

Should the JobSeeker unemployment benefits revert to the Newstart allowance?

What they said...

'If it wasn't enough to live on two months ago, when these changes were made, why will it be enough to live on in six months' time?'

Opposition leader, Anthony Albanese, commenting on the inadequacy of the former level of unemployment benefits

'Temporary and targeted, the new spending measures were not designed to go forever but to build a bridge to the recovery phase'

Federal Treasurer, Josh Frydenberg, explaining why JobKeeper and JobSeeker are not intended to be permanent

The issue at a glance

On March 22, 2020, the Morrison government announced a number of economic supports to assist those who lost work through the restrictions imposed in order to control the spread of COVID19.

One of these was the introduction of the Coronavirus Supplement which is paid at the rate of \$550 a fortnight. This payment is to those on unemployment benefits, now known as JobSeeker payments (formerly called Newstart) and the recipients of the Youth Allowance JobSeeker Payment, Parenting Payment, Farm Household Allowance and Special Benefit. On March 23 it was announced the Coronavirus Supplement would also be received by full-time students receiving Abstudy, Austudy and Youth Allowance for Students. The additional \$550 effectively doubles the payment formerly received by those on Newstart who were paid \$565.70 a fortnight. <https://theconversation.com/coronavirus-supplement-your-guide-to-the-australian-payments-that-will-go-to-the-extra-million-on-welfare-134358>

The legislation introducing the new payment has a sunset clause, stating that it will be reviewed in June, after three months of operation, and will lapse on September 27, six months after its introduction, by which time it is anticipated it will no longer be required. <https://www.msn.com/en-au/news/australia/jobseeker-payments-wont-go-out-the-door-a-day-longer-than-needed-treasurer/ar-BB13n4q7>

Opponents of the low rate of support formerly give those on unemployment benefits have argued vigorously for the retention of the increased payment beyond the end of September, arguing that it is necessary on an humanitarian basis and in order to continue to stimulate the economy. Neither the Prime Minister, Scott Morrison, nor the Treasurer, Josh Frydenberg, supports this point of view. <https://www.msn.com/en-au/news/australia/jobseeker-payments-wont-go-out-the-door-a-day-longer-than-needed-treasurer/ar-BB13n4q7>

Background

(The information below is an abbreviation of a Wikipedia entry titled 'Social Security in Australia'

The full entry can be accessed at

https://en.wikipedia.org/wiki/Social_security_in_Australia#Jobseeker_Allowance)

Jobseeker Allowance is an unemployment benefit paid to unemployed people aged 22 to 64. To be eligible, a person must apply for the benefit and be actively seeking work, undertaking approved training or performing approved volunteer work. On 1 July 1991 "Newstart Allowance" replaced the Unemployment Benefit (UB) which had been unchanged since 1945.[15] It was part of a government reform called Newstart - the Active Employment Strategy.[16]

The term "Newstart Allowance" was formally changed to "Jobseeker Allowance" on 20 March 2020.

JobSeeker is paid on the basis of a 'mutual agreement' between the customer and Centrelink, where Centrelink will continue to pay fortnightly payments to the customer for so long as the customer attempts to find employment and fulfills their mutual obligation requirements. These mutual agreements are negotiated between Centrelink, the job seeker and their Job Services Australia provider or Disability Employment Services provider, and are recorded into an Employment Pathway Plan or "EPP". Activities to which a job

seeker may have to agree, in order to continue receiving the Newstart Allowance, include applying for a specific number of jobs (usually ten) per fortnight and recording these applications in a Centrelink issued diary,[17] undertaking vocational education or training, paid work experience, participation in a labour market program or Work for the Dole project, and other activities, such as voluntary work if considered appropriate by Centrelink.[18] For example, more elderly customers who have been made redundant and are approaching the age pension age, and who may face considerable difficulties re-entering the labour market, are often permitted to fulfil their plan by engaging in voluntary activities alone. A job seeker has to nominate and engage in one activity (for example, either a vocational education activity or Work for the Dole activity) in any one mutual obligation period (lasting six months at a time).

Clients are not expected to engage in the more intensive of these activities as soon as their receipt of the allowance commences. The amount of activity required on behalf of the client in order to continue receiving his/her benefit is usually staggered as follows:

Ordinarily, during the first three months of unemployment, a job seeker has no other obligations but to submit a fortnightly Application For Payment form at the local office. The form asks the applicant a number of questions about his /her circumstances and for the basic details of four positions for which the job seeker applied in the last fortnight. Customers may also be required to make up to 10 'Job Search Contacts' per fortnight (dependent on the local labour market and their personal circumstances) and record the details of these jobs within a specifically issued Job Seeker Diary for a given period of time. The job seeker then takes the Application For Payment form personally to the local Centrelink Office. He will then attend a short one-on-one interview with a Centrelink officer. The interview is usually for the purposes of checking that the application form is in order and that the applicant is aware of any appointments that may need to be attended, and obligations that may need to be met. The client at this stage also has the opportunity to talk to a Centrelink officer about any problems the client may be encountering without having to make a prior appointment first.

If after an initial three months of unemployment, during which the job seeker has only to hand in the fortnightly application form and record the Job Seeker Diary, the client remains unemployed; the client will be required to attend appointments with a Job Services Australia provider whose responsibility it is to assist the client to re-enter the work force. The job seeker also has to attend a two-week training course which focusses on job searching skills such as writing resumes and attending interviews.

If the customer remains unemployed for twelve months, they are then subject to the Work Experience Phase of their Employment Pathway Plan, which consists of more intensive assistance involving the activities listed above, such as, Work for the Dole, accredited study, part-time work, volunteer work or a combination of these. A Job Services Australia provider may require a Newstart recipient to do voluntary work (up to 15 hours a week), for which clients receive a supplement to their benefit of \$20.80 per fortnight. The supplement is also paid to Work for the Dole participants.[19] They must also continue to apply for 4 or more positions at the same time to meet their mutual obligations.

If the client becomes long-term unemployed (24 months or longer), the client's activity requirements will usually consist of another Work Experience Phase style activity for six months in any twelve-month period. (Australia's unemployment benefits do not have a time limit: it is, in theory, possible to remain on unemployment benefits for the whole of one's working life).

Newstart Allowance rates are adjusted on 20 March and 20 September each year. As of September 2013, the basic Newstart rate for a single unemployed person without children is A\$501 per fortnight. However, this basic rate does not include supplement payments which can include Rent Assistance of up to A\$121.00 per fortnight, and other supplements, such as Pharmaceutical Allowance, Telephone Allowance, Remote Area Allowance, Training Supplement and the Work For The Dole Supplement; which are paid depending on personal circumstances and activity.[20] Rates differ for married couples, registered relationships or de facto couples (including same sex or opposite sex couples) and persons with children. Despite significant increases in the cost of living, the increases to the Newstart Allowance have not kept pace with inflation. The initial income threshold has only risen from 1987's \$60 to \$62 in 2000 where it remains today.

Coronavirus assistance

In 2020 as a result of the COVID-19 pandemic, to assist people in isolation, and to encourage Australia's economic recovery, supplementary payments were added to the basic welfare payments. An additional A\$550 per-fortnight 'Coronavirus Supplement' was to be paid for six months starting in late April 2020.

This \$550 a fortnight supplement is scheduled to end on September 27, 2020.

The Coronavirus Supplement was paid to recipients of:

JobSeeker Payment, Partner Allowance, Widow Allowance, Sickness Allowance and Wife Pension
Youth Allowance for job seekers
Youth Allowance for students and apprentices
Austudy for students and apprentices
ABSTUDY for students getting Living Allowance
Parenting Payment partnered and single
Farm Household Allowance

Special Benefit

In addition, there was also a once-off \$750 Economic Support Payment (ESP) paid from late March to eligible Jobseeker and other recipients. A second ESP was only available to those who did not receive the Coronavirus Supplement.

