

## **MEDIA RELEASE: 21 YEARS IS LONG ENOUGH – TIME TO RAISE NEWSTART ALLOWANCE, TIME TO END POVERTY FOR UNEMPLOYED PEOPLE**

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*Anti-Poverty Network SA is a diverse, grassroots alliance of welfare recipients, including sole parents, students, unemployed people, Age and Disability Pensioners, carers, and others on low incomes. Anti-Poverty Network SA fights for an adequate, fair safety-net, and for a welfare system that is non-judgmental and non-punitive, and treats ordinary people with respect.*

This year marks the 21st anniversary of the last time Newstart Allowance was raised in real terms. Since the 1994 Federal Budget, when Newstart was raised by a mere \$2.95, the level of the payment has stagnated, falling increasingly behind the rest of community, and creating widespread poverty for unemployed people.

Newstart, at \$259 per week, or \$37 per day, is the lowest unemployment payment in the developed world. It is over \$140 per week below the poverty-line (50 percent of median income). Even with the maximum rate of Rent Assistance, job-seekers are still over \$90 per week below the poverty-line. Newstart is now only 18 percent of the average wage, and 41 percent of the minimum wage.

“The low rate of Newstart profoundly impacts on the well-being of unemployed people, with 40 percent of Newstart recipients unable to pay their bills on time or see a dentist, 46 percent only able to afford second-hand clothes most of the time, and more than half unable to raise \$2,000 in the event of an emergency”, Anti-Poverty Network SA spokesperson Pas Forgiione said.

“And with government data indicating there are roughly five job-seekers for every job, Newstart is not a short-term payment. Over half of the roughly 750,000 unemployed people in Australia, through no fault of their own, are stuck on the payment for long periods, simply because there are not enough jobs to go around.”

An ACOSS (Australian Council of Social Service) survey of 600 Newstart recipients highlighted the extent of financial hardship faced by job-seekers:

- 44 percent of those surveyed reported having unsustainable levels of debt, owing more than they could afford. A majority reported turning off heating and cooling save money.
- 32 percent reported skipping meals over the past year.
- 25 percent were suffering from 'housing crisis' – were spending more than 50 percent of their income on housing.
- 20 percent reported not having enough money for essentials like housing, food, and electricity.
- 63 percent reported that their income had fallen behind cost of living over the past two years.

Raising Newstart is affordable. The increase could be easily funded through budgetary measures that would not only affect small groups of people but would raise significant amounts of revenue.

Savings generated from scrapping negative gearing (\$15 billion saved), eliminating superannuation tax concessions for those on high incomes (\$10.5 billion), and closing various tax loopholes for big business, could fund the long-overdue increase to the payments, will billions of dollars leftover.

These figures dwarf the cost of raising Newstart: increasing the payment by \$100 per week, to allow it to reach the poverty-line, would cost roughly \$4.5 billion per year. A \$50 per week increase,

called for by ACOSS, ACTU (Australian Council of Trade Unions), and BCA (Business Council of Australia) would cost half of this figure.

“There is no excuse for not raising Newstart. It is affordable, it is the right thing to do, it will allow job-seekers greater access to the resources needed for not only a decent quality of life, but also allow them to more effectively search for work, as business groups have acknowledged.”, Forgione said.