



Locked out in lockdown

A report about people with the least trying to survive in lockdown

22 July 2021



The Federal Government has locked out people with the least

There are about 14 million people in Australia in lockdown again, living in Greater Sydney, Victoria and South Australia.

About 940,000 people locked down receive social security such as JobSeeker, Youth Allowance or other working-age payments.

People on these payments were trying to get employment. In lockdown, they have little chance. Many people receiving these payments lost their casual or part-time jobs overnight.

The people in lockdown on the lowest incomes are students, older women, single parents, older workers, people with a disability, and people without any income support at all who have been hit hardest by this pandemic.

However, the Federal Government's **Covid Disaster Payment currently excludes anyone receiving social security**. They have locked out people with the least.

Social security payments are not enough. If a person loses all their paid work, whilst on social security, they are left to survive on those payments alone, which is \$315pw for JobSeeker (\$44/day) or \$256pw (\$36/day) if they receive Youth Allowance. If they are in private rental, they may also get Rent Assistance of up to \$70 per week.

We now have a two-class income support response, with some who lost paid work because of lockdowns getting a \$600pw Covid Disaster Payment because they were not getting any social security before the lockdown, and others getting half as much at \$315 per week.

This is a public health issue. **People cannot stay home in lockdown if they lose their home** because they cannot afford it.

Income support must be fixed so it is adequate for all.

This report sets out the stories of people living in lockdown in Greater Sydney who are **ineligible** for the government's **COVID Disaster Payments** of up to \$600 a week because they have been receiving some amount of social security topping up their insecure, low-paid work.

ACOSS invited people to tell us their story over one week starting 14 July.

Of the 88 people living in lockdown in Greater Sydney who have responded so far, 100% said they are struggling with the cost of living. More than half had lost paid work because of the lockdown, and 49% said they are at risk of losing their homes.

Of the 88 survey respondents in Greater Sydney:



All **88 people** are struggling with **living costs**



47 lost **paid work** because of the **lockdown**



41 feel **less safe**



43 are at risk of **homelessness**

We thank everyone who has shared their stories.

With now over half the nation in lockdown, this report underscores why the Federal Government must immediately act to close the huge gap in our safety net for people doing it tough in this pandemic: first by **extending Covid Disaster Payments to people receiving income support**, and then **lifting income support so that it is above the poverty line**.

“Every fortnight I have to decide whether to use the \$40 I have left after rent and bills to buy my prescription medication or food. My landlord hasn't raised my rent since the start of the pandemic, but that's not fair on him and his family. Even with that kindness, I still lose 85% of my jobseeker allowance in rent. How is that sustainable?!”

Lauren

JobSeeker and Youth Allowance are not enough

The rates of JobSeeker, Youth Allowance and related income support are well below the poverty line. The poverty line is \$460pw¹, which is 50% of median income in Australia.² JobSeeker is just \$315pw (including the Energy Supplement) and Youth Allowance is even less at \$256pw. These payments are 42% and 34% of the minimum wage, respectively.

The median rent for a unit in Greater Sydney is \$495pw.³ Even with the maximum rate of Rent Assistance (\$70pw), the income of a single person on JobSeeker would not even come close to covering this kind of rent, with their income being \$385pw. **It should be noted that Rent Assistance has not increased above inflation in over 20 years.**

Almost one in two people who responded to our survey said that they are at risk of homelessness because they cannot afford their housing. While the moratorium on evictions in Greater Sydney is welcome, it does not resolve the problem facing people on the lowest incomes: they cannot afford their rents or afford to fall into arrears. Quite simply, their incomes are totally inadequate to cover basic costs, let alone pay back debt.

“Rent will be 2 weeks in arrears end of this week.”

David

¹ ACOSS (2020) 'Poverty in Australia' <http://povertyandinequality.acoss.org.au/poverty/>

² The benchmark of 50% of median income is used by the OECD and ACOSS to measure poverty.

³ Tenants Union of NSW (2021) 'Rent Tracker' <https://www.tenants.org.au/tu/rent-tracker>

Many people on income support lost paid work because of the lockdown

One in two people surveyed had lost paid work as a result of the lockdown. Others indicated that despite their best efforts, they had struggled to get paid work before the lockdowns took effect.