Internet information

On May 26, 2020, the Prime Minister, Scott Morrison, gave a National Press Club address outlining Australia's progress toward controlling COVID19 and preserving and restarting its economy. It includes a reference to the temporary nature of JobKeeper and JobSeeker increases.

The full text can be accessed at <https://www.pm.gov.au/media/address-national-press-club-260520>

On May 26, 2020, New Caps published a comment and analysis titled 'Why the \$60 billion JobKeeper mistake is both good and bad news'. The article considers the advantages and disadvantages of the currently unspent \$60 billion.

The full text can be accessed at <https://smallcaps.com.au/why-60-billion-jobkeeper-mistake-both-good-bad-news/>

On May 24, 2020, The New Daily published a report titled 'Economists urge government to spend \$60 billion JobKeeper windfall' which presents the view of a number of economists that the money saved through the Treasury's overestimate of the cost of JobKeeper should still be used to stimulate the economy.

The full text can be accessed <https://thenewdaily.com.au/finance/finance-news/2020/05/24/jobkeeper-economists-60-billion/>

On May 21, 2020, The Conversation published an opinion piece by Professor Peter Whiteford, Crawford School of Public Policy, Australian National University, titled 'When the Coronavirus Supplement stops, JobSeeker needs to increase by \$185 a week' The piece argues that beyond the humanitarian reasons usually offered for the lifting of unemployment benefits, additional allowance will still have to be made for those who have lost their jobs through the effect of the coronavirus.

The full text can be accessed at

<https://theconversation.com/when-the-coronavirus-supplement-stops-jobseeker-needs-to-increase-by-185-a-week-138417>

On May 18, 2020, The Sydney Morning Herald published an opinion piece by Andrew Charlton, Founder of AlphaBeta and economic adviser to the Prime Minister during the global financial crisis in 2008-2009. The piece is titled 'Fragile economy cannot cope with early end to government support'. The piece argues for extending the government's stimulus package beyond current end-point.

The full text can be accessed at <https://www.smh.com.au/politics/federal/fragile-economy-cannot-cope-with-early-end-to-government-support-20200517-p54tqa.html>

On May 11, the federal Treasurer, Josh Frydenberg, delivered a speech titled 'Ministerial Statement on the Economy, Parliament House, Canberra - The economic impact of the crisis.' The speech outlines the anticipated economic effects of the coronavirus in Australia and the government's measures to address them.

The full text can be accessed at <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/speeches/ministerial-statement-economy-parliament-house-canberra>

On May 11, 2020, 10 Daily published a report titled “‘It’s Cruel’: Woman Says Reducing JobSeeker Payments Means She’ll Go Back To Eating One Meal A Day’”. The human-interest story presents the situation of people who have struggled to live on the former Newstart allowance.

The full text can be accessed at <https://10daily.com.au/news/australia/a200507lqdab/its-cruel-woman-says-reducing-jobseeker-payments-means-shell-go-back-to-eating-one-meal-a-day-20200511>

On May 10, 2020, The Guardian published a comment and analysis titled “‘Time to click reset’: coronavirus offers chance to end Australia’s welfare wars’ which presents a variety of stakeholders arguing for a permanent increase in unemployment benefits in Australia.

The full text can be accessed at <https://www.theguardian.com/australia-news/2020/may/10/time-to-click-reset-coronavirus-offers-chance-to-end-australias-welfare-wars>

On May 8, 2020, 7 News published a report titled ‘Coronavirus restrictions lifted: JobKeeper payments up for review in June’. The report looks at indications that the Australian economy is opening up and that the JobKeeper subsidy is up for review.

The full text can be accessed at <https://7news.com.au/business/finance/jobkeeper-up-for-review-could-end-early-c-1025579>

On May 5, 2020, The New Daily published a report titled ‘Treasurer rules out JobSeeker increase after virus claims one million jobs’

The article outlines the Treasurer’s reason for not seeking to retain the increase to JobSeeker beyond six months.

The full text can be accessed at <https://thenewdaily.com.au/finance/finance-news/2020/05/05/jobseeker-coronavirus-frydenberg/>

On April 29, 2020, The Sydney Morning Herald, published a report titled “‘Pretty heartless’ to strip JobSeeker back, Lambie says as she calls for permanent rise’ which presents the Tasmanian Senator’s arguments in favour of a permanent increase to JobSeeker.’

The full text can be accessed at <https://www.smh.com.au/politics/federal/pretty-heartless-to-strip-jobseeker-back-lambie-says-as-she-calls-for-permanent-rise-20200428-p54nt9.html>

On April 27, 2020, ABC News published a report titled ‘JobSeeker payments start, bringing relief — and questions as to why it took the coronavirus pandemic to get a welfare boost’

The report gives a range of views on why Australia’s unemployment benefits have remained so low.

The full text can be accessed at <https://www.abc.net.au/news/2020-04-27/jobseeker-payment-relief-questions-payments-doubled-coronavirus/12183678>

In April 2020, The Grattan Institute released a paper titled ‘Shutdown: estimating the COVID-19 employment shock’. The paper attempts to estimate the extent of job losses likely to be caused by the COVID19 and attempts to control it.

The full text can be accessed at <https://grattan.edu.au/wp-content/uploads/2020/04/Shutdown-estimating-the-COVID-19-employment-shock-Grattan-Institute.pdf>

On April 7, 2020, Professor Peter Whiteford, Crawford School of Public Policy, Australian National University, sent an open letter to the Prime Minister titled ‘Open letter to the prime minister: extend coronavirus support to temporary workers’ The letter argues for an extension of the payments to include temporary workers based on humanitarian and economic grounds.

The full text can be accessed at <https://theconversation.com/open-letter-to-the-prime-minister-extend-coronavirus-support-to-temporary-workers-135691>

On April 3, 2020, The Conversation published an opinion piece Richard Holden, Professor of Economics at the University of New South Wales, titled ‘Vital Signs: Scott Morrison is steering in the right direction, but we’re going to need a bigger boat’

Holden argues that though the stimulus packages the government has put in place are the correct policy response, they may need to be larger and operate for longer.

The full text can be accessed at

<https://theconversation.com/vital-signs-scott-morrison-is-steering-in-the-right-direction-but-were-going-to-need-a-bigger-boat-135209>

The JobSeeker unemployment benefit should not revert to the NewStart allowance

1. The increased benefit paid under JobSeeker has revealed the inadequacy of the NewStart allowance. Critics of the rate of benefit supplied under the former NewStart allowance have argued that the doubled payments given by JobSeeker have revealed the inadequacy of the NewStart payments.

Greens Senator Rachel Siewert has stated, 'The cruelty of low-income support rates has been laid bare by this pandemic. How can it be government policy for people to live below the poverty line?'

<https://www.northweststar.com.au/story/6732875/pm-holds-firm-on-rate-of-jobless-allowance/>

Senator Siewert has further stated, 'An increase to the JobSeeker payment must be long term and permanent. It is absolutely untenable to drop people back onto \$40 a day once this crisis period has passed'

<https://probonoaustralia.com.au/news/2020/03/government-temporarily-doubles-unemployment-payments-amid-covid-19-outbreak/>

This position has also been put by members of the Labor Party. The opposition leader, Anthony Albanese, has claimed the Coalition had increased the jobseeker amount because it admitted \$40 a day was not enough to live on.

Albanese stated, 'If it wasn't enough to live on two months ago, when these changes were made, why will it be enough to live on in six months' time?' <https://www.theguardian.com/australia-news/2020/apr/25/calls-from-within-coalition-to-keep-higher-jobseeker-rate-after-coronavirus-crisis>

Labor MP for Bendigo, Lisa Chesters has similarly stated that the increased rate was recognition from the government that 'the rate was previously too low', and that dropping it back after six months would harm both the long-term unemployed and those recently made unemployed by the COVID-19 crisis.

