



**Submission:**

**Why the Newstart**

**Allowance should be**

**increased as a matter of**

**urgency.**

Nova for Women and Children is funded as a Specialist Homelessness Service for women and children by the Department of Communities and Justice in the Newcastle and Lake Macquarie regions of NSW.

Nova's mission is to reduce the impact of homelessness for women with or without children. Our goal is to meet the diverse needs of women and children who are homeless or at risk of homelessness, especially those affected by domestic and family violence, one of the leading causes of homelessness for women and children.

**Another leading cause for homelessness is poverty.**

According to the Australian Department of Human Services, The Newstart Allowance is 'Income support while you look for work.'  
If you're single with no children you're entitled to \$555.70 per fortnight.  
That's \$15,559.60 per year.

\$277.85 per week.

The minimum wage is 2.6 times more than what a single adult on Newstart receives.

The report by the Australian Council Of Social Service 'Poverty In Australia 2018' found 'Those experiencing poverty at the highest rates are those unable to find paid work, relying on government allowances - Newstart 55%.'

Again, according to ACOSS in dollar figures in Australia the poverty line 'works out to \$433.00 a week for a single adult living alone.'

<https://www.acoss.org.au/poverty/>

Those earning just on the poverty line are living on 1.5 times more money than those living on Newstart. According to Employsure 'The current minimum wage in Australia is \$740.80 per week which was set on 30 May, 2019. (See attached article below)



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The minimum wage is 2.6 times more than Newstart.

According to an article by Gay Alcorn for the The Guardian in May, 2019, 'More than a third of Newstart recipients stay on the payment for less than one year, usually escaping poverty when they get a job. But close to half remain on Newstart for more than two years, countering the argument that the payment is so low because it is meant as a short-term stopgap until a new job is found.'

### **What kind of standard of living do we want in Australia, especially for our most vulnerable?**

A 2018 survey for Anglicare Australia found very high levels of compassion towards people experiencing poverty, and that most people believe no-one should experience poverty in Australia. And yet nearly one million Australians receive Newstart. That's nearly one million Australians living well below the poverty line. In October 2016 an ACOSS report found that poverty in Australia is increasing with 2.9 million people living below the poverty line. That's men, women and children, and especially if you're Indigenous, living in misery in this lucky country.

One of the clearest indicators of a standard of living is the ability to find adequate, affordable housing. The Anglicare Australia Rental Affordability Snapshot, 2019, showed that for a single adult on Newstart there were two (2) affordable and appropriate dwellings available in the whole of Australia. In fact it found that 'no properties in any capital city were affordable for a single person on Newstart.' It also found that 'For these people the car, a friend's sofa, a homelessness service, or even a tent in a squat becomes home.'

<https://www.anglicare.asn.au/docs/default-source/default-document-library/final--rental-affordability-snapshota302da309d6962baacc1ff0000899bca.pdf?sfvrsn=4>

Being homeless makes getting a job that much harder.

After decades of neo-liberal economic policies, we've been led to believe poverty carries with it some kind of moral failure, that it's the fault of those who are poor. This distracts us from the fact that poverty is structural and one of the most powerful structures of poverty in Australia is the Newstart Allowance.

We know that poverty reduces access to quality education, health and housing. Poverty begets poverty, this is the structural trap. People with poor education are especially vulnerable to unemployment and underemployment, where they find themselves going on and off Newstart, dipping in and out of poverty or barely ever making it out. Currently roughly 44% of the Australian population are either unemployed or underemployed.

According to the Australian Council of Trade Unions, living costs outstripped household incomes 'by 2.9% over the last three years' and Australia's standard of living has fallen to levels not seen since the 1991-92 recession, despite labour productivity increasing dramatically and the nation producing more billionaires than ever before.

According to Gay Alcorn 'About 10% of Australians - or 2 million people - live in income poverty and the figure has barely budged for three decades.' This is a national disgrace.

### **So what can we do?**

Roger Wilkins, an economist and Deputy Director of the Melbourne Institute doesn't believe that we can erase poverty in Australia. But he says we could make dramatic improvements instantly, subject to political will. "The most important step would be increasing the allowance rate, currently paid to unemployment benefit recipients" also "Increasing the amount that one can earn without losing benefits, and reducing the rate at which benefits are withdrawn as earnings increase, would also be very effective at reducing poverty." He further states "These measures are not unaffordable and should not reduce policy efforts to improve employment participation – the most effective anti-

Australia actually is the lucky country with our resources, including our multi-cultural people, our enormous capacity to produce food, our rich mineral sources. We can afford to look after our most vulnerable far better than we are currently doing.

As poverty begets poverty we also know wealth begets wealth. By increasing wages overall, including the Newstart Allowance, the more people can afford to spend, thus injecting money into the overall economy. As Jemma Nott wrote in an article for the Independent Australia ‘the real toll on human life living below the poverty line, as the fundamentals of things like rent, food and the average household bills continue to rise (rents usually rise during a housing crash) is grinding and severe. However, the average working Australian population would be foolish to think the issue of raising Newstart won’t affect them, too.’

Sure, the best welfare is a job, but in fact there simply aren't enough jobs for everyone, with one job available for every eight people looking for paid work. When you're struggling to house and feed yourself, let alone fill your car (if you're lucky enough to be able to afford one) with petrol, maintain the cost of a mobile phone (because a potential employer has to be able to contact you), clothe yourself appropriately for job interviews and so on, it's pretty hard to get a job. There's been no increase to Newstart in 25 years. If Newstart is 'Income support while you look for work', the current rate of Newstart is not enough to give people the support they need.

In fact, the Newstart Allowance has become a barrier to finding a job.

## **Raise the Rate.**

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