

RAISE THE RATE

BRIEFING NOTE

Raise the Rate of Newstart and Youth Allowance: the single most effective step to reducing poverty

In a wealthy country like Australia, we should all have enough to put a roof over our head and food on the table.

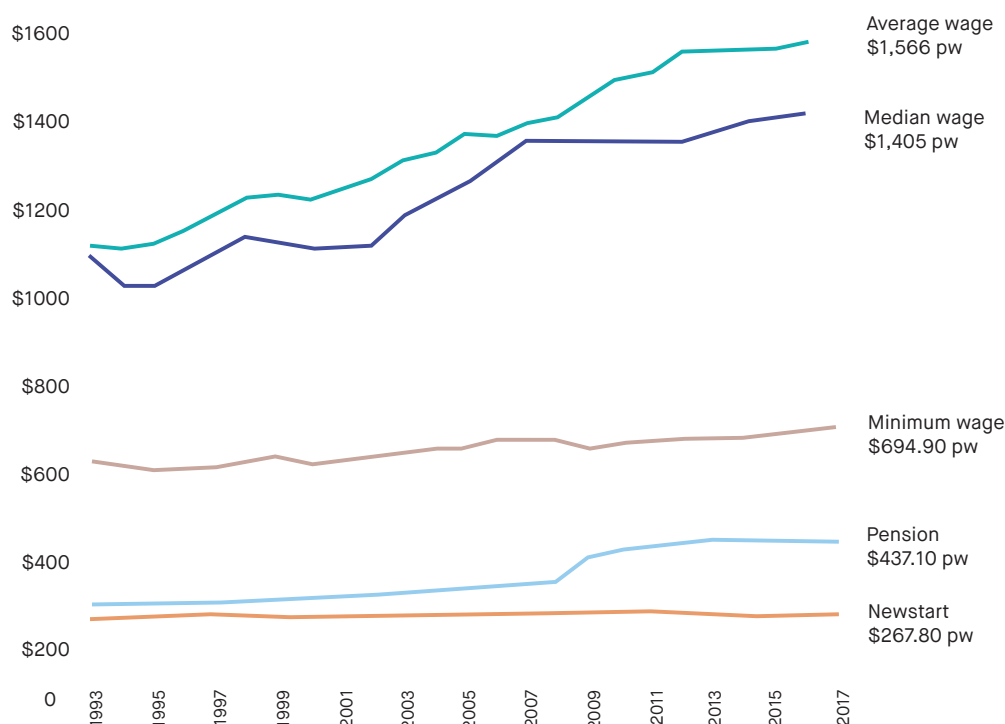
However, more than three quarters of a million people in communities across Australia live on unemployment and student payments that do not cover the cost of housing, food, transport and healthcare. The single rate of Newstart is less than \$40 per day and living on Newstart and Youth Allowance presents the biggest risk to living in poverty.

Lifting the single rate of Newstart, Youth Allowance and related payments would be the most effective step to reducing poverty in Australia. An increase of at least \$75 per week would help people feed themselves and their kids, and every cent would be spent in local communities.

People living on Newstart have fallen behind

The decision to not increase the single rates of Newstart, Youth Allowance and related payments in real terms has left people behind in our community.

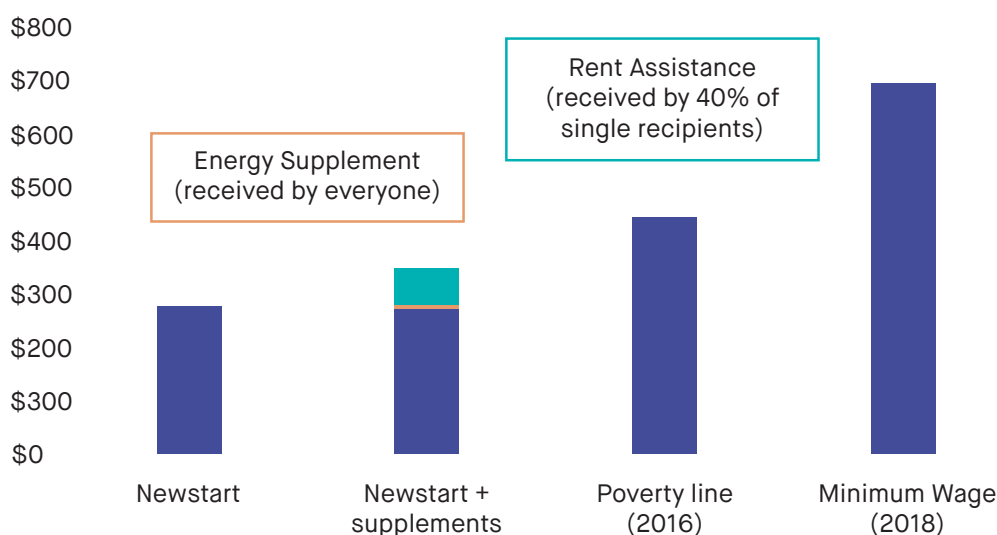
Newstart versus pension and wages (\$2017)