<https://www.examiner.com.au/story/6738059/labor-cautious-on-making-550-supplement-permanent/>

The chief executive officer of the Australian Council of Social Service (ACOSS), Cassandra Goldie, has similarly stated, 'Whether people lose work due to coronavirus, bushfires, or simply because there are not enough jobs available at any time, we need a social safety net that works for all, at all times.'

<https://probonoaustralia.com.au/news/2020/03/government-temporarily-doubles-unemployment-payments-amid-covid-19-outbreak/>

Goldie has further stated, 'It's clear we need a permanent fix to our social safety net. Our income support system was cruel before this crisis began.

We can never go back to the brutality of trying to survive on \$40 a day. We need a secure safety net that protects us all from poverty.

We need a decent social security safety net in place that works at all times.'

<https://7news.com.au/business/finance/most-aussies-shun-40-a-day-jobseeker-rate-c-1016984>

A continuance of the increased rate of unemployment benefit has also been demanded as necessary by the Australian Unemployed Workers Union (AUWU). The AUWU issued a statement declaring, 'More than a million people are estimated to have become unemployed in March and April, because of public health measures to stop the spread of coronavirus.

On 27th April 2020 the government began paying the "COVID 19 Supplement" to people receiving Jobseeker (previously Newstart) payments, Parenting Payment and Youth Allowance.

This is the first increase of these payments for 26 years.

The government has confirmed that the COVID-19 supplement is temporary and will end in October 2020. If the Jobseeker payment reduces in 6 months, new claimants and people previously trying to survive on the low rate will be facing a dire situation.' <https://www.megaphone.org.au/petitions/keep-the-rate-2>

The AUWU had previously stated, 'Hundreds of thousands of unemployed Australians are needlessly suffering and starving on the punitively low Newstart entitlement. Surviving on less than \$40/day, Newstart recipients are struggling to put food on the table and keep a roof over their head -- let alone do all they need to in order to find work...

Newstart is \$243 per week below the poverty line (at the time of writing). Thanks to our government's refusal to raise the rate, unemployed Australians are being forced to needlessly endure crushing poverty every single day of their lives...

We must fight for the right of unemployed workers to a liveable income.

We must demand our leaders immediately raise Newstart to the poverty line.'

<https://www.megaphone.org.au/petitions/raise-newstart-to-the-poverty-line>

At only \$269 per week, Newstart is \$177 per week below the poverty line (at the time of writing). It is less than 41 percent of the minimum wage, less than 18 percent of the average wage, and has not been raised in real terms for 23 years.

Even the Business Council of Australia has advocated to the government that the low rate of Newstart presents a barrier to employment and risks entrenching poverty.

<https://www.megaphone.org.au/petitions/help-us-increase-newstart>

Critics of the former New Start payments note that their inadequacy has been noted by a majority of respondents to a recent poll. Essential polling showed 57 per cent of the 1093 Australians surveyed think JobSeeker should not be cut to its previous amount, while 15 per cent are unsure.

<https://7news.com.au/business/finance/most-aussies-shun-40-a-day-jobseeker-rate-c-1016984>

2. The NewStart allowance is even more inadequate for many of those made unemployed by the coronavirus. Critics of the NewStart rates have argued that in the current circumstances this level of payment will be less adequate than it was formerly. Many of those unemployed six months after the introduction of JobSeeker will have previously had well-paid positions before being made unemployed by the economic impact of the pandemic. They will have married, established families, acquired mortgages, and taken out loans in the expectation of continuing to receive a decent wage. With their incomes suddenly gone as a consequence of lockdowns and reduced demand, they will still have the same financial obligations they had prior to the virus.

Labor's industrial relations spokesman, Tony Burke, has stated, 'Unless you want people to suddenly be able to not pay their bills, unless you want people to suddenly vacate the premises where they live and handing back the keys to homes that they've mortgaged, then the Government is going to have to look at extending this.' <https://www.tasmaniatalks.com.au/social-media-news/49530-labor-questions-pms-jobseeker-snap-back>

Labor's spokeswoman for families and social services, Linda Burney, has called for Treasury's modelling for the impact of reducing the Jobseeker payment back to \$40 per day. She has claimed this is the equivalent of removing almost \$1 billion a fortnight from household budgets. <https://www.tasmaniatalks.com.au/social-media-news/49530-labor-questions-pms-jobseeker-snap-back>

Pat Conaghan, the Nationals MP for Cowper, New South Wales has similarly stressed the particular circumstances of those who have recently lost jobs as a result of the coronavirus and called for them to continue to receive the augmented support beyond the intended six-month term of the new scheme.

Pat Conaghan has stated, 'My priority is to ensure all people during this challenging time who are losing hours of work or losing jobs have support and I would like to see the coronavirus supplement extended for a further six months to do this.'

Many people who weren't previously on Newstart and who have lost their job due to the effects of Covid-19 may still struggle to find a job in the six to 12 months after the pandemic, so I would like the coronavirus supplement safety-net extended.' <https://www.theguardian.com/australia-news/2020/apr/25/calls-from-within-coalition-to-keep-higher-jobseeker-rate-after-coronavirus-crisis>

New South Wales Legal Aid has published on its Internet site advice for families and individuals who suddenly find themselves in severe financial difficulties because of coronavirus-related job loss. The site gives an indication of the types of problem with which people are approaching them and the advice they give. 'If you are in financial hardship and cannot afford to keep paying off your debts or your mortgage, you should talk to the organisation you owe money to, like a bank, a loan provider, or your energy company. Tell them you are in financial hardship and ask if they can put your repayments on hold or change your repayment plan. If you have lost your job or your hours at work have been cut because of COVID-19, you should explain this.' <https://www.legalaid.nsw.gov.au/publications/factsheets-and-resources/covid-19/covid-19-financial-stress-for-separating-families>

The Australian Financial Complaints Authority (AFCA) is offering advice to people in similar circumstances. The AFAC notes that among the consequences of the financial hardship that people are

suffering are depression and relationship breakdowns. <https://www.afca.org.au/coronavirus-covid-19-pandemic-support-hub/financial-difficulty>

As already noted, among the people who have suddenly found themselves unemployed because of the coronavirus are those with substantial rent or mortgage payments and bills that may include private school fees. The head of the New South Wales Parents' Council, Rose Cantali, has stated that most parents had not reckoned with the financial implications of the coronavirus shutdown. Dr Cantali predicted many families would face financial hardship in coming months, as businesses were forced to close and job losses continued.

<https://www.smh.com.au/national/nsw/private-schools-brace-for-dropouts-amid-economic-crisis-caused-by-virus-20200325-p54dvi.html>

One private school principal has noted that most parents had paid their term one fees, but some might struggle to pay for term two. Some private schools have established payment plans for families in distress.

<https://www.smh.com.au/national/nsw/private-schools-brace-for-dropouts-amid-economic-crisis-caused-by-virus-20200325-p54dvi.html>

The consequences of sudden unemployment are more dire in the United States where there is less income support than in Australia. An article published by CNBC outlines the situation of many apparently financially comfortable Americans struck by the impact of losing their jobs through the coronavirus. One woman noted, 'I have a graduate degree, I've worked at institutions as a professor, I've done everything that I need to do to quote unquote "succeed in the meritocracy" in the U.S. And here I am as a 37-year-old black woman with not enough savings to cover my family's expenses.' <https://www.cnbc.com/2020/03/16/how-to-cope-with-coronavirus-related-financial-stress-and-anxiety.html>

Some advocates of continuing JobSeeker payments point to the distress suffered by people in other parts of the world where such financial support is not available.

3. Newstart was intended as a short-term support for its recipients; however, post the coronavirus Australian unemployment will be entrenched

Australia is currently experiencing a rate of unemployment unknown in the country's recent history and with anticipated unemployment rates equal to those experienced during the Great Depression.

