

Raise the Rate for Good FAQ (January 2021)

Q: What is JobSeeker Payment?

JobSeeker Payment is the main income support payment for people looking for employment. JobSeeker was previously known as the Newstart Allowance.

Q: How many people receive JobSeeker Payment?

In December 2020, there were 1.5 million people on the JobSeeker Payment or Youth Allowance (unemployed). That's almost twice the number before the pandemic.

Of these people, 36% are over 44 years, 24% have a disability, and 40% have had to rely on income support for over 12 months.

Q: Was the JobSeeker Payment enough to keep people out of poverty before it was increased in the pandemic?

In March 2020, Jobseeker Payment was just \$287 per week, or \$40 a day (including the Energy Supplement). This was \$185 per week less than the single pension rate. The Youth Allowance for a person up to 24 years old living independently of family was even lower, at \$223 a week.

At that time, JobSeeker, Youth Allowance, Austudy, Abstudy and the Parenting Payment had not seen a real increase in 26 years. This means that people receiving these payments were living well below the poverty line, unable to cover basic living costs such as rent, fresh food or medicine.

Before COVID-19 there were more than 3 million people living in poverty. Among people in households where the main income earner received Newstart Allowance, 57% were below the poverty line. In contrast, 15% of people in households relying on the Age Pension were below the poverty line. Unlike Newstart/Jobseeker payments, pensions were increased by over \$30 a week in 2009 and indexed to wage movements as well as prices. This reduced poverty among older people.ⁱ

To live on the base rate of JobSeeker, a single Australian worker on the average fulltime wage needs to cut what they spend on:

Housing from \$340 to \$169 per week;

Food from \$194 to \$59 per week;

- Utilities from \$48 to \$25 per week; and
- Transport from \$157 to \$46.ⁱⁱ

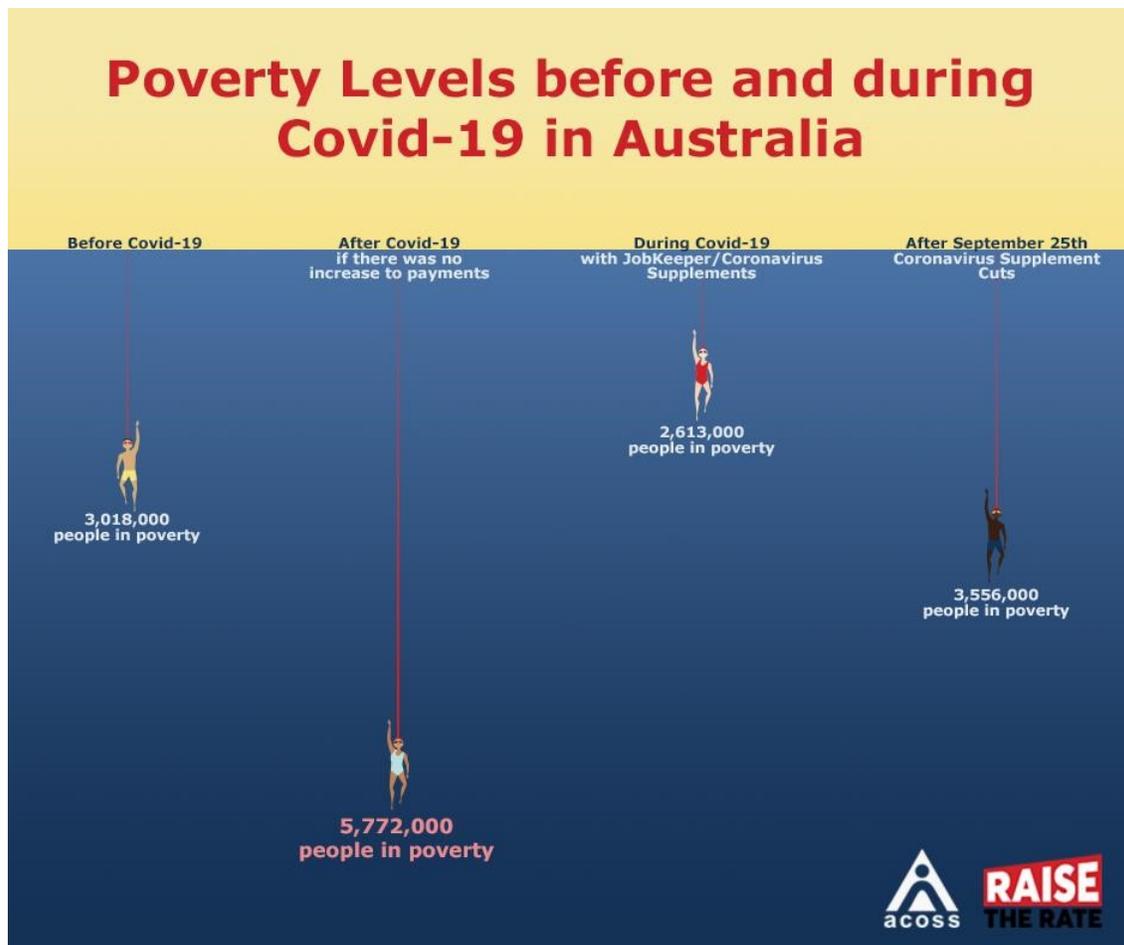
This means moving into a share house regardless of your age, cutting back on fresh food and vegetables, not properly heating your home and not running a car. Even with these cuts, on the base rate of JobSeeker you would end up almost \$20 short each week.

