



# Locked out in lockdown: September Update

17 September 2021



# People with the least continue to be locked out of financial support

As Sydney enters its 12<sup>th</sup> week of lockdown, and with other major population centres locked down including the ACT, Melbourne and parts of regional NSW and Victoria, people on the lowest incomes are reaching breaking point. People receiving income support payments like JobSeeker, Youth Allowance and Parenting Payment continue to be excluded from COVID Disaster Payments if they haven't lost paid work (or didn't have paid work to lose) as a result of the lockdowns. Most receive JobSeeker Payment, which is just \$44 a day, and are trapped in poverty because they cannot get paid work.

The vast majority of people on the lowest incomes remain ineligible for the Federal Government's \$200pw disaster payment for people receiving income support who have lost paid work because of the lockdowns. There are almost one million people locked down receiving unemployment and other income support payments. Yet, as of 12 September, just 152,000 people receiving income support payments had been granted the \$200pw COVID Disaster Payment.<sup>1</sup> This represents approximately 16% of people receiving working-age payments in locked down areas (as at the start of September).<sup>2</sup>

In other words, **approximately 800,000 people (84%) on the lowest incomes do not qualify for any disaster support at all, despite being unable to get paid work because of the lockdowns.** Furthermore, in contrast to last year where the Coronavirus Supplement mostly benefitted women, the COVID Disaster Payments are mostly benefitting men.<sup>3</sup> This is despite women being overrepresented among people on the lowest incomes.

This report shows how the exclusion of people on the lowest incomes from disaster support is pushing people to the brink. It documents the experiences of 213 people who responded to the survey between 3 August and 14 September 2021 in NSW, Victoria and the ACT and other parts of Australia that have experienced a lockdown in recent months. The results have been restricted to people receiving an income support payment like JobSeeker, Youth Allowance

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<sup>1</sup> Australian Government (2021) Operation Covid Shield Vaccination Rollout Update, 12 September, <https://www.health.gov.au/sites/default/files/documents/2021/09/covid-19-vaccine-rollout-update-12-september-2021.pdf> p.17

<sup>2</sup> Department of Social Services (2021) DSS Demographics June 21, <https://data.gov.au/data/dataset/dss-payment-demographic-data/resource/0a6df0ff-03a3-451e-a4b2-e0224e647379>

<sup>3</sup> Matt Wade and Nigel Gladstone (2021) 'NSW disaster payment recipients top 1 million as men are getting the lion's share' SMH 12 September, <https://www.smh.com.au/business/the-economy/nsw-disaster-payment-recipients-top-1-million-and-men-are-getting-the-lion-s-share-20210912-p58qzf.html>

and Parenting Payment. This report follows on from the Locked out in lockdown report ACOSS released in July from a first round of survey results.<sup>4</sup>

## **“After rent and bills, I can't afford to eat.” Man receiving JobSeeker in Victoria**

# **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. 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 the pension rate, which is just above the poverty line (at least \$475pw for the single rate). See further below for increases to supplements needed for specific groups.
3. **Index all income support payments** twice per year in line with wage growth as well as prices.
4. Extend income support to **all affected by inadequate paid work, including people on temporary visas**.
5. **Increase Commonwealth Rent Assistance** by 50%.
6. **Provide supplementary payments** for people with disability or illness, and single parents, recognising the additional costs they face.
7. **Invest in social housing** to address the critical shortfall of supply.

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<sup>4</sup> ACOSS (2021) Locked out in lockdown: a report about people with the least trying to survive in lockdown, 22 July, [https://www.acoss.org.au/wp-content/uploads/2021/07/locked-out-in-lockdown-report\\_final-1.pdf](https://www.acoss.org.au/wp-content/uploads/2021/07/locked-out-in-lockdown-report_final-1.pdf)

# Key findings

People surveyed told us:



**96% are struggling with **living costs****



**85% are **ineligible** for the **COVID disaster payments****



**41.5% are at risk of **homelessness****



**40% feel **less safe****

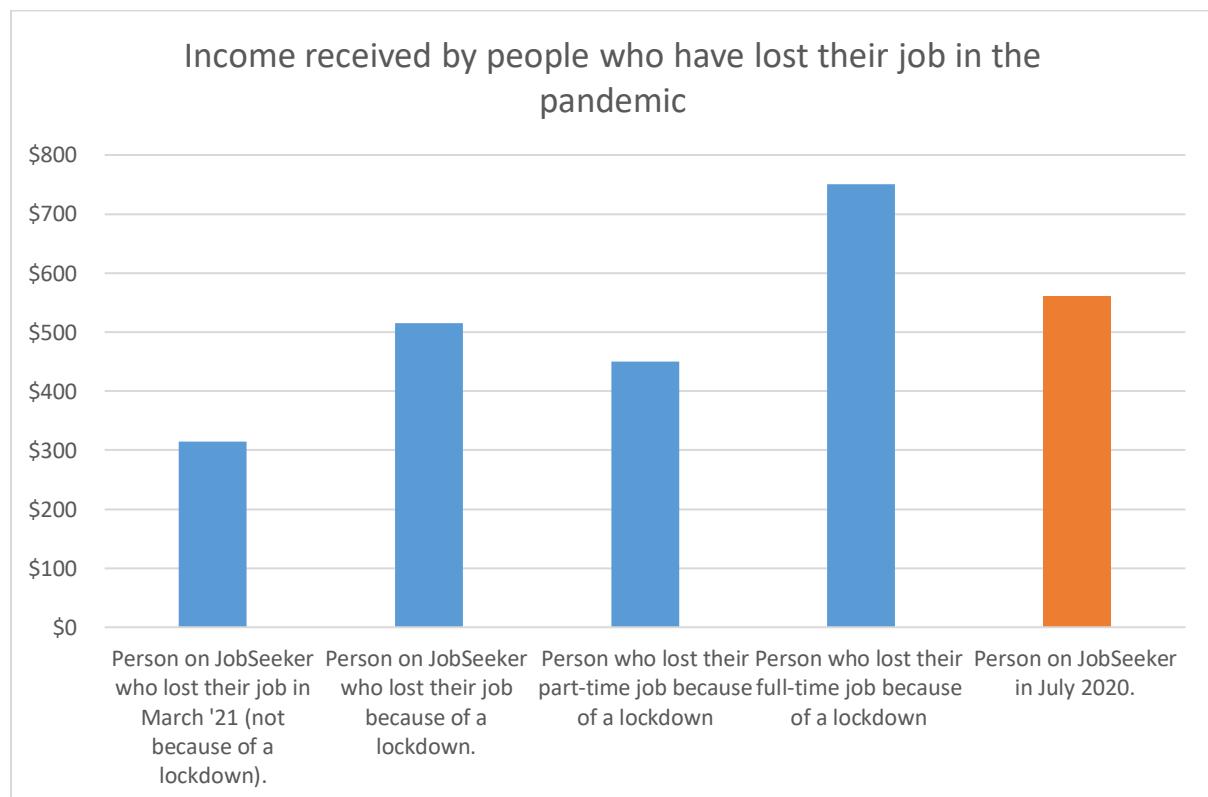
# Same situation, very different incomes

This survey found that the vast majority of people on income support do not receive the COVID Disaster Payments. In line with the national statistics, 85% of survey respondents said they did not qualify for the disaster payments, with only 10% saying they received the extra support. The remaining five per cent did not respond.

Last year, the \$275pw Coronavirus Supplement was paid to everyone receiving working-age (non-pension) income support payments, regardless of whether they lost paid work or not.

Back then, there was a sense that we were all in this together. Now, despite the pandemic worsening in many parts of Australia, people on the lowest incomes have been left on their own. As shown in Figure 1, when you lost your job results in entitlement to very different levels of income, with someone who entered lockdown without paid work treated very differently to someone who lost paid work, despite both not having employment income.

**Figure 1. Same situation, very different incomes: unemployment payments during the pandemic**



Note: Income levels as at 12 September 2021, except the 2020 rate showing the level of JobSeeker and the Coronavirus Supplement.