Trading Economics has stated, 'Australia's seasonally adjusted unemployment rate jumped to 6.2 percent in April 2020 from 5.2 percent in March...

It was the highest jobless rate since September 2015, amid business closures and lockdowns due to the coronavirus pandemic. The number of unemployed surged by 104,500 to 823,300. People looking for full-time employment rose by 115,000 to 622,300, while those looking for only part-time work fell by 10,600 to 200,900. Employment tumbled by 594,300, the largest drop on record, to 12,418,700, compared with estimates of a 575,000 fall, as full-time employment dropped by 220,500 to 8,656,900, and part-time employment declined by 373,800 to 3,761,800.

The participation rate fell to an over 15-year low of 63.5 percent. The underemployment rate rose 4.9 points to a record of 13.7 percent, and the underutilization rate increased 5.9 points to an all-time high of 19.9 percent. Monthly hours worked in all jobs fell 163.9 million hours, or 8% to 1,625.8 million hours.'

<https://tradingeconomics.com/australia/unemployment-rate>

Predictions regarding the dire state of future Australian unemployment have come from a variety of sources, including former Australian Prime Minister Tony Abbott, who has stated, 'With the tourism, hospitality and entertainment sectors all but shut, education mostly online, retailing much curtailed and everything other than modest local travel at a standstill, economy-wide spending is down at least 20 per cent, GDP is tipped to fall about 10 per cent and unemployment might touch 20 per cent... not only will there be a big hit to the economy, there'll likely be long-lasting change, with some sectors taking years to recover'

<https://www.theaustralian.com.au/commentary/coronavirus-we-need-a-strong-economy-but-people-come-first/news-story/dfe85643009915a7760a0bbdabb23de1>

Such observations have held those who support the retention of the JobSeeker subsidy to note that Australia's unemployed are likely to be without work for a long time. Politicians and commentators have noted that with the likelihood of entrenched unemployment, benefits will not be a short-term bridging expedient.

Pat Conaghan, the Nationals MP for Cowper in New South Wales, has stated, 'Many people who weren't previously on Newstart and who have lost their job due to the effects of Covid-19 may still struggle to find a job in the six to 12 months after the pandemic, so I would like the coronavirus supplement safety-net

extended.’ <https://www.theguardian.com/australia-news/2020/apr/25/calls-from-within-coalition-to-keep-higher-jobseeker-rate-after-coronavirus-crisis>

In a comment published in The Guardian on March 18, 2020, Richard Denniss, chief economist at the Australia Institute noted, ‘Leaving aside the fact that the average bout of unemployment in Australia lasts more than 10 months, there is no doubt that over the next six months a wave of newly unemployed people will be queuing up for Newstart. And the more people that enter the ranks of the unemployed, the longer the average bout of unemployment will last.’

<https://www.theguardian.com/commentisfree/2020/mar/18/australias-economic-victims-of-coronavirus-just-like-the-health-victims-need-help-now>

Westpac labour market economist, Justin Smirk, has stated, ‘We are still going to see unemployment higher at the end of 2021 than it was in early 2020.’ It has also been estimated that older workers and low-income people who have the weakest attachment to the labour market will be hard-hit because they are likely to find it hardest to get employment as the economy recovers. <https://www.smh.com.au/business/the-economy/unemployment-has-made-a-huge-comeback-20200327-p54env.html>

Before the coronavirus one in every four Australians looking for a job was in the long-term unemployed category compared to just one in seven prior to the global financial crisis in 2008. Trend figures show that in February 2020, 176,000 people had been out of work for a year or more, nearly 15,000 more than a year earlier. <https://www.smh.com.au/business/the-economy/unemployment-has-made-a-huge-comeback-20200327-p54env.html>

Analysts have indicated that Australia’s growing long-term unemployment problem will grow worse as a result of the blow to the economy caused by the coronavirus. It is therefore no longer reasonable to view unemployment benefits as a stop-gap supplement, supplied to support people until they return to the workforce. The benefit paid must be sufficient for people to live on.

4. Reverting to the far lower NewStart allowance will not be accepted by a large portion of the electorate. Critics have warned the government that it may not be feasible for them to restore unemployment benefits to what was previously paid under NewStart. According to this line of argument, the large number of people likely to still be receiving unemployment benefits six months after the introduction of JobSeeker is likely to protest on the streets and at the ballot box if the government attempts to halve the subsidy being given. This point has been made by former Coalition Prime Minister Tony Abbott, who has warned that a narrow pre-occupation with reducing government expenditure will alienate voters. He has stated, ‘It’s a moral vision of ...cohesive communities that will win the political argument, not a Scrooge-like concern over dollars and cents... It’s the strength of our commitment to those communities and to the society they make up that will be the key to political success in the new world ahead.’

<https://www.theaustralian.com.au/commentary/coronavirus-we-need-a-strong-economy-but-people-come-first/news-story/df85643009915a7760a0bbdabb23de1>

Abbott has warned that should the Morrison reduce JobSeeker payments by 50 percent they are likely to encounter vigorous opposition from much of the electorate who may decide to blame the government for the policies that saved their lives but cost them their jobs. Abbott has stated, ‘Personal benefits such as the -double-dole will be harder [to reduce], especially when recipients will be able to say it was government policy that threw them out of work.’ <https://www.theaustralian.com.au/commentary/coronavirus-we-need-a-strong-economy-but-people-come-first/news-story/df85643009915a7760a0bbdabb23de1>

Between December 2019 and April 2020, the number of people receiving unemployment benefits nearly doubled. On April 30, 2020, a COVID19 enquiry into the economic implications of the pandemic in Australia estimated that by September of this year some 1.7 million people would still be receiving benefits.

<https://www.theguardian.com/australia-news/2020/apr/30/australians-on-jobseeker-payment-up-450000-in-less-than-a-month> It has been suggested that reducing the payments of this number of people will represent a large political challenge and is likely to threaten the government’s re-election. It has further been stressed that the effect of the cut in benefit will strike people at a time of maximum vulnerability and therefore be even less acceptable to them. Shane Wright, the Senior Economics Editor for The Age and the Sydney Morning Herald, noted in an opinion piece published on May 11, 2020, ‘Based on the Reserve Bank of Australia’s jobs forecasts, hundreds of thousands of people will see their unemployment benefits halved just ahead of Christmas. It will also hit many casual and part-time workers whose wages have been artificially lifted by JobKeeper.’ <https://www.smh.com.au/politics/federal/temporary-lifeline-hundreds-of-thousands-face-pre-christmas-income-hit-20200508-p54r67.html>

When a suggestion was made in early May that the government might reduce the JobSeeker payment in less than six months the proposal met with immediate opposition. The Australian Council of Social Service (ACOSS) chief executive, Cassandra Goldie, claimed that the community would strongly oppose any attempt to make early cuts to income support measures.

<https://www.yourlifechoices.com.au/health/covid19/assistance-may-be-cut-short>

A comment by Chris Uhlmann, the political editor for Nine News has noted, 'Nearly half of Australia's pre-coronavirus workforce is now on a government payment: with 5 million people on the JobKeeper allowance and 1.5 million on JobSeeker. Tapering that back to something approaching normal will be the political equivalent of landing a spaceship on a snowflake... Unwinding these lifelines, without pole-axing the goodwill he now enjoys, will be the hardest thing Morrison ever has to do.'

<https://www.smh.com.au/national/the-hardest-thing-morrison-will-ever-have-to-do-is-ahead-of-him-20200512-p54s4c.html>

Mungo MacCallum, writing for Echo Net Daily, similarly noted, 'But if [Morrison] is serious about snapping back, he will have to summarily remove much of the bonanza he has only just bestowed on the voters. No more free child care, and back below the poverty line for Newstart recipients. And it won't be just the consumers at the sharp end; industries such as tourism, and private hospitals, will be back on their own. Taking back government benefits is never popular, and it certainly won't be this time.'

