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MEDIA RELEASE

15,000 WA jobs to be lost due to JobSeeker Cuts

The Morrison Government's planned cuts to the Coronavirus Supplement for people on JobSeeker, Youth Allowance and parenting payments would see the Western Australian economy lose nearly \$2 billion and over 15,000 full-time jobs over the next two years, finds analysis by Deloitte Access Economics commissioned by The Australian Council of Social Service.

The JobSeeker rate (formerly Newstart) was effectively doubled when the Federal Government brought in temporary measures in March to protect Australians from the impact of COVID-19. For the first time in many years, jobseekers were able to live above the poverty line. The Government is planning to cut the Coronavirus Supplement on 25 September, returning people to poverty, reducing the incomes of people on JobSeeker by \$300 per fortnight. Unless the Government steps in, the Supplement will be removed entirely at the end of December, sending the incomes of people on JobSeeker down to the appallingly low old Newstart rate of just \$40 per day.

The Deloitte report, released today, finds that if the Government cuts the Coronavirus Supplement on 25 September and then fully removes the Supplement at the end of December, this would:

- Reduce the size of the Australian economy by \$31.3 billion and see an average loss of 145,000 Full-Time Equivalent jobs over that same two-year period.
- Reduce WA's Gross Regional Product by \$1.93 billion and see an average loss of 15,061 jobs over that period. The shock to consumption in WA will be \$2.37 billion.
- Have the worst impact in **regional communities**.

Three of the top ten most impacted Local Government Areas in Australia are in regional Western Australia (Halls Creek, Derby-West Kimberley and Cue), and overall the impacts will be felt harder in most regional areas across WA.

Louise Giolitto, Chief Executive Officer, WACOSS, said:

"Many Western Australians may feel that the worst of COVID-19 is behind us, as life seems to be returning to a level of normality, but cutting back the Coronavirus Supplement is going to have a devastating impact on those living on the lowest incomes.

"The removal of the Supplement is going to be particularly damaging for regional WA.

"This Supplement has not only helped people on JobSeeker be able to afford three meals a day and keep a roof over their head, but has served to prop up spending and thus jobs in the WA economy.

"Sustaining and improving our community's recovery will be much harder, and potentially impossible, if these income cuts go ahead in two weeks' time.

“The Federal Government needs to quickly legislate a permanent JobSeeker rate that keeps people out of poverty going forward,” Louise concluded.

Deloitte Access Economics Lead Ally Nicki Hutley said:

“Every dollar that the Government invests in JobSeeker is generating a significant economic return, helping to pave the road out of recession. Providing people without paid work with enough to get by is highly effective economic stimulus, as they have little choice but to spend straight away on essentials.

“People on higher incomes have the option of saving, which many are doing right now given the uncertainty of the pandemic. This is why other measures, such as income tax cuts, would not be as effective in getting us out of this recession.

“Our analysis clearly shows that the Government’s plans to reduce income support would set back the economy even further. We also know that this would take a serious toll on the wellbeing of millions of people who are without paid work, especially those in regional communities.”

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