As one respondent shows, even people under the same roof are treated very differently:

"The covid disaster payment only being available to a select group of people on income support at such a delayed point of the outbreak was a demoralising and cruel decision. The \$200 top up payment now only being available to me and not my partner, for example, is shocking to me - we are in similar positions and equally required to meet certain costs such as rent and bills, and there is no reason for us to be divided in categories of "deserving" and "undeserving". Everyone, regardless of their employment status or the nature of their employment, deserves financial assistance during the lockdown period." Person in NSW

## Women in particular are falling behind

More men receive the COVID Disaster Payments than women, with about 19% of men across Greater Sydney receiving the payment compared with 12% of women. Men make up almost two thirds of the Disaster Payment recipients.<sup>5</sup>

Women continue to be overrepresented among people receiving income support payments, yet are receiving the least support from COVID Disaster Payments.

This is particularly hurting single parents and women with illness or disability who are either unable to engage in paid work, or struggle to get paid work at the best of times, let alone during a pandemic.

This is in contrast to what happened last year with the \$275pw Coronavirus Supplement. A far greater proportion of recipients were women because they comprised the majority of people receiving working-age income support payments.

We heard from many women about the challenges they are facing to afford the essentials:

**“Rising electricity costs, internet, groceries - I couldn't afford delivery if I were to go into quarantine. My youngest turns 8 in 5 weeks and I am terrified to be put on JobSeeker.” Single mother in NSW**

**“Am basically homeless staying with a friend. I cannot afford rent, which starts at \$290 p week.” Woman in Victoria.**

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<sup>5</sup> Wade & Gladstone, Ibid.

# Almost everyone is struggling with the increasing cost of living

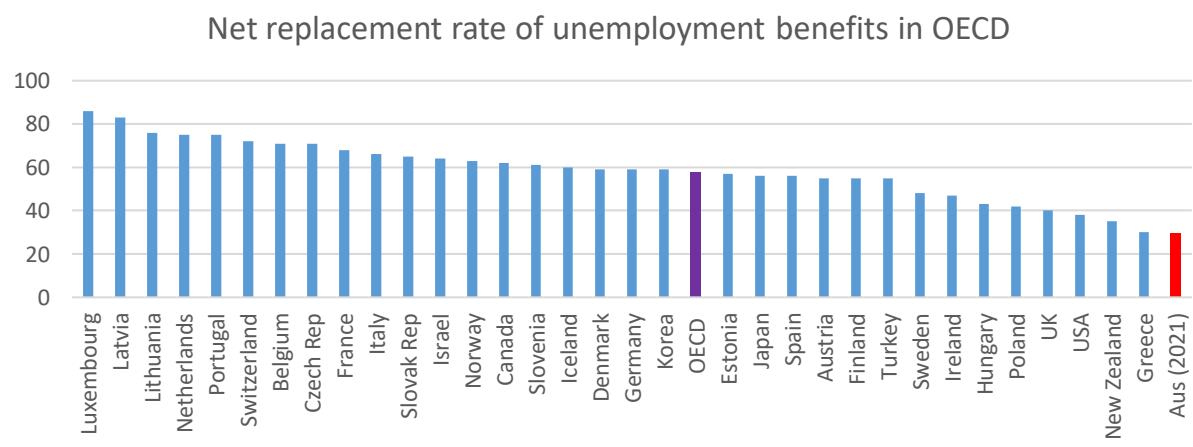
Almost everyone (96%) of respondents said they were struggling with the cost of living. Rent, food, utilities and health care featured strongly as key essentials respondents said they were struggling to afford.

Despite rhetoric about people saving money during the lockdowns, this is not the experience of people on the lowest incomes; many respondents cited difficulty covering the extra costs associated with staying home, including the high cost of extra electricity.

**“Electricity bill because I am always home. The cost of having groceries delivered (on top of the price of groceries), or having to pay for a taxi to go and get them because I am afraid to take public transport. The costs associated with having to shop online for everything else I need to keep my household going (shipping).” Woman in NSW**

Although the rates of JobSeeker and related income support payments were increased by \$25 per week in April 2021, this still leaves the payment about \$160pw below the poverty line, and well below unemployment payments in comparable countries. This is why the Organisation of Economic Development and Cooperation (OECD) recommended that the Australian Government further lift these payments, as well as index them to wage growth so that they maintain pace with community living standards.<sup>6</sup>

**Figure 2. Replacement rates for unemployment payments across the OECD, latest year available**



<sup>6</sup> OECD (2021) OECD Economic Surveys AUSTRALIA Executive Summary September 2021