Former Liberal Opposition leader, John Hewson, has noted the tenacity with which people hold onto benefits that they have come to see as a right. Hewson stated, 'Does Morrison imagine it will be easy to snap back from having increased the JobSeeker allowance or providing free childcare, or to avoid pressure to convert his JobKeeper payments into a universal living wage?...Howard found out just how tough it could be to take back what was given as a benefit, against the expectation that it had become a right.'

John Hewson concluded, 'Morrison has no alternative but to shift gear into longer-term strategic planning, and to reassess national priorities right across government, industry and civil society.'

<https://www.smh.com.au/politics/federal/snap-back-to-what-we-need-a-steady-march-to-reform-and-a-broader-tax-base-20200409-p54iil.html>

5. Continuing to pay the elevated JobSeeker allowance will serve to boost the Australian economy

Supporters of retaining JobSeeker unemployment benefits at their current argue that this will increase expenditure and therefore assist in the recovery of the economy.

The coronavirus pandemic has caused a major economic downturn in Australia. Many of the eternal drivers of the Australian economy, including tourism, foreign investment and trade have been negatively impacted or completely halted by the pandemic. Additionally, major areas of the internally driven economy have been restricted so that employment and consumer confidence have fallen. With the drop in incomes and confidence has come a drop in consumption which has further slowed the economy.

Raja Junankar, Honorary Professor and member of the Industrial Relations Research Centre at the University of New South Wales has noted, 'The closing down of many establishments by government decree, the increase in unemployment and the cutting back of hours of work in many industries have resulted in a decrease in household income. Additionally, a substantial loss in consumer and business confidence is expected to cause a fall in investment in real capital goods.' <https://newsroom.unsw.edu.au/news/business-law/actions-avoid-unemployment-post-coronavirus-economy>

Professor Junankar has argued that retaining the JobSeeker payment at its current rate will assist the revival of the economy as these payments will be directly spent on food and other consumer goods those contributing immediately to demand and thus supporting Australian businesses and boosting job growth.

Professor Junankar has argued, 'Retain the JobSeeker payment (including the coronavirus supplement of \$550 per fortnight). This will help to raise the old NewStart allowance to above the poverty level and maintain aggregate demand.' <https://newsroom.unsw.edu.au/news/business-law/actions-avoid-unemployment-post-coronavirus-economy>

Danielle Wood, the budget program director at the Grattan Institute has argued that ending JobSeeker and JobKeeper at the end of six months will not only damage the wellbeing of recipients, it will harm those businesses that rely on these people as consumers and slow economic growth further. Wood has stated, 'If the Government moves to withdraw those support measures overnight, there will be a considerable economic shock...'

The idea that you can have a drop-dead date and then just pull all that money out of the economy, I think will leave a lot of households exposed, particularly people that have lost their jobs, it will leave a lot of

businesses exposed, and it will leave a significant hole in economic activity that could jeopardise the recovery.’ <https://www.abc.net.au/news/2020-05-13/coronavirus-jobkeeper-jobseeker-hard-end-could-sink-economy/12239114>

Ms Wood explained further, ‘The Government is going to be injecting about \$120 billion in support to the economy between July and September — that’s about 25 per cent of GDP. All of that is expected to come out by the end of the year under the current timetable — that would leave a very significant hole in the economy and potentially put us back into negative economic territory.’ <https://www.abc.net.au/news/2020-05-13/coronavirus-jobkeeper-jobseeker-hard-end-could-sink-economy/12239114>

Australian economist and former OECD director Adrian Blundell-Wignall has similarly argues that the Government has done ‘quite a good job at the beginning’ of minimising the economic fallout from COVID-19, but that ‘all that hard work and public spending could go to waste if the stimulus is withdrawn prematurely.’ Referring to when subsidies should end, Blundell-Wignall noted, ‘If the timing wasn’t right, that clearly would push the economy back into recession.’ <https://www.abc.net.au/news/2020-05-13/coronavirus-jobkeeper-jobseeker-hard-end-could-sink-economy/12239114>

JP Morgan's chief Australian economist, Sally Auld, has argued in the same vein, claiming, ‘The lifting of restrictions is going to be a very gradual process and that will mean that the economy will only come back very gradually as well.

So, I think that tells you that the risk is that some of these programs may need to extend well beyond September.

In reality, it might be that government agencies need to be a little more flexible in terms of how the economy is drawn off the stimulus, and it might mean than rather than a hard or a sharp end to a lot of these programs, perhaps they taper into 2021.’ <https://www.abc.net.au/news/2020-05-13/coronavirus-jobkeeper-jobseeker-hard-end-could-sink-economy/12239114>

The JobSeeker unemployment benefit should revert to the NewStart allowance

1. Retaining the JobSeeker allowance at its current rate is unaffordable

On April 30, 2020, it was announced that 1.3 million people were receiving unemployed benefits across the country, an increase of approximately 450,000 in less than one month. A further 300,000 unemployment benefit claims were still to be processed and department officials acknowledged an anticipated 1.7 million people to be receiving the jobseeker payment by September. <https://www.theguardian.com/australia-news/2020/apr/30/australians-on-jobseeker-payment-up-450000-in-less-than-a-month>

The government has stressed that keeping unemployment benefits at the current level is not financially sustainable. Retaining the current doubling of JobSeeker would cost between \$1 billion and \$2 billion a month at a 10 per cent unemployment rate. <https://www.smh.com.au/politics/federal/pretty-heartless-to-strip-jobseeker-back-lambie-says-as-she-calls-for-permanent-rise-20200428-p54nt9.html> The Prime Minister, Scott Morrison, has stated, ‘We’ve put a Covid supplement in place for the period of the pandemic and that’s what we’ve budgeted for and that’s what our policy is.’ <https://www.theguardian.com/australia-news/2020/apr/25/calls-from-within-coalition-to-keep-higher-jobseeker-rate-after-coronavirus-crisis>

Morrison has consistently emphasised the unsustainable cost of the unemployment and job support programs his government has put in place in response to the coronavirus pandemic.

Indicating that there would be a review of the operation of JobKeeper at the end of June, the prime minister stated in relation to JobSeeker and JobKeeper, ‘I need to stress again that was a temporary lifeline put in place to help Australians through the worst of this crisis...It comes at a very significant cost.’ <https://7news.com.au/business/finance/jobkeeper-up-for-review-could-end-early-c-1025579>

At a National Press Club address on May 26, the Prime Minister again emphasised the total cost of the income support and unemployment benefits his government had put in place and stressed that they were unaffordable in the long term. He stated, ‘At a now anticipated direct cost of more than \$150 billion in just six months, all borrowed, all of it, against future tax revenue. These supports can only be temporary.’ <https://www.pm.gov.au/media/address-national-press-club-260520>

In his May 12 Ministerial Economic Statement, the Treasurer, Josh Frydenberg, similarly outlined not only the benefits his government hoped to derive from the fiscal support measures they had put in place, but also the cost of these measures. ‘Over \$25 billion of support has already flowed to households and businesses in

recent weeks, with more than \$30 billion to flow in the next month. This is the largest and fastest injection of economic support the country has ever seen.’ <https://nsw.liberal.org.au/MINISTERIAL-STATEMENT-ON-THE-ECONOMY-PARLIAMENT-HOUSE>

The Treasurer also stressed the cost to the economy now and into the future of the support measures that had been put in place. ‘The unprecedented speed and scale of the Government’s economic response has driven a rapid increase in borrowings. While there will be a significant increase in Government debt which will take many years to repay, our measures have been designed in a way that protect the structural integrity of the budget.

Australians know there is no money tree. What we borrow today, we must repay in the future.’