Q: What was the effect of the Government's Coronavirus Supplement?

In the Federal Government's COVID-19 response, it recognised that Jobseeker and related payments were far too low. In March 2020 they were almost doubled by a \$275 a week *Coronavirus Supplement*. This (and the JobKeeper wage subsidy) rescued hundreds of thousands of people from poverty overnight.

The number of people in poverty fell from 3.0 million to 2.6 million. Without the Coronavirus Supplement and Jobkeeper Payment, job losses and pay cuts would have increased the number of people in poverty to 5.8 million.ⁱⁱⁱ [Many people told us](#) they could finally feed themselves properly, and no longer lived in fear of being unable to pay their rent.

On 25 September 2020, the Supplement was slashed by more than half, reduced by \$150 a week to \$125 a week. Following that cut, the number of people living in poverty increased to 3.6 million.



How much do people on Jobseeker payment receive now?

On 1 January 2021, the Supplement was cut again to \$75 a week. At the time of writing, Jobseeker Payment plus the Supplement added up to \$362 a week or around \$50 a day.

The Supplement is only legislated to continue until 31 March. Without an increase to the base rates of Jobseeker, Youth Allowance and related payments, they will return to the old rate of \$40 a day.

If \$40 a day wasn't enough to live on in 2020, it's still not enough to live in 2021. Jobseeker Payment and Coronavirus Supplement from March 2020 to April 2021

	Jobseeker with \$275 Supplement (March 2020)	Jobseeker with \$125 Supplement (September 2020)	Jobseeker with \$75 Supplement (January 2021)	Jobseeker without Supplement (April 2021)	Youth Allowance without Supplement (April 2021)
Income support (\$pw)	\$562	\$412	\$362	\$287	\$223
As a % of pension	119%	87%	77%	61%	47%
As a % of minimum wage	74%	54%	48%	38%	30%

Q: Can't people just get a job?

Although most of the jobs lost in the pandemic have been restored, most of the *new* jobs are part-time. As at December 2020, only two-thirds of fulltime jobs lost were replaced. Meanwhile, the labour force is growing and over 200,000 young people have finished school, so we need continued strong growth in employment in order to reduce unemployment.

In December, the unemployment rate was 6.6%, still well above the pre-COVID level. There were nine people unemployed or seeking more paid hours for every job vacancy.

In the latest employer survey by the National Skills Commission, just 5% of all employers reported that they were recruiting *and* did not have enough applicants to fill a vacancy.

While there are pockets of labour shortages in some areas and industries, most people can't simply abandon their homes (especially if they're renting) and family supports to move to those places.

Most employers want experienced or qualified workers, and not everyone can work in the entry-level jobs that are more likely to be available. For example, many older people and people with disabilities would not be able to earn a living picking fruit.

Q: What is ACOSS calling for?

ACOSS is advocating for a **permanent and adequate** increase to JobSeeker, Youth Allowance, Austudy, Abstudy and the Parenting Payment.

JobSeeker and other payments should increase by between \$185pw (to the pension rate) and \$275pw.

There should be supplementary payments paid to people that reflect need, including an increase to Commonwealth Rent Assistance of 50%.

For more information, [see ACOSS's briefing note on next steps for income support](#).

Q: People receiving JobSeeker and other income support payments already receive supplementary payments, so why should we increase payments?

The only supplementary payment that everyone on JobSeeker Payment receives is the Energy Supplement of \$4.40pw. Even with this payment, JobSeeker before the Coronavirus Supplement was just \$40 a day.

