

Submission to the Economic Reform Roundtable: Raise income support payments to at least \$82 a day

Mission Australia is a national non-denominational Christian charity that has been providing support for over 160 years. We have 477 services across Australia which address homelessness, provide housing, assist struggling families and children, address mental health issues, fight substance dependencies, support people with disability and much more.

Addressing inequality will aid productivity and growth

There is nothing more unproductive than people who are disconnected from contributing to social, cultural and economic life due to homelessness, poverty, poor health or limited education and training, and failed by service systems that don't deliver the appropriate type or amount of support, where and when it is needed.

Despite pervasive beliefs that a 'generous' welfare state will hurt productivity with disincentives to participate in the formal economy, **research has found European countries with highly developed welfare states are actually more successful in meeting innovation goals, have sustained reputations as innovative leaders and show welfare costs do not necessarily reduce competitiveness.**ⁱ

In fact, a recent report by the **OECD Economics Department advised policymakers to avoid looking at productivity in isolation to addressing societal inequality** – noting, in particular, that inequality of opportunities distorts efficient allocation of talent.ⁱⁱ

Raise income support payments to at least \$82 a day

Mission Australia is a long-time supporter of the [Raise the Rate](#) campaign by ACOSS which calls for a more equal and resilient community, by raising the rate of Jobseeker and other income support payments to at least \$82 a day.

The COVID-19 pandemic demonstrated boosting income support payments reduces poverty, increases wellbeing and doesn't disincentivise work

- ANU modelling determined the **increased payments (JobSeeker COVID Supplement Payment and JobKeeper) prevented 2.2 million people from entering poverty and poverty reduced from 67% prior to COVID-19 to just 7% for recipients of Jobseeker and Youth Allowance** in under the initial coronavirus supplement payment rates.ⁱⁱⁱ
- Research published by the University of Melbourne unsurprisingly found that increased payments provided recipients with **improved financial security and ability to meet basic needs**, but also **increased psychological wellbeing** and greater capacity to better **meet their children's needs.**^{iv}
- Professor Borland found that the **doubling of JobSeeker did not affect the search for and take up of work.**^v

Cash transfers is more efficient and reduces the need for emergency relief and charity

- Extensive research into the area of cash transfers has found **people in poverty do spend the money on meeting basic needs**, and concerns over wasteful spending and welfare stereotypes are not borne out in analysis of aggregate data.^{vi}
- A difference-in-difference analysis of charitable-assistance data from Australia over the COVID-19 pandemic found **increases in income-support payments reduce the demand for charity**.^{vii}

Broad community support outside the usual advocates

- Respected economists such as former Governors of the Reserve Bank Bernie Fraser and Philip Lowe, Danielle Wood, Saul Eslake, Chris Richardson and Angela Jackson.
- Leaders from the business community such as Jennifer Westacott when CEO of the Business Council of Australia and Paul Zahra when CEO of the Australian Retailers Association.
- Public polling reveals strong community support for an increase in Jobseeker.^{viii}

The human face: Kristina from South West Sydney

Kristina, 26 years old is a single mother of 2 children under 7 years. She was fired from her job because she was turning up to work with a black eye (survivor of domestic family violence).

Income: Receiving Parenting Payment of \$1440 f/n and paying \$1200 f/n in rent, leaving her with under \$100 weekly to cover food, bills, clothing, school expenses, and other essentials.

Reason for Financial Hardship: When she sought our support, she said that she was about to become homeless because her private rental applications for cheaper housing kept getting knocked back. She had applied for more than 100 properties across South West Sydney.

ⁱ Hajighasemi, A., Oghazi, P., Aliyari, S., & Pashkevich, N. (2022). The impact of welfare state systems on innovation performance and competitiveness: European country clusters. *Journal of Innovation and Knowledge*, 7(4), 100236. <https://doi.org/10.1016/j.jik.2022.100236>.

ⁱⁱ Soldani, E. et al. (2024). Policy approaches to reduce inequalities while boosting productivity growth”, *OECD Economics Department Working Papers*, No. 1819, OECD Publishing, Paris, <https://doi.org/10.1787/af121c8f-en>.

ⁱⁱⁱ Phillips, B., Gray, M., & Biddle, N. (2020). COVID-19 JobKeeper and JobSeeker impacts on poverty and housing stress under current and alternative economic and policy scenarios. August, 1–34. https://csrcm.cass.anu.edu.au/sites/default/files/docs/2020/8/Impact_of_Covid19_JobKeeper_and_Jobseeker_measures_on_Poverty_and_Financial_Stress_FINAL.pdf.

^{iv} Klein, E., Cook, K., Maury, S., & Bowey, K. (2023). Understanding Covid-19 emergency social security measures as a form of basic income: Lessons from Australia. *Journal of Sociology*, 59(4), 879–893. <https://doi.org/10.1177/14407833221106242>.

^v Borland, J. (2020). Labour market snapshot #71 November (19) 2020, https://cdn.theconversation.com/static_files/files/1343/Borland_Labour_market_snapshot_71.pdf?1606359052.

^{vi} Orkin, K (2020). The evidence behind putting money directly in the pockets of the poor, <https://www.ox.ac.uk/news/science-blog/evidence-behind-putting-money-directly-pockets-poor>.

^{vii} Ablaza C, Perales F, Parsell C, Middlebrook N, Robinson RNS, Kuskoff E, et al. (2023). Increases in income-support payments reduce the demand for charity: A difference-in-difference analysis of charitable-assistance data from Australia over the COVID-19 pandemic. *PLoS ONE* 18(7): e0287533. <https://doi.org/10.1371/journal.pone.0287533>

^{viii} See here: https://www.acoss.org.au/media_release/labor-voters-in-battleground-seats-want-jobseeker-boost-new-polling/, <https://www.theguardian.com/australia-news/2023/may/02/guardian-essential-poll-australians-back-jobseeker-increase-and-look-to-budget-for-cost-of-living-relief> and https://www.acoss.org.au/media_release/poll-australian-voters-believe-jobseeker-is-too-low/.