<https://nsw.liberal.org.au/MINISTERIAL-STATEMENT-ON-THE-ECONOMY-PARLIAMENT-HOUSE>

In a speech given on May 5, 2020, the Treasurer again stressed the cost of the income supplements and other supports that the government had put in place, clearly indicating that these could not be extended into the future. He stated, ‘After the crisis is resolved, Australia will face a higher debt burden that will take many years to repay.’ <https://www.liberal.org.au/latest-news/2020/05/05/covid19-australias-path-recovery-and-reform>

In a comment published in The Sydney Morning herald on May 18, 2020, Andrew Charlton, founder of AlphaBeta and economic adviser to the Prime Minister during the global financial crisis in 2008-2009. noted, ‘Concerns about the affordability of government support programs are understandable. Our national debt has already risen by more than \$50 billion in the first two months of the crisis. Rising debt might mean less room for future tax cuts and put further pressure on already stretched public services.’

<https://www.smh.com.au/politics/federal/fragile-economy-cannot-cope-with-early-end-to-government-support-20200517-p54tqa.html>

Some taxpayer groups consider the increased payments to the unemployed untenable and wasteful. An opinion piece published in taxpayer.org.au stated, ‘The Coronavirus Supplement doubles Newstart payments for job seekers, changing the payout to \$1100 a fortnight from \$550. Meanwhile at the end of the fiscal year, out-of-work contractors will need to cough up ten of thousands of dollars in tax to pay for this program. This stimulus package should focus more on helping those impacted by the coronavirus slowdown and less on helping people who already have a source of taxpayer funded income...

Scott Morrison’s \$320 billion-dollar COVID-19 Stimulus Package is grossly misdirected and a huge waste of taxpayer money. In a time of economic crisis, where workers are losing their livelihoods, and businesses stare into the abyss, the government is spending money on the people, who already have a steady source of income during this downturn.’ <https://www.taxpayers.org.au/scomostimulus>

2. JobSeeker and JobKeeper are short term expedients not permanent arrangements

Those who oppose the higher JobSeeker payments becoming permanent point out that the coronavirus subsidy which has boosted the payment was never intended to be permanent. It was instituted with a termination date. The same justification has been given for removing JobKeeper payments at the end of six months.

It has been noted that both JobSeeker and JobKeeper will automatically lapse at a predetermined time because, as the treasurer, Josh Frydenberg has stated, ‘We actually have sunset clauses on our legislation... We are very conscious that these programs will end when it is appropriate to do so.’

<https://www.skynews.com.au/details/6152835302001>

The government has resisted calls to make the increased JobSeeker payments permanent by stressing that they were only ever introduced as a crisis measure. They were always intended as a short term expedient to support those who had lost employment as a result of coronavirus restrictions and to give more disposable income to the unemployed in order to boost demand in an attempt to counter the dampening effects of the coronavirus restrictions.

The treasurer, Josh Frydenberg, has stressed that the increase in JobSeeker was intended solely to accommodate the surge in unemployment created by the government’s restrictions in response to the coronavirus. Frydenberg has stated, ‘Businesses will close and people will lose their jobs. That is why we have doubled the welfare safety net... Over the next six months the Government is temporarily expanding access to income support payments and establishing a Coronavirus Supplement of \$550 per fortnight.’

<https://www.liberal.org.au/latest-news/2020/03/30/130-billion-jobkeeper-payment-keep-australians-job>

From this perspective, calls for either subsidy, JobSeeker or JobKeeper, to be extended, let alone made permanent, are unreasonable and inappropriate as each program was deliberately put in place with a temporary purpose and this was made apparent from their inception.

The prime minister has stressed that JobSeeker did not indicate a shift in the government's position on what should be the nature of financial support to the unemployed. Morrison has stated, 'This was not change, in the government's view, about the broader role of the social safety net in Australia.'

<https://www.theguardian.com/australia-news/2020/apr/30/rental-affordability-could-be-hit-if-welfare-payments-returned-to-pre-covid-level>

In a speech given on May 12, 2020, the treasurer, Josh Frydenberg stated, 'Temporary and targeted, the new spending measures were not designed to go forever but to build a bridge to the recovery phase.'

<https://www.beat.com.au/could-the-jobkeeper-payment-end-earlier-than-expected/>

Explaining why the increased JobSeeker payments were 'temporary and targeted', the treasurer indicated that they were intended to address a particular need and when that need no longer existed they would be removed. The treasurer stated, 'We don't want these payments going out the door for a day longer than they have to.'

https://www.skynews.com.au/details/_6152835302001

In an interview given on May 14, 2020, the prime minister, Scott Morrison, similarly stated, 'There was important design work that was done that accorded with the principles that are set out in early March to ensure that these were temporary measures.'

<https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/transcripts/press-conference-australian-parliament-house-canberra>

Morrison went on to explain that the supplement was only ever considered as a short-term expedient, intended to support people only for as long as the pandemic reduced their employment opportunities. The Prime Minister has stated, 'These arrangements with the COVID supplement are temporary arrangements. The reason the COVID supplement was put in place was because we knew that those who would otherwise be on JobSeeker who might in better times be able to go and find employment, that during this period that would be very difficult. So, we understood that. But as the economy reopens and as opportunities open up again, then, of course we would want to see people taking up those opportunities when they present.'

<https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/transcripts/press-conference-australian-parliament-house-canberra>

Morrison has repeatedly indicated that both JobSeeker and JobKeeper were intended as immediate stimulus measures designed to address the current crisis, not as permanent payments. He stated, 'We want to keep the engine of our economy running through this crisis. It may run idle for a time, but it must continue to run.'

<http://www.myc.com.au/pm-announces-1500-a-fortnight-job-keeper-payment/>

3. High levels of government debt place an unfair burden on future generations

The Morrison government has repeatedly warned that it will expand the nation's indebtedness in a cautious and responsible manner. It has claimed it will do sufficient to provide support for businesses and individuals currently adversely affected by restrictions caused by the fight against COVID19 but that it will not recklessly expand Australia's debt, leaving a heavy burden for future generations to repay.

In an article published in The Sydney Morning Herald on March 29, 2020, Michael Bachelard noted, 'Perhaps the only certain legacy in Western countries of the COVID-19 will be eye-watering levels of public debt. The Australian government has already committed \$63 billion in stimulus spending (and another \$135 billion in loan guarantees) with more announcements expected. The longer the crisis goes, the deeper the debt.'

<https://www.smh.com.au/national/covid-19-crisis-what-will-australia-look-like-on-the-other-side-20200327-p54ei6.html>

In an article published in The Australian on March 31, 2020, Greg Brown similarly noted, 'The COVID-19 pandemic will force the federal and state governments into their highest levels of debt since the post-World War II years, with expensive stimulus measures and a plunge in tax -receipts to push public debt to \$1.5 trillion next year.'

<https://www.theaustralian.com.au/nation/politics/coronavirus-trilliondollar-debt-to-rival-postwwii-years/news-story/195f3411d9f2b3cb398ca9532cefaef1>

Brown added that significant fiscal restrictions might need to be imposed in an effort to begin to peg back the debt. He stated, 'Servicing the debt could also push future governments to consider new and radical options, with a range of suggestions canvassed on Tuesday by experts, including a renegotiation of the GST, an overhaul of the tax and industrial relations systems and diluting of superannuation concessions.'

<https://www.theaustralian.com.au/nation/politics/coronavirus-trilliondollar-debt-to-rival-postwwii-years/news-story/195f3411d9f2b3cb398ca9532cefaef1>

The Institute of Public Affairs and the Grattan Institute has estimated that commonwealth gross debt could nearly double in the next three years to reach \$1 trillion, while UTS Business School economist Warren Hogan doubted any federal treasurer would deliver a budget surplus for a quarter of a century.

<https://www.theaustralian.com.au/nation/politics/coronavirus-trilliondollar-debt-to-rival-postwwii-years/news-story/195f3411d9f2b3cb398ca9532cefaef1>

Warren Hogan has further stated, 'This is generational, we're looking at 25 to 30 years to get back to surplus.' KPMG chief economist, Brendan Rynne, has similarly noted, 'Restoring the budget to balance would be tomorrow's problem... the likely time-frame is going to be a couple of decades.'

