



Government support for individuals and communities affected by the COVID-19 pandemic

Position

The National Rural Health Alliance (the Alliance) notes the significant economic, social, emotional and physical effects that the COVID-19 pandemic has had on Australians and calls on all levels of government to prioritise assisting the most disadvantaged Australians when considering the ongoing response to the pandemic.

The pandemic has resulted in a dramatic increase in unemployment and underemployment, and a consequential increase in poverty, financial distress and associated mental health issues, coupled with a reduction in access to all aspects of essential health care. There is a long-established link between unemployment, poverty and poor physical and mental health outcomes.

The Alliance has welcomed the response of the national, state and territory governments in acting quickly to ensure Australia responded effectively to address both the health and economic impact of the pandemic. However, it is critical that support is continued so that everyone affected by the pandemic continues to be supported to ensure their ongoing health and economic security.

The Alliance is therefore asking the Australian Government to continue, and expand, the initiatives introduced to support those affected by the pandemic, including maintaining the rates of both JobSeeker and JobKeeper (as well as other allowances) and expanding the coverage of these allowances where necessary to ensure that no members of society are experiencing undue economic hardship or social and emotional anguish as a result of the pandemic.

The Alliance also calls on all governments to continue, and increase, investment in projects designed to stimulate the economy in both metropolitan and rural (including regional and remote) Australia. The Australian economy is experiencing the worst downturn in at least a generation and government investment, together with the stimulus provided by the increase in social security payments, will contribute to faster economic recovery.

Background

Setting aside the impact of the COVID-19 pandemic, historically all population groups at the highest risk of poverty and associated physical and economic risk factors, are present in greater proportion in rural and remote parts of the country. People living in rural and remote Australia have lower incomes and net household worth in comparison to those living in metropolitan areas. In addition, Aboriginal and Torres Strait Islander peoples, of whom around 65 per cent live outside major cities, are disproportionately affected by poverty.

The 100 local government areas (LGAs) with the lowest median household incomes are almost exclusively remote or rural/regional. Similarly, the 100 LGAs with the greatest proportion of people earning less than \$500 per week are also almost exclusively rural, regional and remote, with 76 per cent of people earning less than \$500 per week in the poorest of these areas.¹

Poverty and deprivation are among the adverse social and economic determinants of health experienced by people who live in rural and remote areas. The Australian Institute of Health and Welfare (AIHW)² found that on average, Australians living in rural and remote areas have shorter lives, higher levels of disease and injury, and poorer access to and use of health services, compared with people living in metropolitan areas. Poorer health outcomes in rural and remote areas may be due to multiple factors including lifestyle differences and a level of disadvantage related to education and employment opportunities, as well as limited access to health services.

The AIHW also examines the social determinants of health which affect all Australians regardless of where they live and report that in general, people from poorer social or economic circumstances:

- are at greater risk of poor health
- have higher rates of illness, disability and death
- live shorter lives than those who are more advantaged.

These social determinants of health are extremely pertinent to the current experience of the pandemic where hundreds of thousands of Australians have been unexpectedly thrown into poverty and economic uncertainty. Thus, there are significant health and welfare consequences for all Australians experiencing economic hardship regardless of where they live and while historically, rural Australia has been more disadvantaged relative to metropolitan areas, it is apparent that the impact of the pandemic has hit metropolitan areas harder.

In a recent article, Bernard Salt³, using Australian Government Department of Social Services data, notes that the impact of the pandemic - both in terms of cases of disease and unemployment - was hardest in the major cities. At a national level, the increase in JobSeeker payments between March and April 2020 was 55 per cent; in Sydney and Melbourne the increase exceeded 70 per cent. In Port Pirie (2018 population: 15,000), the increase was 13 per cent.

Salt notes, however, that the impact on some regions was 'suffocating' with the demise of international tourism affecting Far North Queensland and the loss of international students affecting university regions such as the Gold Coast and the Sunshine Coast. It also needs to be remembered that rural and regional Australia was already in crisis from a severe drought from which only some of the country has recovered – and, of course, last summer's extensive bushfires.

There is already a critical shortage of health workers in rural and remote areas. The effects of a pandemic where there is a pre-existing workforce shortage can result in limited options for back-filling for staff who are unwell or required to quarantine, and places additional pressure on staff who may feel an obligation to work when unwell.

For both economic and health reasons, all governments must continue to support those Australians experiencing either recent or longer-term economic uncertainty. The Alliance strongly supports efforts to ensure that all groups affected by the pandemic (located in both metropolitan and rural areas) continue to be supported to overcome the effects of the pandemic and associated economic hardship. This has a two-fold benefit: it supports the individuals and communities affected; and it is well established that those with the lowest incomes spend the greatest proportion of their incomes on consumption, therefore providing a significant stimulus to the economy.

The Alliance asserts that there should be no reduction in the JobSeeker Payment (and other allowances) until the economy and job market recovers, in order to ensure recipients are not living in poverty and can spend at levels which will help stimulate the economy. It is critical that payments

are not withdrawn until the economy has recovered, to ensure the levels of economic, social and emotion distress evident at the beginning of the pandemic are not repeated.

