

INCREASE NEWSTART NOW

A LOCAL CALL FOR ACTION

The St Kilda Income Equity Group is calling for an urgent increase to NewStart.

We call for an immediate increase of **\$45 per week** (as recommended by the Australian Council of Social Service) and a **full review**.

Why increase NewStart?

Because NewStart is not enough to live on.

As a local resident, would you be able to survive on NewStart?

Income	
Basic weekly NewStart for a single person	\$231 ⁱ
Maximum rent rebate	\$57
Total	\$288

Expenses	
Median weekly rent for a studio apartment in St Kilda	\$255 ⁱⁱ
Cost of healthy food for one person for a week	\$60 ⁱⁱⁱ
Weekly Zone 1-2 concession ticket	\$25 ^{iv}
Total	\$340

- So you wouldn't even be able to pay for housing, food and transport – not to mention energy costs, household necessities, clothes, health care or any entertainment.
- The fact is, people can't effectively look for work or participate in society in these conditions.
- Politicians argue that NewStart is not meant to be a living allowance because it is only a temporary payment.
- However the fact is that almost 60% of people on NewStart have been on it for 12 months or more.^v
- There are not enough jobs to guarantee jobs for all, plus people are now spending longer on NewStart since the global financial recession
- Unemployment rates went up sharply in the recession. Job vacancies have increased since, but not enough to provide for all those who lost their jobs plus new job seekers.
- The longer a person has been unemployed, the harder it is to get a job.

To live in poverty for this length of time is a recipe for social exclusion.

To make this worse, Australia also provides very little training or support for unemployed people, compared with most developed countries.^{vi}



PORT PHILLIP
COMMUNITY GROUP

THE ST KILDA INCOME EQUITY GROUP WORKING FOR A FAIRER SOCIETY

The St Kilda Income Equity Group is a partnership of agencies and community members in inner south east Melbourne.

For more information go to www.ppcg.org.au or call Sandy on 9534 0777

AUSTRALIA IS SUPPOSED TO BE THE LAND OF THE FAIR GO, BUT WHERE IS THE FAIR GO FOR PEOPLE ON NEWSTART?

THE FACTS & FIGURES

THE WIDENING GAP

AUSTRALIA IS BECOMING A MORE UNEQUAL SOCIETY.

- As well as people struggling to live on NewStart, there are an increasing number of people who are **underemployed** and **“working poor”**. In September 2008, there were 687,700 part-time workers who would **prefer to work more hours**, consisting of 447,100 women and 240,600 men.^{viii}
- As well as having a low income, part time and casual workers are often **not eligible for benefits** such as leave and superannuation.

CLAWING BACK MONEY FROM THE POOR

- For both unemployed and underemployed workers there are also **sharp tax “clawbacks”** if they earn more. A single person on NewStart who earns \$125 a week, effectively **pays 75 cents in tax** on each additional dollar of wage income: 60 cents in the dollar from withdrawal of NewStart plus 15 cents in the dollar tax.^{ix}
- **No other group in the Australian workforce** faces tax rates at this level.
- Part time workers who earn additional money also face similar rates of clawback through **loss of means tested benefits**.

WHILE THE RICH GET RICHER

- At the same time, the share of Australia’s **income taken by the very rich is increasing**. The richest **one per cent of taxpayers** - those earning more than \$197,000 - accounted for 9.8 per cent of all income in 2007-08, up from 8.8 per cent five years earlier.^x
- **The pay packets of CEOs** at Australia’s top 100 companies increased twice as fast as those of ordinary workers between 1993 and 2009.^{xi}

WHY INEQUALITY IS BAD FOR ALL OF US

- International studies show that more unequal societies have **higher rates of health and social problems such as mental illness, obesity and violence**.^{xii}
- **These issues affect everyone, not just the poorest**. On social indicators like those above, even the wealthiest citizens of unequal societies are worse off than their counterparts in more equal societies.
- Overall, unequal societies can be up to **six times worse off on these indicators**.^{xiii}
- **We will all benefit** from making Australia a fairer society. Giving a fair go to those on NewStart is a key step on the road.

ⁱ Information on NewStart payments and rent assistance at http://www.centrelink.gov.au/internet/internet.nsf/payments/newstart_rates.htm#amount and http://www.centrelink.gov.au/internet/internet.nsf/payments/rent_rates.htm

ⁱⁱ Median derived from rents of a total of 40 studio apartments in St Kilda advertised on <http://www.realestate.com.au/rent> on 27 July 2010.

ⁱⁱⁱ C Kettings et al (2009) ‘A healthy diet consistent with Australian health recommendations is too expensive for welfare-dependent families’ Aus & NZ Journal of Public Health 33:566-72. The authors estimate the cost per person of a healthy diet to be \$60 week. As this is based on a family of four, cost for a single adult may be higher.

^{iv} For travel costs see <http://www.metlinkmelbourne.com.au/fares-tickets/metropolitan-fares-and-tickets/>. A Zone 1&2 fare is relevant as NewStart recipients may have to travel for up to 1.5 hours each way to attend job interviews.

^v Australian Government Labour Market and Related Payments: a monthly profile June 2010 <http://www.workplace.gov.au/workplace/Publications/LabourMarketAnalysis/LabourMarketandRelatedPaymentsMonthlyProfile.htm>

^{vi} Organisation for Economic Cooperation and Development (OECD) Employment Outlook 2010 – How does Australia compare July 2010 <http://www.oecd.org/dataoecd/14/38/45603025.pdf>

^{vii} OECD *ibid*

^{viii} Australian Bureau of Statistics 6265.0 Underemployed Workers, Australia, Sep. 2008

^{ix} Australian Council of Trade Unions Australia’s Future Tax System 2009

^x The Australian National University Centre for Economic Policy Research Top Incomes Australia 2010

^{xi} *Ibid*

^{xii} R Wilkinson & K Pickett The Spirit Level 2009, 2010 see <http://www.equalitytrust.org.uk/>

^{xiii} *Ibid*

**“We will all benefit from making Australia a fairer society.
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