The second most common payment is Commonwealth Rent Assistance, which is a payment available to people receiving income support who live private rental or community housing. Before the pandemic, just 40% of single people receiving JobSeeker received Commonwealth Rent Assistance. The maximum rate of this payment is \$70pw for a single person. However, to receive this, you must pay more than twice that amount (\$150pw) in rent.

Parents may receive Family Tax Benefit if they have dependent children. Prior to COVID-19, just 20% of people receiving JobSeeker Payment received Family Tax Benefit, which is to assist with the cost of raising children.

Q: Won't increasing the rate of JobSeeker act as a disincentive to find a job?

Ensuring income support payments are adequate to cover the basics will not act as a disincentive to employment.

Jobseeker is much lower than the minimum wage

At present, even with the \$75pw Coronavirus Supplement, JobSeeker Payment is just 48% of the minimum wage.

If JobSeeker was permanently lifted by \$185pw, it would be less than two thirds of the minimum wage. This means that people will still be better off financially in *fulltime paid work*.

With the \$75pw Supplement, people on JobSeeker working *part-time* at the minimum wage are also better off for every day of the week they work, because the payment tops up their earnings:

- 1 day of work - \$100pw better off
- 2 days of work - \$159pw better off
- 3 days of work – \$203pw better off
- 4 days of work - \$274pw better off
- 5 days of work - \$395pw better off.^{iv}

The inadequate rate of JobSeeker Payment acts as a barrier to getting paid work

The low rate of income support is a barrier to paid work, because it negatively affects people's mental and physical health as a result of constant financial stress. Because the rate of JobSeeker Payment prior to COVID-19 was so little at \$40 a day, people were unable to pay rent, bills, or cover the cost of medicine, fresh food, or school supplies for their kids. Buying petrol or fixing the car was a struggle, as was buying suitable clothing for a job interview or even getting a haircut.

An adequate rate of JobSeeker and other income support will help people cover the basics while they reskill or search for paid work.

Q: Is JobSeeker the same as JobKeeper?

No – JobSeeker is the primary income support payment for people seeking paid work. JobKeeper is a wage subsidy introduced by the Federal Government in response to COVID-19. It is paid at a much higher rate.

Q: What do you advocate for pensioners?

While the Raise the Rate For Good Campaign is focused on increasing base rates of JobSeeker, Youth Allowance, Austudy, Abstudy, and the Parenting Payment, the supplementary payments ACOSS is also calling for would extend to pensioners as well, including higher rates of Commonwealth Rent Assistance, and a Disability and Illness Supplement of at least \$50pw.

Q: What is indexation?

Indexation is a technique used by the Federal Government to adjust the level of income support payments so that they increase in line with inflation (the general level of prices for goods and services), and for pension payments, average wage increases as well. JobSeeker and related payments are indexed twice per year, but only in line with the Consumer Price Index.

When you say, 'JobSeeker has not increased in real terms' what does this mean?

A 'real increase' is an increase over and above inflation. As mentioned, JobSeeker and related payments have been increasing over time to reflect changes in inflation (by way of the Consumer Price Index). The last time (before COVID) JobSeeker Payment was increased in real terms was in 1994, when it rose by \$2.95pw above inflation.

Why does this matter for the rate of JobSeeker and other payments?

There are a couple of problems with increasing payments in line with inflation only. The first is that CPI reflects the average price of an average 'basket of goods'. We know that people on low incomes have very different spending patterns to people on higher incomes, and so CPI does not necessarily reflect the average basket of goods bought by someone on JobSeeker, as it would someone on a wage of \$80,000 (for example).

The second reason why CPI on its own is not a great way to ensure income support payments cover living costs over time is that it does not measure community living standards. For example, in 1994, not everyone would have had a mobile phone, but these days, they are almost essential. Adjusting incomes in line with price changes does not reflect changes to the norm. This is why ACOSS is calling for payments to be indexed in line with wages as well as prices to ensure that incomes maintain pace with community living standards over time. Pensions, for example, are benchmarked to wage growth as well as price increases.

ⁱ ACOSS and UNSW Sydney (2020), [Poverty in Australia, who is affected?](#) ⁱⁱ Source: Equity Economics. Average costs for someone earning AWOTE from ABS Household Expenditure Survey 2015-16 and indexed by Group CPI. ⁱⁱⁱ Centre for Social Research and Methods (2020), [COVID-19 JobKeeper and JobSeeker impacts on poverty and housing stress](#). ANU Canberra. ^{iv} Source: Equity Economics. Increase in income compared to maximum rate of income support with no earnings, for a single adult. The stricter pre-COVID income test is applied.