

Raise the Rate regional impact

Briefing note

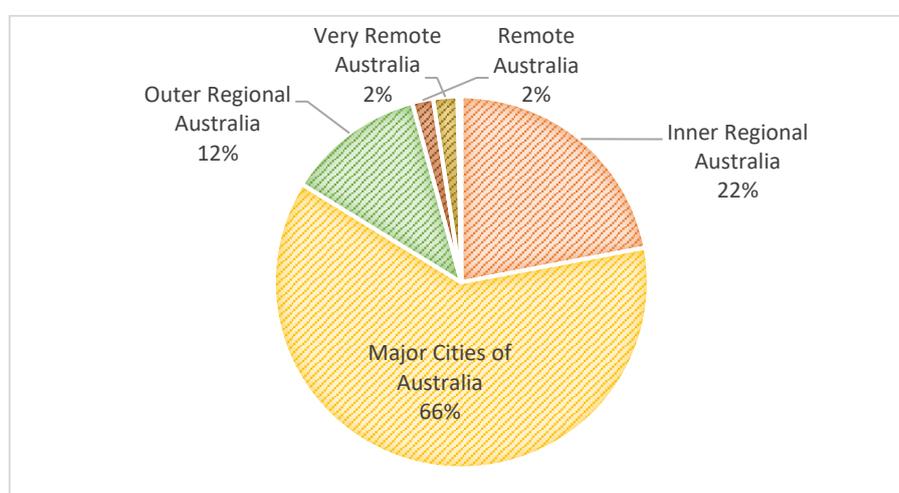


Raise the Rate and make Newstart work in regional Australia

Regional Australia would greatly benefit from an increase to Newstart and Youth Allowance.

There is a disproportionate number of people living on allowances in regional Australia, largely because there are fewer job opportunities. While the majority of people who receive Newstart live in capital cities, a higher proportion of working-age people receive Newstart in the regions (6.6%) compared with major cities (4.9%).¹

Newstart recipients by area (2016)



Source: ACOSS, DSS, ABS (2016)

This means that a large proportion of people in regional Australia are struggling to pay for essentials like food, housing and fuel (if they have a car) while they try to find paid work or care for children.

Newstart is not enough to cover essentials in regional Australia

We know that one of the first things people go without when trying to make ends meet on an allowance is food.

Foodbank found that people in the bush are 33% more likely to have accessed food relief in the past 12 months compared with people in the city. 1.5 million people in regional Australia accessed food relief in 2018 alone.²

¹ DSS data trends (Newstart & Youth Allowance) (2016), Australian Bureau of Statistics, Census of Population and Housing (2016), Compiled by .id.

² Foodbank (2018) 'Foodbank Hunger Report 2018' <https://www.foodbank.org.au/wp-content/uploads/2018/10/2018-Foodbank-Hunger-Report.pdf>



People on Newstart in regional areas struggle to pay for car costs like fuel and insurance, but often need a car to look for and get paid work. SACOSS recently found that people in regional South Australia spend 11% more on petrol compared with their city counterparts.³

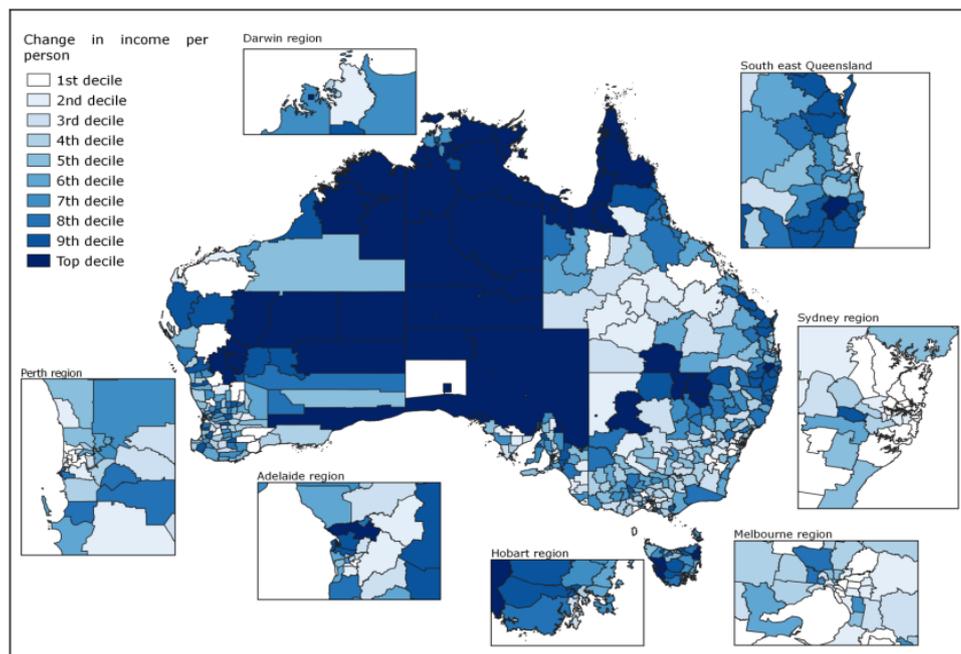
Anglicare Australia’s in-depth analysis of rental affordability across the country found that there are just three rental properties that would be affordable for someone on Newstart Australia-wide.⁴ Regional areas can no longer be considered an affordable option when it comes to housing, particularly for single people on Newstart and other allowances.

An increase to Newstart would help strengthen regional communities

Regional communities would see their economies lifted by millions overnight if the single rate of Newstart and related payments was increased by \$75 per week. Deloitte Access Economics found that a \$75pw increase to these payments would greatly benefit regional Australia, not only because of the number of people in these areas receiving allowances, but also because people would spend the bulk of their income locally, buying local produce and services.⁵

Heat map of the regions that will benefit most per capita if allowances were increased

Figure 4.1: Increase in regional disposable income per head for each local government area



Source: Deloitte Access Economics

³ SACOSS (2018) Cost of Living report, September Quarter:

<https://www.sacoss.org.au/sites/default/files/Cost%20of%20Living%20Update%2036%20-%20Petrol.pdf>

⁴ Anglicare Australia (2018) <http://www.anglicare.asn.au/docs/default-source/default-document-library/rental-affordability-snapshot---regional-report.pdf?sfvrsn=0>

⁵ Deloitte Access Economics (2018)

RAISE THE RATE

This increase would inject \$4 billion into the Australian economy in the first year, with most of the top 20 local government areas to benefit on a per person basis being in regional or rural Australia. It

is also expected that this reform would deliver 12,000 new jobs and increase wages and profits by 0.2%.⁶

What the Federal Government needs to do

- Increase the single rates of Newstart, Youth Allowance and related payments of \$75 per week to reduce poverty and inequality across 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 University of NSW'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, and severe financial hardship. These reforms would improve people's wellbeing, security and health. Raising the rate and making Newstart work would benefit entire communities.

⁶ Deloitte Access Economics (2018)