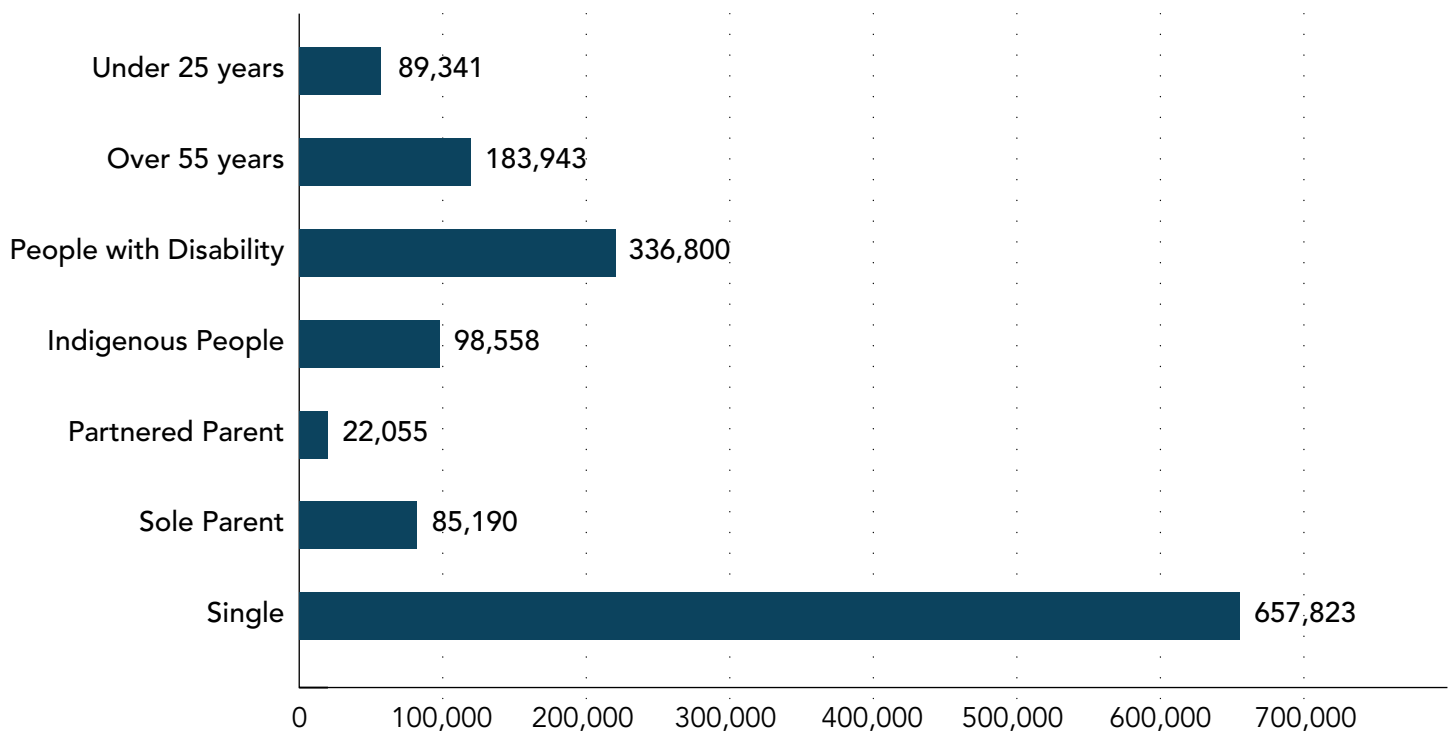




How many Australians are living on Newstart Allowance?

There were nearly 1 million Australians living on Newstart or Youth Allowance (Other) at December 2018 - around 800,000 adults plus around 160,000 children. This includes over 377,000 people who have been out of work for 2 or more years.ⁱ

Newstart & Youth Allowance, December 2018



How would increasing Newstart reduce poverty?

A \$75 a week increase (or just over \$10 a day) in Newstart and Youth Allowance would make a huge difference to lives of nearly 1 million Australians. It would mean they would be able to afford to eat 3 meals a day, have the bus or train fare to go to job interviews and be confident they could pay their electricity bill. We can afford it.

"I'm an ex-Australian soldier who returned to Australia, couldn't find work and was shunted into Newstart and (Work for the Dole). I have a three year-old and barely have enough to feed/clothe him and I. The extra money would help us 'survive' until I can get back on my feet, employment-wise."

"Without government action to increase Newstart Allowance, everyone loses: governments, the community, front-line services and, most of all, people receiving Newstart and their families."

– St Vincent de Paul Society.



How does the rate of Newstart cause hardship and poverty?

In 2018 ACOSS and UNSW research found that while the **poverty rate** for all Australians was 13.2%, the **poverty rate** was **64% for young** unemployed people who rely on Youth Allowance and **55% for people who rely on Newstart.**^{iv}

Foodbank found the main reason **people were unable to buy food** was because they were living on a low income or pension. Single parents often make personal sacrifices to ensure their children can eat: 3 in 5 single parents experiencing food insecurity skip a meal at least once a week to make sure there is enough food for their family and 1 in 3 go a whole day without eating at least once a week.^v

How does the low rate of Newstart affect job search?

The **Business Council of Australia**, as long ago as August 2012,^{viii} said:

“The rate of Newstart no longer meets a reasonable standard of adequacy and may now be so low as to represent a barrier to employment” – trying to survive on the payment is “likely to erode the capacity of individuals to present themselves well or maintain their readiness for work.”

