

To: Senate Standing Committees on Community Affairs
Submitted via email: community.affairs.sen@aph.gov.au

8 September 2019

Re: Raising the rate of Newstart and Youth Allowance

We are writing on behalf of YOUNG Campaigns, a youth-led organisation dedicated to promoting economic justice for young Australians.

Young people in Australia are working hard to study and find a job. However for many of us living on a Youth Allowance or Newstart payments means making impossible choices like which meal to skip in order to pay rent on time. This is the reality of living on \$39 a day.

For most young people, Newstart and Youth Allowance doesn't cover the basics including rent, food and bills. It doesn't allow room for unexpected expenses like looking for our health. It can mean compromising on the costs of socialising and transport outside of the house. This can leave us isolated from our peers and support networks.

All of this means many young people are under significant financial and social stress on top of the normal stresses of studying and looking for work.

Australia has the lowest rate of unemployment payment in the OECD¹. This is why unemployment is the biggest risk factor to living in poverty. Young people feel this acutely, as we are also facing the highest rates of underemployment in 40 years,² while living in some of the most expensive cities to rent in the world.³

A study by Anglicare in 2018 found that only 0.01% of rental properties were affordable to a single person living on Newstart.⁴

While the cost of living has been rising steadily, Newstart hasn't increased in real terms in 24 years.

This makes raising the Newstart and Youth Allowance rate more important than ever.

¹ OECD "Back to Work: Australia"

https://www.oecd-ilibrary.org/employment/back-to-work-australia/net-replacement-rate-of-unemployment-benefits-is-relatively-low-in-australia-although-not-among-the-lowest_9789264253476-graph22-en

² The Guardian, "Underemployment has risen and it's young people paying the price"

<https://www.theguardian.com/business/grogonomics/2018/aug/09/underemployment-has-risen-and-its-young-people-paying-the-price>

³ UBS Data Explorer <https://www.ubs.com/microsites/prices-earnings/en/explore/>

⁴ Anglicare Australia, 2018 Rental Affordability Snapshot

<<https://www.anglicare.asn.au/docs/default-source/default-document-library/final---rental-affordability-snapshot811d9309d6962baacc1ff0000899bca.pdf?sfvrsn=6>>

The University of NSW found that a single unemployed person needs \$434 per week to cover the cost of the basics⁵. This is \$96 more than Newstart and Youth Allowance. A raise of \$75 a week and \$20 in rent assistance would go a long way to ensuring that all young people can earn a living wage while studying or looking for work.

Raising Newstart and Youth allowance would lift 250 000 people out of poverty. For young people, this means allowing us to focus on our studies, finding work and contributing to our communities.

We wish to add our voice to many people and organisations in civic society calling for an emergency increase in the Newstart and Youth Allowance payments by \$75 a week.

However we think to truly solve this problem these allowances need to remain at a rate that is above the poverty line. Accordingly, we recommend implementing an annual increase to Newstart and related payments that are anchored to the Henderson poverty line.

YOUNG Campaigns recommends:

1. Newstart and Youth Allowance payments be immediately increased by at least \$75 a week.
2. Rent Assistance be increased by at least \$25 a week.
3. Annual increases to Newstart and Youth Allowance, anchoring them to an amount higher than the Henderson Poverty Line.

Thank you for the opportunity to contribute to this inquiry.

Sincerely,

Cat Nadel
Campaigns Director, YOUNG Campaigns

⁵ACOSS and UNSW Sydney "Inequality in Australia"
<https://www.acoss.org.au/wp-content/uploads/2018/07/Inequality-in-Australia-2018.pdf>