For rural health care providers, particularly those who have suffered both the effects of the bushfires and the pandemic, there is a real risk that without ongoing support, including JobKeeper, their practices will become unsustainable and unviable. The loss of these practices would have a real effect on long-term access to healthcare in rural and regional areas.

Consideration should also be given to expanding the JobSeeker allowance to those workers affected by the pandemic who are not currently covered to ensure no members of the community are suffering the serious consequences of economic hardship.

The Alliance also calls on the Australian Government to permanently increase the JobSeeker Payment to ensure recipients are not living in poverty in the future and can also spend at levels which will help stimulate the economy.

The Alliance encourages all levels of government to continue to invest in projects to stimulate the economy in metropolitan as well as rural, regional and remote Australia to encourage and promote economic recovery and build on the stimulus from increased social security payments. Options for stimulus in rural and regional Australia could include greater investment in agricultural innovation, the manufacture of personal protective equipment, and increased support for online university training to increase and upskill the rural health workforce.

The Alliance is a member of the Australian Council of Social Service (ACOSS) and supports ACOSS's advocacy in regard to maintaining the rates of both JobSeeker and JobKeeper (and other allowances), which will help offset the worst effects of unemployment and poverty.

In its letter⁴ to the Senate Select Committee on COVID-19 of 26 May 2020, ACOSS noted that:

“The doubling of the JobSeeker Payment as well as related allowances has lifted many people out of poverty and has meant they do not need to go without the basics. We have heard countless stories of people who can now afford things like long-overdue dental treatment, fresh fruit and vegetables, or to replace a broken fridge as a result of the new JobSeeker Payment. People have told us how they can afford medication, and for the first time in a long time, do not feel a heavy sense of dread when they think about their bills. The effect of the Coronavirus Supplement on people's lives cannot be overstated.”

ACOSS also notes that, equally, the JobKeeper wage subsidy has greatly helped millions of employees retain their jobs.

This position is supported by The Grattan Institute⁵ as outlined in its *Recovery Book* which suggests that, to help Australia recover from the COVID-19 recession, the Australian Government should inject \$70 to \$90 billion in extra economic stimulus. This suggested stimulus includes revamping and extending JobKeeper. The Grattan Institute outlines that JobKeeper should be expanded to include university staff, casual workers, and temporary migrants, and be extended beyond September 2020 for businesses that are still in strife. The permanent rate of JobSeeker should be increased by at least \$100 a week, and Commonwealth Rent Assistance should be increased by 40 per cent.

In addition, The Grattan Institute states that the Australian Government should announce extra economic stimulus – including spending on social housing and shovel-ready maintenance and infrastructure projects – in or before the October 2020 Budget, with the goal of getting hundreds of

thousands of Australians back to work, and dragging unemployment back down to about 5 per cent by the middle of 2022.

The Grattan Institute also addresses concerns around expanding the debt-to-GDP ratio, stating ‘both federal and state governments will emerge from this crisis with a lot more debt than pre-pandemic. But they should not risk the economic recovery by moving too fast to consolidate their budget positions.’ They note that interest rates are at record lows and the debt position is manageable. Deloitte Access Economics also addresses the debt issue in their July 2020 Business Outlook⁶ describing the belief that we have to pay off all of this new debt as a ‘phantom menace’. Deloitte states that ‘Paying off this debt would flatten the economy. And it’s not the smart play for war-time debt anyway. The smart play is that we get the economy growing so that debt gradually shrinks relative to our economy’.

In conclusion, the Alliance acknowledges government response to date to the COVID-19 pandemic, but urges all governments to continue to support all community members, to ensure that the adverse mental and physical health effects of economic uncertainty and poverty are avoided until the economy recovers, as well as into the future.

¹ National Rural Health Alliance, *Poverty in Rural and Regional Australia* - Fact Sheet. Canberra: NRHA; November 2017

² Australian Institute of Health and Welfare. Rural & remote health. Cat. no. PHE 255. Canberra: AIHW; 2019

³ Salt B, ‘Post-COVID, Australians go back to grassroots’, *The Australian*. 6 July 2020

⁴ The Australian Council of Social Service. Submission to Senate Select Committee on COVID-19; 26 May 2020 www.acoss.org.au/wp-content/uploads/2020/06/200528-ACOSS-submission-Senate-COVID-Inquiry.pdf <Accessed 9 July 2020>

⁵ Daley J, Wood D, Coates B, et al. *The Recovery Book: What Australian governments should do now*. Melbourne: The Grattan Institute; June 2020

⁶ Richardson C. ‘Business Outlook: Fast Crisis, Slow Recovery – What comes next for the Australian and world economies?’ Deloitte Access Economics; 2020. Published online July 6 2020 www2.deloitte.com/au/en/pages/media-releases/articles/business-outlook.html <Accessed 15 July 2020>