<https://www.theaustralian.com.au/nation/politics/coronavirus-trilliondollar-debt-to-rival-postwwii-years/news-story/195f3411d9f2b3cb398ca9532cefaef1>

Australian National University's Tax and Transfer Policy Institute head, Professor Robert Breunig, has stated, 'Paying for that debt is going to either mean higher taxes or fewer government services... the tax burden to repay the debt will fall very heavily on the future incomes of young people... young people...are the ones who will be left with the bill.' <https://www.afr.com/politics/federal/young-people-to-pay-the-price-for-coronavirus-economic-cure-20200413-p54jdp>

One of the government's major concerns has been the extent to which it will be passing on debt to future generations. Scott Morrison has stated, 'It's not just today's taxpayers, it's tomorrow's taxpayers as well. And our Government will always be extremely prudent into not putting burdens on to future generations, let alone the current generation, in dealing with the challenges that we have today.'

<https://www.abc.net.au/news/2020-05-13/coronavirus-jobkeeper-jobseeker-hard-end-could-sink-economy/12239114>

The Treasurer, Josh Frydenberg, has similarly stated, 'While there will be a significant increase in government debt which will take many years to repay, our measures have been designed in a way that [protects] the structural integrity of the budget. Australians know there is no money tree. What we borrow today, we must repay in the future.' <https://www.adelaidereview.com.au/latest/business/2020/05/15/covid-19-modern-monetary-theory/>

It is for this reason that the government has consistently stressed that its subsidies are not intended to be permanent. They are a short-term support which needs to end in order to curtail the extent of government debt. Frydenberg has stated, 'Temporary and targeted, the new spending measures were not designed to go forever but to build a bridge to the recovery phase.' <https://www.abc.net.au/news/2020-05-12/treasurer-josh-frydenberg-addresses-parliament-on-coronavirus/12237860>

4. Private enterprise not government is best placed to drive the economy

Those who oppose permanently lifting the rate of unemployment benefits argue that doing so distorts the nature of employment within the Australian economy. Those who hold this view argue that people need to be sustained by a robust economy within which they are gainfully employed. They should not be dependent upon government assistance.

The need for recovery to be driven by private enterprise, not government incentives and support schemes was stressed by the Treasurer, Josh Frydenberg. In his May 12 Ministerial Economic Statement, the Treasurer stated, 'Unleashing the power of dynamic, innovative, and open markets must be central to the recovery, with the private sector leading job creation, not government. We know that a strong economy is the foundation for everything else, and only with a strong economy can you provide the health, education, and essential services that Australians rely on.' <https://nsw.liberal.org.au/MINISTERIAL-STATEMENT-ON-THE-ECONOMY-PARLIAMENT-HOUSE>

The Prime Minister, Scott Morrison, has similarly stated, 'What our objective is, is to grow the economy and get people back into jobs, and we're making sure that people are being supported by the economy, and not the taxpayer, as quickly as possible... People don't want to be on JobKeeper and JobSeeker. They want to be in a job that's paying them.' <https://mozo.com.au/savings-accounts/articles/don-t-get-attached-to-jobkeeper-says-pm>

The Prime Minister has further stated, 'We don't want an Australian economy that's propped up by subsidies. We want an Australian economy that's propped up by strong businesses with strong markets and with great products and services that are competitive in a global marketplace.'

<https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/transcripts/press-conference-australian-parliament-house-canberra>

In his May 26 address to the National Press Club, the Prime Minister again stressed that job creation was the responsibility of private enterprise. He stated, 'This health and economic crisis has reminded us of just how much we depend on a strong and growing economy for our jobs, for our incomes, for our health and education services, our safety, our security, our social safety net of which we're so proud.'

To strengthen and grow our economy, the boats we need to go faster are the hundreds of thousands of small, and medium and large businesses that make up our economy and create the value upon which everything else depends.

Value created by establishing successful products and services, the ability to be able to sell them at a competitive and profitable price and into growing and sustainable markets. It's economics 101.

That's what happens in a sustainable and successful job making market economy.'

<https://www.pm.gov.au/media/address-national-press-club-260520>

Those who support a return to pre-coronavirus unemployment benefits tend to predict a fairly rapid return to economic conditions like those that existed before the pandemic.

The Reserve Bank of Australia has stated, 'Because of the better health outcomes and policy stimulus in place, the rebound in consumer demand and reduced uncertainty about the outlook would allow businesses to rehire workers and resume investment plans quickly...

The hours of existing workers would also increase in response to rising demand, and the unemployment rate would be expected to move from a peak of around 10 per cent to be around its pre-COVID-19 level by mid 2022.'

<https://mozo.com.au/savings-accounts/articles/don-t-get-attached-to-jobkeeper-says-pm>

In his May 12 Ministerial Economic Statement, the Treasurer demonstrated confidence in the capacity of the Australian economy and private enterprise to withstand the current crisis and thus remove the need for government assistance into the future. He stated, 'Consumer confidence has risen for six consecutive weeks and key sectors like mining, agriculture and manufacturing have continued to be resilient and contributed to a record trade surplus of \$10.6 billion in the month of March.

Significant product innovation, market diversification strategies and the accelerated uptake of digital transformation opportunities have also been pursued by many businesses in their effort to adapt to the difficult circumstances they are in.'

<https://nsw.liberal.org.au/MINISTERIAL-STATEMENT-ON-THE-ECONOMY-PARLIAMENT-HOUSE>

Referring specifically to a regeneration of employment as COVID19 restrictions were eased, the Treasurer stated, 'Treasury estimates that the benefits of just stage one (health restrictions) being lifted will lead to more than 250,000 people going back to work and more than \$3 billion in additional GDP.

This includes 83,000 jobs and \$1 billion a month in New South Wales; 64,000 jobs and over \$715 million in Victoria; 51,000 jobs and \$610 million in Queensland; 25,000 jobs and \$435 million in Western Australia; 17,000 jobs and \$178 million in South Australia; 5,000 jobs and \$50 million in Tasmania; 4,000 jobs and \$60 million in the ACT; 3,000 jobs and \$40 million in the Northern Territory.'

<https://nsw.liberal.org.au/MINISTERIAL-STATEMENT-ON-THE-ECONOMY-PARLIAMENT-HOUSE>

The Prime Minister, Scott Morrison, has indicated that he sees recovering from the economic impact of coronavirus as requiring economic reform to foster a more efficient private sector that would generate greater employment. In his May 26, 2020, address to the National Press Club, Morrison stated, 'The extent of the damage wrought by Covid-19 on the Australian economy, and the enormity of the challenge we now face to get Australians back into jobs, means the policy priorities for recovery will be different to those in place before this crisis. We now have a shared opportunity to fix systemic problems and to realise gains as a matter of urgency to get more people back into work.

Now, beginning immediately, the Minister for Industrial Relations, the Attorney-General, Christian Porter will lead a new, time-bound, dedicated process bringing employers, industry groups, employee representatives and government to the table to chart a practical reform agenda, a job making agenda, for Australia's industrial relations system.'

<https://www.pm.gov.au/media/address-national-press-club-260520>

5. High unemployment benefits on JobSeeker will discourage a return to full employment

Critics of Jobseeker argue that it is set too high and acts to discourage people from seeking employment.

On May 11, 2020, the Sydney Morning Herald reported that Liberal MPs calling for JobSeeker to end, claimed to have had complaints from employers who have had workers quit because the JobSeeker payment has doubled during the crisis. <https://www.smh.com.au/politics/federal/liberal-mps-push-for-ways-out-of-jobkeeper-and-jobseeker-schemes-20200511-p54rxv.html>

The same point has been made by the Prime Minister, Scott Morrison, who has stated, "It is also important that when you have what are effectively unemployment benefits through JobSeeker at the levels that they are, that can provide in normal circumstances a disincentive, with payments at that level, for people to go and seek work.