Nationally, **as of March this year, one in three women and one in five men receiving income support were in paid work**, supplementing their income support payments.⁴

Typically, single parents and students have some casual or part-time work that helps them make ends meet, but they qualify for income support because their earnings are low. For example, someone receiving JobSeeker Payment can earn up to \$600pw and still get a small amount of JobSeeker Payment.

Where people earn more than this, and their JobSeeker Payment cuts out entirely, they receive a nil rate of JobSeeker Payment for 13 weeks before they are removed from the payment.

This demonstrates how JobSeeker and other income support payments act as a safety net for people who are in low-paid work or underemployed. However, **when people are unable to supplement their income support payments with earnings, they struggle to make ends meet because income support on its own is totally inadequate.**

“I was working in hospitality as a casual 20 hours a week. The bar has closed so no work for me. Because I was underemployed, I was still receiving a small amount of JobSeeker. As such I am not entitled to any (Covid Disaster Payment) assistance. Even if I was entitled to assistance, it would not replace the amount of income I have lost. I realise a lot of people have lost a lot more income than I have but we really have nothing to fall back on.

Angela

Students are particularly disadvantaged

Youth Allowance, Austudy and Abstudy are the lowest income support payments in our social security system. **They are just \$256pw** for someone who is not living with their parents (living independently).

⁴ Department of Social Services (2021) *March Payment Demographic Data*
<https://data.gov.au/data/dataset/dss-payment-demographic-data>

Around 40% of students reported earnings back in March this year. Many students do paid work as well as study because Youth Allowance is not enough to cover living costs on its own.

"After \$280 rent I have about \$40 a week to survive. This barely covers the cost of groceries. On top of that I have medical bills, phone bills, utility bills, car payments and so on. I also resume uni classes soon and will need textbooks, stationary supplies etc., and the costs of transport/parking. This is simply impossible on Youth Allowance alone.

Jade (lost hospitality work because of the lockdown)

People don't feel safe

ACOSS asked people if they are feeling less safe in a lockdown environment. **46% reported that they feel less safe**, with many citing anxiety and other mental health issues that are exacerbated by the lockdown. Others said they feel stressed because of financial insecurity. Some said that they are immunocompromised, and are concerned about the pandemic and getting sick. The inability to see friends and family who live elsewhere also weighed heavily on people.

Lockdowns are clearly a crucial part of protecting people's health in this pandemic, particularly with low rates of vaccination. This is why it is so important for government to step in and support people who lose paid work or do not have enough money to cover basic expenses so that they can afford what they need to stay safe, including keeping their home.

Everyone should have enough income support to cover basic costs, regardless of when they lost their job, or the reason for them getting income support in the first place.

"I can't leave my house, so I've been trying to use home delivery options as much as possible but it's much more expensive this way. My mental health has taken a really big hit, I can't bring myself to get out of bed anymore most days. Therapists are all booked out, so I'm left to handle this as well as I can on my own."

Freya

"I can't afford healthy food. I can't afford a new winter coat or new warm winter pyjamas. I can't afford to run my heater every evening. I wear a jumper to bed and I have three extra blankets on my bed so that I'm warm when I sleep. I go years between new pairs of glasses because I simply can't afford them."

Aeryn

"Rent has increased, food prices are astronomical, I can't afford the online delivery fees."

Adele

What the Federal Government must do

To close the glaring gap in support for people on the lowest incomes, ACOSS urges the Federal Government to do the following:

1. Immediately **extend Covid Disaster Payments** to lift incomes for all people without paid work to at least \$600 per week, including those in receipt of social security and those without any other income source at all.
2. Reintroduce a targeted **JobKeeper Payment** for industries particularly affected by lockdowns.
3. As soon as Parliament resumes in August, pass legislation **lifting working-age income support payments** (JobSeeker, Youth Allowance, parenting payments and related income support) to above the poverty line (at least \$475pw for the single rate). See further below for increases to supplements needed for specific groups.
4. All income support payments **must be indexed twice per year in line with wage growth** as well as prices.
5. Extend income support to all affected by inadequate paid work, including people on temporary visas.
6. **Increase Commonwealth Rent Assistance** by 50%.
7. **Provide supplementary payments** for people with disability or illness, and single parents, recognising the additional costs they face.