In 2018, their CEO Jennifer Westacott said she had been calling for increases to unemployment benefits for years.

“You cannot live on \$39 a day. We really have to get our head around this, but not just in terms of tinkering with the allowance. We’ve got to make sure that allowance is adequate... we’ve got to make sure the programs are there, the literacy programs, the numeracy programs, that the jobs services networks are doing their jobs properly.”^{ix}

Current payment rates do not cover basic living costs, let alone the additional costs of looking for work (e.g. internet expenses; clothing/transport costs to attend job interviews). The ongoing stress and struggle to make ends meet can detract from job search activities and undermine health and wellbeing, further diminishing employment prospects.^x

Melissa, a mother of four receiving Newstart, said that it was difficult to provide her children even with basics like fresh fruit:

“He’s asking for a banana. I should be able to provide that.”^{vi}

According to **Anglicare’s 2019 Rental Affordability Snapshot**, not 1 rental property or share house was affordable for a single person on Newstart or Youth Allowance in any major city or regional centre. Across Australia, only 2 private rental properties were found to be affordable for a single person on Newstart with no children.^{vii}

How would a \$75 a week increase to Newstart help our economy?

Deloitte Access Economics found a \$75 a week increase in Newstart and associated allowances (described by them as a ‘catch up increase’) would have a strong fairness and prosperity dividend. Adding \$10 a day to the existing base rate of unemployment benefits would cost \$3.3 billion but would create a bigger economy and also would help the regional economies most in need of help.^{xi} Economist Chris Richardson told Radio 2GB:

Of that direct cost of \$3.3 billion,

because it’s going to people who will basically spend every cent... it tends to have a bigger boost to the size of the economy than some other things do.^{xii}

The **Governor of the Reserve Bank**, Philip Lowe, confirmed in June 2019 that increasing Newstart would be at this time “good for the economy”, in order to boost growth.^{xiii}

Around 1 million people in Australia rely on Newstart and Youth Allowance.

December 18 (a)	Newstart Allowance	Youth Allowance (Other)	Total	%
Total	722,923	89,341	812,264	
Single	572,224	85,599	657,823	81%
No Earnings	84,943	72,571	664,700	82%
Single Parent (Principal carer of children)	21,981	247	85,190	
Couples with Children (Partnered principal carer of children)	106,974	74	22,055	
Total with Children (b)	80,718	321	107,245	13%
Indigenous	199,907	17,840	98,558	12%
Partial capacity to work (<30 hours week) (c)	183,943	10,783	210,690	26%
Aged over 55 years		0	183,943	23%
Aged under 25 years		89,341	89,341	11%
Average duration on NSA/YA	156 weeks	79 weeks		
Received Newstart for 2 or more years	353,369	24,087	377,456	46%

(a) [DSS Demographics December 2018](#), note categories are not exclusive, some people may be counted in more than one category.

(b) **Families with children** (single and partnered) total 107,245. Estimate 1.5 children per family from Question on Notice SQ19-000049, so approx. 160,000 children living in a family who rely on Newstart.

(Note: Qualifying for DES or jobactive depends on whether your disability is your primary barrier to employment. For the 77% of people in DES receiving Newstart & YAO, their disability has been assessed as the primary barrier to employment; for the 27% in jobactive with a disability, it has been assessed as manageable and not the primary barrier.)

(c) **People with disability** are not separately identified in DSS Demographic Data but according to the Federal Government's [Labour Market Information Portal](#), at December 2018 there were 336,800 (41%) Newstart & Youth Allowance (Other) recipients with disability participating in labour market programs:

- 163,600 people (or 77%) of all in the [Disability Employment Service \(DES\) program](#) and
- 173,200 people (or 27%) of all in the [jobactive program](#) who had a disability.

Produced by Anti-Poverty Week as part of its **Fast Facts** series. Data correct as of 22 July 2019.

For more, see [Raise the Rate](#) or our website at www.antipovertyweek.org.au

¹[DSS Demographics December 2018](#), note categories are not exclusive, some people may be counted in more than one category. People with disability based on numbers of people with disability in [jobactive program](#) and [DES labour market programs](#) at December 2018. Estimate of 1.5 children per family with children from Question on Notice SQ19-000049.

²Ross, cited in [Poverty in Australia 2018](#), sourced from Your Stories, Raise the Rate.

³St Vincent de Paul, [Briefing Raising the Rate of Newstart](#), 21 May 2019.

⁴Davidson, P., Saunders, P., Bradbury, B. and Wong, M. (2018), [Poverty in Australia 2018](#). ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, Sydney: ACOSS.

⁵[The Hunger Report 2018](#), Foodbank, October 2018.

⁶<http://www.powertopersuade.org.au/blog/i-should-be-able-to-provide-that-how-welfare-to-work-affects-low-income-single-mothers-food-provision/19/2/2019>

⁷Anglicare Australia, [Rental Affordability Snapshot](#). April, 2019.

⁸[BCA submission to Senate Inquiry](#), August 2012.

⁹AFR 3/5/18.

¹⁰St Vincent de Paul, [Briefing Raising the Rate of Newstart](#), 21 May 2019.

¹¹Deloitte Economics report at: "[Analysis of the impact of raising benefit rates](#)", 4 September 2018.

¹²Radio 2GB, [Raising Newstart has to become a priority 26 September 2018](#).

¹³ACOSS Media Release, 20 June 2019.