The negative consequences of inadequate income support cannot be overstated. As one respondent to the survey shows, lack of income has serious effects for their health and wellbeing:

**"I am 37 kilos and suffering from malnutrition, I couldn't work a full 8-hour day if I tried even if there was work out there, the stress of not having enough money to live comfortably also impacts my health, raising the rate to a decent living wage would ensure I could be job ready far sooner if I could afford to eat as well as live rather than barely existing." Person in Victoria**

**ACOSS urges the Federal Government to immediately extend disaster support to all on income support who are locked down, as well as pass legislation to lift base rates of payment to above the poverty line so that our income support system ensure people can cover the basics.**

# Risk of homelessness is high

Just under half of respondents (41.5%) said that they were at risk of homelessness because of the high cost of housing. Respondents stated that their rent comprised most of their income, with some saying that their rent exceeded their total income support payments. Some people reported already being homeless, couch-surfing at a friend's house or moving back with parents despite being parents themselves.

## **Other housing issues include:**

- Receiving rent increases in the last two months
- Receiving multiple eviction notices for rental arrears despite eviction moratoriums
- Moving into a caravan because it was cheaper
- Unable to rent out spare rooms because of the lockdowns and not feeling safe
- Unable to pay the mortgage

With the maximum rate of Rent Assistance at just \$70 a week for a single person, people on income support who are renting cannot afford average rents. Median rents for a unit across Greater Sydney as at March 2021 ranged between \$340pw in the South West to \$540pw in the city.<sup>7</sup> JobSeeker plus Rent Assistance is just \$385pw for a single person.

**ACOSS urges the Federal Government to increase Commonwealth Rent Assistance by at least 50% to better support people to afford private rentals, and to invest in social housing to address the critical shortfall of supply.**

**"Rent takes up about 50% of my payment including rent assistance, I am eating once a day because that's all I can afford. I always run out of money before the fortnight is up so I can't save even a single cent. Jobseeker is far too low to live on and although they say it isn't meant to be lived on long term, the reality is that for many of us it is a long-term thing." Man in NSW**

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<sup>7</sup> Domain Rent Report (2021) March quarter, 2021 reported in Kate Burke & Paige Tonna, 'Sydney house rents at record high, unit rents stabilising after COVID price declines' 15 April 2021:  
<https://www.domain.com.au/news/sydney-house-rents-at-record-high-unit-rents-stabilising-domain-rent-report-1044048/>

# Many don't feel safe

A pandemic is obviously a stressful time for all, with heightened anxiety experienced across communities. Many people on the lowest incomes, however, face additional stresses. Four in ten respondents said they felt less safe in a COVID-19 environment, with reasons including:

- Living in a boarding house with a lot of people coming in and out and feeling at risk of catching COVID-19
- Being at risk of domestic violence
- Living in share houses with essential workers who may be at risk of exposure to COVID-19
- Being unable to get vaccinated because of multiple health conditions
- Fear of being fined for leaving the house
- Lack of connection with family and friends, as well as the loss of paid work and therefore connection with colleagues
- Having to attend face-to-face medical appointments and feeling at risk
- Homelessness

The lack of an adequate income leads to people being in unsuitable housing that makes staying safe during the pandemic more difficult. It also limits people's options; people living on \$44 a day do not have enough money to have everything they need delivered because of delivery fees. They therefore must expose themselves to places where people congregate like shopping centres, adding to their anxiety and stress as a result of the pandemic. This is on top of the stress of not having enough money, and not knowing if they can keep a roof over their head.

**"Being broke, I live with housemates. They both work in high-risk environments, one as a support worker and the other at a supermarket. The support worker was recently at a close contact site and has had to get tested and isolate. The supermarket worker has also been near a close contact, and also has had to get tested and isolate. I'm terrified of getting COVID despite mostly staying at home, even before the lockdown." Man in NSW**

**"It's so hard for us to get out of the house to buy groceries - with more money, we could order delivery and reduce the risk." Person in NSW**

**"I live in a boarding house with people of varying hygiene standards, anti-vaxxers, etc, so my physical and psychological safety is always up in the air. I cannot possibly afford a rental lease, so am stuck here, and fearful." Man in NSW**