It is very important that as the economy starts opening up again, and as we start getting out from under this doona that we're under, that people do go back and start seeking those opportunities.'

<https://www.afr.com/policy/economy/jobkeeper-jobseeker-to-adjust-after-record-jump-in-jobless-20200514-p54sxm>

The Prime Minister has further stated, 'that's what this plan is about - not to keep people on income support from the taxpayer, but to have a wage that's provided by a business that's successful and earning again and going forward and creating a strong economy.' <https://www.savings.com.au/savings-accounts/are-jobkeeper-jobseeker-getting-the-axe-earlier-than-expected>

The government has been said to be concerned that Australia could face the same problem that the United States has been reported to have, where employers have allegedly had difficulty rehiring workers who have gone on welfare payments.

On May 11, 2020, the Wall Street Journal reported that United States businesses looking to return to normal economic functioning were encountering a problem: workers on unemployment benefits apparently reluctant to give them up. The article suggests that this was complicating plans to end lockdowns and re-open businesses in some states. For some United States workers, unemployment benefits are now paying more than their former jobs did. <https://www.wsj.com/articles/businesses-struggle-to-lure-workers-away-from-unemployment-11588930202>

On April 20, 2020, Forbes reported Florida Senator Rick Scott who claimed, 'Businesses looking to reopen are telling us their employees don't want to come back to work because they collect more on unemployment...and who can blame them? We cannot be paying people more money on unemployment than they get paid in their job.' <https://www.forbes.com/sites/jackkelly/2020/04/28/furloughed-workers-dont-want-to-return-to-their-jobs-as-theyre-earning-more-money-with-unemployment/#7ecdc2a26b76>

Forbes reported a business owner in Pennsylvania, who similarly stated, 'It's put us in a weird position, because we are asking [employees] to come back to work, but...they have said, "Why should I be paid less than I'm getting at home?"' <https://www.forbes.com/sites/jackkelly/2020/04/28/furloughed-workers-dont-want-to-return-to-their-jobs-as-theyre-earning-more-money-with-unemployment/#7ecdc2a26b76>

It has been claimed that Australia may face problems similar to the United States in attracting people back into employment. The high level of low paid, casual work in Australia means many people are currently better off under JobSeeker than they were in their former jobs.

Tony Makin, economics professor at Griffith University, has warned that the high JobSeeker payments may discourage people from looking for work. Professor Makin has stated. 'This is going to be a challenge for the government because if the (JobSeeker) payment stays at that level, it's going to be a disincentive for some to look for work.' The professor further explained, 'That's on the basis that casuals were earning less and now they're unemployed and earning more.

It's going to be a real challenge to get the JobSeeker payments down because it would be an incentive to switch across and economists say people follow incentives and people are going to do it.'

<https://7news.com.au/business/jobseeker-encourages-casuals-not-to-work-c-1008617>

In Australia, AMP Capital chief economist, Shane Oliver, has stated that in addition to the increased payment given under JobSeeker, the relaxation of regulations requiring recipients to be actively seeking work may also have encouraged people to surrender paid employment and to be reluctant to return to it. Oliver stated, 'The changed rules under JobSeeker enabling people to access it without having to seek paid employment may have encouraged some to temporarily leave the workforce.'

<https://www.afr.com/policy/economy/jobkeeper-jobseeker-to-adjust-after-record-jump-in-jobless-20200514-p54sxm>

The government appears to be concerned that Australians may become unwilling to look for or remain in employment. The New Daily has reported that the federal government has been urging unemployment consultants to be 'proactive' in pursuing Australians who are unemployed during the pandemic. Job agency consultants have claimed that they have been told to increase pressure on the unemployed to seek jobs. With mutual obligations temporarily suspended, one consultant claimed, 'the push is to put as much pressure on the actual client as possible to try and get them to engage'

<https://thenewdaily.com.au/news/national/2020/05/18/job-provider-coronavirus/>

Further implications

Despite discovering that early estimates of the size of the expenditure bill to which stimulus measures had committed the government, there seems to be no enthusiasm to extend these measures beyond their legislated cut-off point.

It was revealed in March 2020, that Treasury had overestimated the extent of the cost of the JobKeeper scheme by \$60 billion, almost half the estimated cost of \$130 billion. <https://www.smh.com.au/national/the-60-billion-question-why-did-jobkeeper-cost-so-much-less-than-expected-20200526-p54wkq.html> However, this has not resulted in moves within the government to increase or extend the coronavirus support measures to which it is committed. On May 19 2020, the federal education minister, Dan Tehan, announced that free child care was likely to end by June 28. On June 8 it was announced that the actual cut-off point would be July 12, while the government also revealed it will stop paying the JobKeeper wage subsidy to childcare services from 20 July. <https://www.theguardian.com/australia-news/2020/jun/08/australian-government-to-end-free-childcare-on-12-july-in-move-labor-says-will-snap-families> This has been seen by many commentators as a mark of the government's determination to reduce its coronavirus-related expenditure as soon as possible. Critics have noted that this cessation of JobKeeper payments to childcare centres is broken promise, as JobKeeper payments were legislated to last for six months.

The federal education minister, Dan Tehan, has stated, 'Repairing the budget and repairing our economy are going to be crucial going forward so we have to take all these things into consideration when we make decisions around the childcare package.' <https://www.abc.net.au/news/2020-05-19/free-childcare-during-coronavirus-could-soon-be-ending/12261120>

Commentators have speculated that the same desire to reduce outlays will determine how the government responds to ending JobKeeper in other industries. It has also been noted that in this claw-back climate there is no prospect of the government seeking to retain the increased JobSeeker payment.

The government is due to hold a review of the JobSeeker and JobKeeper schemes in June and has left open some of its options, including making changes to the structure of the program to give recipients a stronger incentive to return to work. <https://www.smh.com.au/politics/federal/liberal-mps-push-for-ways-out-of-jobkeeper-and-jobseeker-schemes-20200511-p54rxv.html>

Though there have been some reassurances given that the end dates for the Coronavirus Supplement and the JobKeeper program will not be generally brought forward, there are no guarantees of this. As state governments, partially in response to federal urging, progressively reduce restrictions of businesses and community movement the need to support the economy via subsidies may be judged to no longer exist. The sticking point for those who would like to see JobSeeker continue in its supplemented form is that the government will not need to present a new bill to the Parliament in order to end the supplement. Its end point was included in its enacting legislation.

This means there will be no further Parliamentary debate on the issue, outside questions which may be put during Question Time and there is no guarantee at this point how soon coronavirus restrictions will prevent the full operation of Parliament.

All that may impede the withdrawal of these supports is the effect of what some economic commentators are referring to as a 'fiscal cliff'. They are describing the rapid withdrawal of these two levels of supports (JobSeeker and JobKeeper) as being like pushing businesses and individuals off an economic cliff. Some commentators have suggested that the withdrawal of JobKeeper will prompt accelerated job losses forcing more people onto JobSeeker at exactly the same time as the amount of money paid to support the unemployed halves. It has been suggested that this will drive down consumer demand and put further pressure on businesses struggling to return to profitability. <https://www.theguardian.com/australia-news/2020/may/26/the-cliff-what-happens-when-australias-coronavirus-stimulus-runs-out-of-road>

If it is determined that ending JobSeeker and reducing JobSeeker has been harmful to the economy, it will be interesting to see whether the government has the policy agility and capacity to turn away from its ideological beliefs that would be necessary to reinstate these programs.

The federal government's electoral position is currently strong as it is credited with having saved Australians from the worst impacts of a global health crisis which is still causing large-scale illness and loss of life in other countries. However, if the government does not handle the economic recovery well and is seen to have inflicted hardship on businesses and individuals it may find that electors turn from it.