- The single rate of Newstart is just \$278 per week, or less than \$40 per day. This is why unemployment is the biggest risk factor to living in poverty.
- The Business Council of Australia and KPMG have stated that the rate of unemployment payments is so low it is acting as a barrier to work. The ACTU, economist Chris Richardson and John Howard all support an increase to Newstart.
- Australia has the lowest rate of unemployment payment in the OECD.
- There is just one job for every eight people looking for paid work. As a result the majority of people receiving an unemployment payment do so for 12 months or more.
- One in four people on Newstart has a partial capacity to work because of illness or disability.
- Anglicare Australia found that of 67,000 rental properties surveyed, just three properties Australia-wide were affordable for a single person receiving unemployment payments.
- Even with supplements, Newstart is totally inadequate to cover the cost of living.

**Single rate of Newstart & supplementary payments
(per week) (March 2018)**



¹OECD (2017): 'Benefit generosity - During the initial phase of unemployment, 2001-2015'
<http://www.oecd.org/els/benefits-and-wages-statistics.htm>

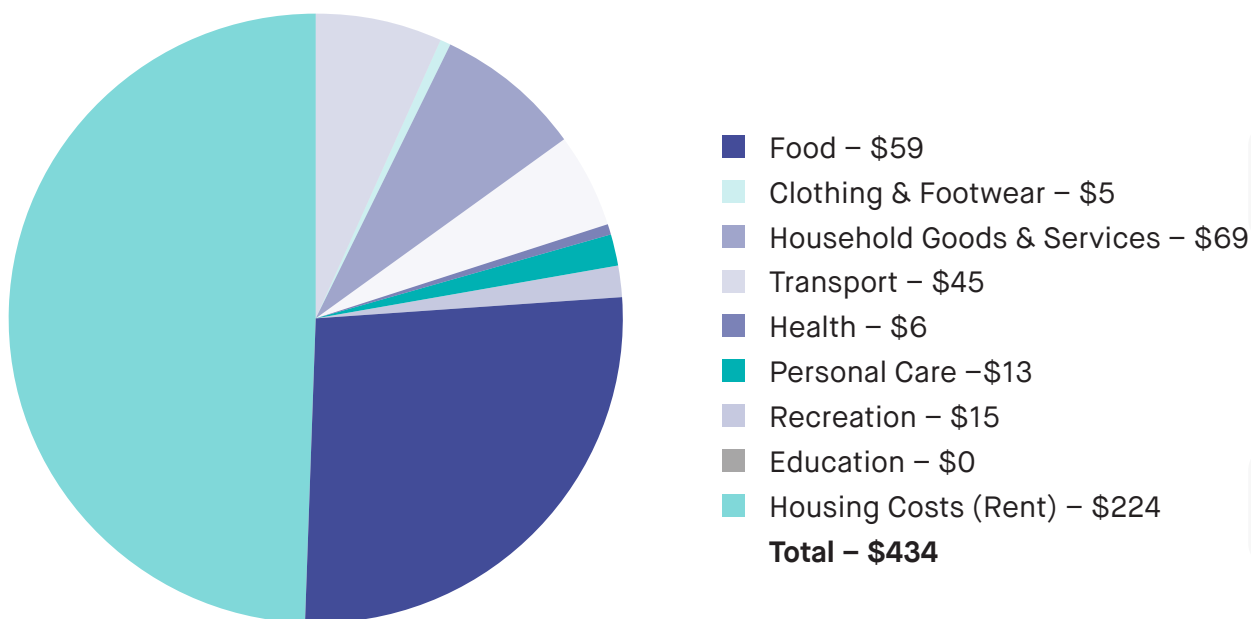
Why a \$75 increase is the absolute minimum

Research by the University of NSW shows that the rate of the single unemployment payment falls short by \$96 per week to meet the cost of housing, food, basic healthcare and transport.

UNSW found that a single unemployed person needs \$434 per week to cover the cost of the basics. Newstart is just \$278 per week.



How much a single person who is unemployed needs per week (2016 dollars), UNSW 2017



What the Federal Government needs to do

- Increase the single rates of Newstart, Youth Allowance and related payments by \$75 per week to reduce poverty and inequality in Australia.
- Index payments to wages as well as CPI to ensure they maintain pace with community living standards.
- Increase Commonwealth Rent Assistance by 30% or \$20 per week for a single person on Newstart.

Together, these measures would lift Newstart to be in line with UNSW's assessment of the minimum level of income single unemployed people need to afford the essentials. They would help people afford food and housing, reduce homelessness, destitution and the need for charity. These reforms would improve people's wellbeing, security and health. Raising the rate would benefit entire communities.