



RECOVERY FOR ALL:

Investing in social, digital and financial inclusion

The COVID-19 recovery provides an opportunity to support social, financial and digital inclusion.

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SYSTEMATIC EXCLUSION STOPS DISADVANTAGED GROUPS FROM FULLY PARTICIPATING IN SOCIETY. THE GOVERNMENT'S RESPONSE TO COVID-19 HAS DEMONSTRATED THAT POLICY CAN EITHER ALLEVIATE OR EXACERBATE THIS DISADVANTAGE

We are in a time of multiple international and national crises: COVID-19, the impact of climate change and extreme weather disasters in Australia, global energy upheaval and supply chain disruptions and conflict in Ukraine, East Africa and elsewhere.

Increasing [inflation](#) and [housing costs, wage growth stagnation](#) and [wage theft](#) are also pushing many Australian families into financial crisis, and are only [set to increase](#). This is especially true for those with a disability who have [additional costs](#) of living to manage.

[COVID-19 has been more than a health crisis, and it is more than an economic crisis.](#) Those most impacted by reduced work, lack of access to health care and disrupted education were already experiencing marginalisation, with the COVID-19 crisis leading to an increase in social inequities.

Governments can entrench this disadvantage but policy [responses to COVID-19](#) have shown that it is possible to target social inequities within policy solutions.

The [Coronavirus supplement](#) to the JobSeeker, Youth Allowance and other payments demonstrated that when people receive an adequate level of income support, they can participate more fully in the economy, and this [lifts the strain that contributes harm to mental health](#).

People [experiencing acute hardship](#) prior to COVID-19 used the supplement to repay debts to family and friends, pay off credit cards and loans, pay overdue bills and save for an emergency fund. In many cases, such debts were a direct result of the previously inadequate income support payments.

For an inclusive society, governments should focus on mechanisms that enable social, digital and financial inclusion as a central strategy in the recovery from COVID-19.

Social inclusion aims to embrace all people irrespective of race, gender, disability, medical or other needs. It happens when there is equitable access to resources and services, as well as the ability for people to make their own decisions about how they participate in society.

Financial inclusion means having [access to appropriate and affordable financial services and products](#) such as a bank account, insurance and credit. People receiving income support in Australia experience financial exclusion, such that they lack access to affordable credit and often engage in high-cost borrowing or unregulated buy now, pay later services.

Digital inclusion allows people to access and use digital technologies to participate in civil, social, and economic life. Working or learning from home, telehealth, participating in court proceedings and maintaining social connection all require reliable phone and Internet access.

People who may already experience social exclusion – such as those aged 75 and over, people who have not completed high school, people who rent from a public housing authority, or those in the lowest income bracket – are experiencing [substantially lower levels of digital inclusion](#).

Disadvantage can compound when digital exclusion also occurs alongside economic stress, lack of appropriate health care, or a lack of secure housing.



WHAT IS REQUIRED TO SUPPORT AUSTRALIA TO ADDRESS SOCIAL INEQUITIES AS PART OF THE COVID-19 RECOVERY?

Australia's COVID-19 recovery has focused on 'opening safely' and helping small businesses 'bounce back' from the economic impacts of lockdowns.

These strategies will have an immediate and direct benefit for some Australians, enabling them to reconnect and participate in society but despite the easing of lockdowns, not all Australians will be able to re-enter and participate in society. For those who are immunocompromised, not working, or without stable housing, a 'return to normal' presents a continuation of social exclusion.

Even before the pandemic, the impacts of government policy were not felt equally across the country, including in areas such as access to clean water and reliable sanitation, housing, basic education and support for health and wellbeing.

The Coronavirus supplement temporarily lifted many out of poverty overnight, and meant people experiencing acute hardship no longer had to [forgo or ration food, medication, health care](#) or other essentials. They didn't have to pool meals, borrow money from family, friends, or predatory lenders, fall behind on bills, or access food parcels and other emergency supports from social services.

Doing these things to survive can often feel [shameful or embarrassing](#) but the Coronavirus supplement provided people with choice and control. When the costs of essentials were covered, people could [improve their financial wellbeing and dignity](#).

