

6.4 RAISE THE RATE – REDUCING THE BURDEN ON LOCAL GOVERNMENT

Submitting Councillor: Cr Josh Fergeus

MOTION

That Council:

- i) Notes that the rate of the Newstart Allowance has not been raised in real terms for 25 years;*
- ii) Notes that the Newstart Allowance is currently less than 40% of the minimum wage and less than 17% of the average wage;*
- iii) Notes that the low rate of the Newstart Allowance – currently less than two thirds of the rate required to meet the poverty line¹ - is exacerbating poverty, homelessness and inequality;*
- iv) Acknowledges recent resident activism to Council on the issue of Newstart;*
- v) Joins the National General Assembly of the Australian Local Government Association in supporting an immediate increase in the Newstart Allowance to the level of the Henderson Poverty Line;*
- vi) Writes to the Minister and Shadow Minister for Families and Social Services, expressing this position, and sends copies to Federal Members of Parliament representing the Monash area; and*
- vii) Communicates this position as part of its ongoing advocacy activities.*

INTRODUCTION

Newstart – the main income support payment for local people who are unemployed and looking for work - is a critical part of Australia's income support system – it makes us different to America where unemployed people and their children are condemned to a life of poverty. But Newstart is not working – the rate has not been increased in real terms in 25 years while living costs for people on low incomes have gone through the roof.

Raising the single rate of Newstart by at least \$75 per week (and indexing the payment to wages, to fall in line with the aged care pension) will get Newstart working by allowing people to focus on building the skills they need to take the opportunities to get them through tough times. It will mean people can focus on their futures rather than having to be totally consumed with their current situation of financial crisis.

BACKGROUND

Local councils in Victoria, South Australia, New South Wales, Queensland and Western Australia have now supported a range of businesses, unions and non-government organisations which have called for the Newstart Allowance to be increased including Newcastle, Adelaide, Onkaparinga, Playford, Port Adelaide Enfield, Logan, Fremantle, Moreland, Maribyrnong, Frankston and more.

¹ <https://www.acoss.org.au/poverty/>

Newstart, at \$277 per week, is well below the poverty-line. It is less than 40 percent of the minimum wage, less than 17 percent of the average wage, and has not been raised in real terms for 25 years.

Polling indicates that 68% of Australians back an increase to Newstart².

The National General Assembly of the Australian Local Government Association passed the following motion in 2018:

"In light of the burden placed on local governments across Australia to respond to the needs and challenges of people living in poverty and homeless, the National General Assembly calls on Federal Government to raise the Newstart Allowance to the level of the Henderson Poverty Line to increase the wellbeing and life chances of many in our community."

DISCUSSION

Council has been working with rough sleepers and advocating on homelessness issues for some time. A key contributing factor to homelessness is a lack of income and stagnating benefits.

Increasing the Newstart Allowance would also benefit local economies, by increasing the spending power of those on low incomes, whose extra funds would circulate through local businesses. It would also reduce the strain on Council community services assisting the growing number of people experiencing hardship. Even the Business Council of Australia has advocated to the government that the low rate of Newstart presents a barrier to employment and risks entrenching poverty.

An Australian Council of Social Service (ACOSS) survey of Newstart recipients in 2015³ reported that:

- 40% are unable to pay their bills on time or see a dentist
- 50% are unable to raise \$2,000 in the event of an emergency
- 50% are turning off heating and cooling to save money
- 32% skipped meals in the previous year
- 25% are suffering from "housing crisis", spending more than half their income on rent
- 20% do not have enough money for essentials like housing, food and electricity

According to a 2017 study by Anglicare Australia⁴, only 0.03% of properties on the market are affordable for a single person living on Newstart.

² <https://probonoaustralia.com.au/news/2018/06/community-support-renews-pressure-major-parties-raise-newstart/>

³ http://www.acoss.org.au/media_release/budget_must_not_forget_the_unemployed_83_dont_have_enough_to_live_on/

⁴ <http://www.anglicare.asn.au/docs/default-source/default-document-library/rental-affordability-snapshot-2017.pdf?sfvrsn=4>