

FREQUENTLY ASKED QUESTIONS

Will increasing payments discourage people to look for paid work?

The single rate of Newstart is just \$282 per week, or less than \$40 per day. Even with a \$75 per week increase, the payment would be less than half the minimum wage. People would be far better off in paid work, if they could get it.

Our system also requires people to look for up to 20 jobs per month in order to receive payments. Addressing the inadequacy of the payment won't change this.

A payment increase would also help people find a job. The Business Council of Australia has stated that the rate of unemployment payments is so low it is acting as a barrier to work.

Don't people receive other payments in addition to Newstart?

Yes. Everyone receives the Energy Supplement, which is \$4.40 per week. Combined with Newstart at \$277 per week, this brings the payment up to \$282 per week (rounded up), or less than \$40 per day.

Only 40% of single people receiving Newstart receive Commonwealth Rent Assistance, the maximum of which is \$68.50 per week if the person spends at least \$150 per week on rent.

About 18% of single Newstart recipients receive Family Tax Benefit to help cover the cost of children.

In short, even with supplements, Newstart and Youth Allowance are still inadequate.

How can the government afford to increase these payments?

Government can afford to increase these payments. The only reason why Newstart and Youth Allowance have remained so low is because successive governments have decided to keep them low.

Increasing the single rates of Newstart, Youth Allowance and related payments, and indexing them to wages, would cost around \$3.2 billion in the first year. This is about the same as the government is spending on upgrading the Bruce Highway, or around half as much as Australia plans to spend on long-range surveillance drones. It's even less than the cost of one submarine that the government is purchasing (and the government is buying 12 of them)!

Doesn't Australia have a generous income support system?

Australia's social security system is comprehensive, but our unemployment payment is the lowest among wealthy countries (as a proportion of average income). Receiving Newstart is the biggest risk factor to living in poverty (55% of recipients live in poverty), and the payment combined with Rent Assistance falls \$96 per week short of the minimum required to afford the cost of housing, food, transport and basic healthcare.

Anglicare Australia found that of 69,000 rental properties surveyed, just two properties Australia-wide were affordable for a single person receiving Newstart.

Newstart and related payments are totally inadequate to ensure that people can put food on the table while they are without paid work.

Why don't people just go and get a job?

People on Newstart must look for paid work, but there is just one job for every eight people looking for paid work or looking to increase their hours. This is one of the reasons why most people on Newstart have received income support for 12 months or more.

Another factor at play is the increasing number of people with disability or illness receiving Newstart. One in four people on Newstart has a partial capacity to work because of illness or disability. For this cohort, finding suitable employment is often very difficult.