The overwhelming [demand for social services](#), particularly housing, food support, health, and education, since these income support payments were reduced to pre-pandemic levels, has shown that [people participate in the economy](#) when their basic human needs and foundations of wellbeing are being [met](#).

This challenge of post-COVID-19 recovery for all raises two questions:

- How can we understand national recovery that isn't based solely on economic figures?
- How can we recover from COVID-19 coupled with a resolve to address the causes of disadvantage?

To ensure equitable economic recovery, inequities in our social system that have been exacerbated by COVID-19 must be addressed by targeted government policy.

Amid the responses to COVID-19, there are also opportunities for innovative solutions that can support equitable access to services. Globally, 'recovery' is looking at not just returning to how things were before the pandemic, but using the opportunity to re-think what counts as success.

[Measurement is also key](#) to understanding recovery.

Understanding the outcomes of policy, not just the amount spent on a social issue demonstrates the end points for how Australia is governed. Ideally, a party's policy platform could draw a line between what they have promised, funded, or given attention to, and what outcomes have been achieved as a result of these initiatives.



WHAT CHALLENGES REMAIN?

A key and urgent action for the Australian Government is to make the cost of living affordable.

The Federal Budget included a suite of measures to ease the increasing cost of living and while many of these measures will provide temporary relief for some, they are not long-term solutions, nor do they address the causes of financial exclusion.

Although there were problems with the JobKeeper payments, they did keep many small business owners afloat. Similar emergency payments will likely be needed in response to future disasters, such as flooding and bushfires.

Income support payments need to be brought in-line with the cost of living to ensure that they enable all Australians to be socially, financially and digitally included.

The need for these payments is not debated – it is how they will be funded that becomes the focus.

Governments must prioritise exploration of new funding mechanisms that support equitable inclusion. This can be done by looking to other countries, as well as within Australia:

- Although the Finnish Basic Income experiment had no effect on employment participation, it was associated with higher levels of self-perceived financial wellbeing.
- In Australia, the top 200 wealthiest own the majority of the nation's wealth, yet there is no effective mechanism for how this wealth can be better shared with foundations or by other means.
- Public opinion on responsibility for poverty varies between individual deficiency to a recognition of structural issues. However financial wellbeing is affected by many factors well outside of an individual's control. COVID-19 has been a stark demonstration of how quickly social and financial exclusion can occur for all but the wealthiest of people. As public opinion at least partly shapes policy responses, public debate and advocacy could continue to promote sustainable financial and social inclusion policies.

RECOMMENDED NEXT STEPS

Proactive policy that addresses social, environmental and economic development is urgently needed.

Addressing inequity as a systemic issue requires sustained change before a crisis and higher levels of overall social inclusion and progress – and not just an investment in one area – will determine our recovery and resilience to weathering future shocks.

We need to learn from the policies that have worked, and the lessons from the communities that were

left behind over the last three years, to ensure that we approach social, economic and digital policy differently.

The evidence points towards increasing disparities between the haves and the have-nots and the increasing need for sustainable financial inclusion. This is not an issue for one government to address, but for all parties to respond to in consultation with Australians.

CSI RESOURCES/REPORTS

- [Amplify Insights: Financial Wellbeing](#)
- [Insights Into Hardship and Disadvantage in Perth, Western Australia: The 100 Families WA Baseline Report](#)
- [Navigating Support Systems](#)
- [Perspectives on Mental Health and Wellbeing from Interviews and Focus Groups](#)

- [Social Security and Stigma in Australia](#)
- [Submission 716: Supplementary submission to the Productivity Commission inquiry into mental health](#)
- [The Impact of COVID-19 on Families in Hardship In Western Australia](#)
- [2021 Australian Digital Inclusion Index](#)

OTHER RESOURCES

- [Opportunities for All: A Framework for Policy Action on Inclusive Growth](#)
- [OECD Focus on an inclusive recovery](#)
- [OECD COVID 19 Recovery Dashboard](#)

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