclair, 2017) and assist single mothers to return to the workforce (Fisher, 2017), Australia's system places the onus on women to collect payments from non-compliant former partners, which means it is commonplace to have late or missed payments (Goodall & Cook, 2019).

And yet mothers are highly motivated to do all they can to create an economically secure future for themselves and their children. The Department of Social Services reports that women who are reliant on Newstart are much more likely to have earned income compared to men – 21% compared to 12.5%. Of this group, women are much more likely to be earning 'significant' income (\$254+ per fortnight); 16.2% of women compared to 9% of men (Department of Social Services, 2019).

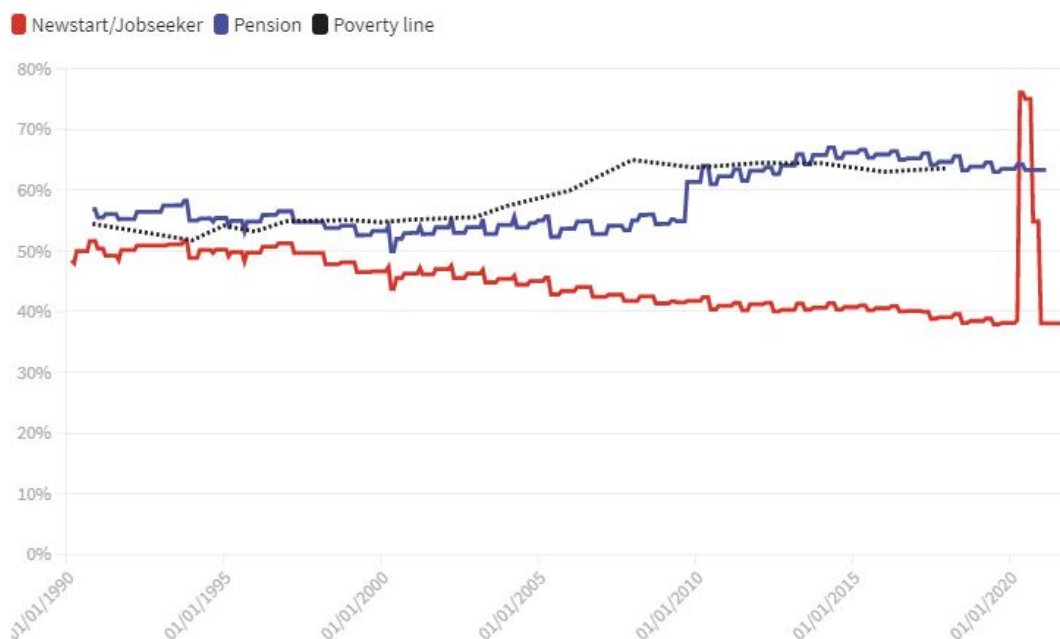
In March 2020, the Government provided a \$550 per fortnight supplement to recipients of the Jobseeker Payment, Parenting Payment, Youth Allowance, Farm Household Allowance, Special Benefit, Partner Allowance, Widow Allowance and student payments. This was reduced by 50% on 25 September, and this draft Bill proposes a further reduction of \$100 on 31 December 2020 if this Bill is passed. Fifteen per cent of women reported receiving the supplement compared to 11% of men in a recent ABS household survey (ABS, 2020).

Analyses conducted by ANU researchers ([Phillips, Gray & Biddle, 2020](#)) demonstrate the impact that these changes have had on poverty in Australia. Despite the current economic downturn, poverty rates in Australia have decreased by 33% due to the COVID-19 supplement, while without the supplements poverty was projected to double. For those already on either Newstart/Jobseeker or the Youth Allowance, the poverty rate has dropped a dramatic 90% when compared to pre-pandemic rates to June data. Without the supplement, poverty for this group would have risen. Projections are that the September and December reductions will see a commensurate rise in poverty rates for people on these payments.

Figure 2 below shows the poverty line (dotted black line), and the dramatic but short-term change in poverty rates for those receiving the supplement on Jobseeker ([Bradbury and Whiteford, 2020](#)). Note also that the Pension rate (blue line) is keeping just at or slightly below the poverty line.

Figure 2: Income support payments in relation to the poverty line

Newstart/Jobseeker, pension and poverty line as a percentage of minimum wage, 1990-2021.



Source: Author's calculations, [minimum wage data from fwc.gov.au](#), [Bray \(2013\)](#). Unemployment payment and pension for single adult. Shown relative to net income when receiving minimum wage, with tax and medicare levy deducted and super contributions added. Rental assistance not included. Poverty line is half of median equivalised household income for non self-employed. Future payments are estimates.

Temporary payment increases have had a dramatic impact on many vulnerable populations. Single mothers reported that these changes, while in effect, reduced their anxiety as their financial security increased and allowed them to pay household bills; increased their health and nutrition as they could afford proper food purchases; and even improved sleep due to the reduction in money stress; many also reported being able to have critical dental work done ([Edwards, 2020](#)).

The proposed reduction in December will be even more harsh during a recession, when the competition for jobs is even greater, thus condemning the most disadvantaged to crushing poverty and lessening the impact their spending would have on stimulating the economy ([Deloitte, 2020](#)). NFAW is pleased the treasurer has flagged the government's willingness to look at what a permanent change to the level of payments.

Over 90% of parenting payment recipients are women. Until this year, numbers on the payments were declining. COVID has caused a sharp increase in the number of women accessing the payment. According to this year's Budget papers, there appears to be a likely increase of over 900,000 recipients in 2019-20.

These are women among the poorest in Australia. The Poverty in Australia 2020 report part 2 (UNSW and ACOSS, 2020), shows that sole parent families have the highest poverty rate of all household types, at 35%. The planned reduction of the Coronavirus Supplement in December appears unjustified.

NFAW rejects the draft proposals and recommends that the draft Bill introduce a permanent and adequate increase for the relevant payments.