Top economists have long called for a permanent increase to the JobSeeker payment

December 2020

Cutting income support back to the old, inadequate Newstart level presents both a social and economic crisis. Top economists agree on the need for a permanent, adequate increase.

**Dr Brendan Rynne, Chief Economist, KPMG Australia:**

“We, and others such as the BCA, argued – and continue to do so – that the low level of this payment was actually forming a barrier to employment, as it was insufficient to allow unemployed people to actively conduct a job search. So it was actually worsening the deficit in the long-run.

The key here is that Newstart recipients are amongst the poorest people in society – so they spend, rather than save, almost all they receive. So while payments higher up the scale have more debatable value in terms of economic stimulus, there is no question that this policy will act as an effective fiscal stimulus by boosting the consumption side of the economy.

The fact is that Newstart hasn’t increased in real terms since 1994.” (19 July 2019)

**Reserve Bank Governor Philip Lowe at a Parliamentary Inquiry:**

"I would join that consensus (on a permanent increase to JobSeeker)." (14 August 2020)

**Deloitte Access Economics Director Chris Richardson:**

“I would like to see extra money being pumped into the Australian economy and especially to those who need it most and are most likely to spend it," he said. "It is very important to provide an ongoing increase in the unemployment benefit and that should come sooner rather than later.” (10 November 2020).

**Alan Kohler:**

“The best way to stimulate the economy would be to increase the Newstart allowance because it would be quickly spent, in full.” (28 October 2019)

**Domain Economist Trent Wiltshire:**

“Boosting things like Newstart and rental assistance would give money to people who have a high propensity to spend would be smart. More likely, however, the government will probably consider tax cuts, but that’s going to be less effective than putting money in the hands of those who will spend it.” (March 2020)

**Equity Economics Economist Angela Jackson:**

“The current rate of Newstart, including top ups for renters, doesn't cover the median rent on a one-bedroom apartment in any capital city in Australia, not one of them. Incredibly, members of Parliament receive more money to stay one night in Canberra than a person on Newstart receives for a whole week. People on Newstart have to cover their housing, food and other costs for as little as $38 a day.” (10 September 10, 2019)

**Other economists and academics that have publicly supported a permanent increase to the JobSeeker payment (previously called Newstart) include:**

[Nicki Hutley, Deloitte Access Economics](https://www.abc.net.au/radio/newsradio/report:-jobseeker-cuts-would-cost-$31bn/12664362)

[Dr Shane Oliver, AMP Chief Economist](https://www.ampcapital.com/au/en/insights-hub/articles/2020/January/bushfires-and-the-australian-economy)

[Alan Oster, NAB Chief Economist](https://www.propertyobserver.com.au/financing/interest-rates/106462-nab-pushes-next-rate-cut-out-to-february-2020.html)

Danielle Wood and Brendan Coates, Grattan Institute

[Melinda Cilento, CEDA](https://www.ceda.com.au/Digital-hub/Blogs/CEDA-Blog/September-2018/We-need-to-stop-punishing-the-unemployed)

Professor Jeff Borland University of Melbourne

Dr [Adam Triggs, ANU](https://insidestory.org.au/the-economic-case-for-increasing-newstart/)

**The below economists all called for a permanent increase to JobSeeker as part of The Conversation-Economic Society of Australia pre-budget survey:**

Matthew Butlin

Saul Eslake

Lisa Cameron

Fabrizio Carmignani

Lin Crase

Kevin Davis

Janine Dixon

Allan Fels

John Freebairn

Lata Gangadharan

Craig Emerson

John Hewson

Emily Lancsar

Guay Lim

Warwick McKibbin

Flavio Menezes

Margaret Nowak

John Quiggin

Sue Richardson

Rana Roy

Helen Silver

Danielle Wood

Garry Barrett

Harry Bloch