

13 September 2019

Senator Rachel Siewert  
Committee Chair  
Senate Standing Committees on Community Affairs  
PO Box 6100  
Parliament House  
Canberra ACT 2600



Via email: [community.affairs.sen@aph.gov.au](mailto:community.affairs.sen@aph.gov.au)

Dear Senator Siewert,

***Re: Adequacy of Newstart and related payments and alternative mechanisms to determine the level of income support payments in Australia***

Thank you for the opportunity to provide input into this important inquiry.

NCOSS is the peak body for social and community services in NSW, representing over 400 organisations who work with people and communities experiencing inequality and disadvantage every day. We advocate as an independent voice to progress social justice and shape positive change in NSW.

NCOSS is also part of a strong national Council of Social Service network. We therefore fully endorse the submission and recommendations from our federal counterpart, the Australian Council of Social Service (ACOSS), with some further comments as below.

Australia's income support system was designed to help people when they are going through tough times to support them into suitable paid work. However there is now widespread recognition that the current income support system is inadequate.

Newstart is not working and is completely out of step with the current reality, with the rate having not been increased in real terms for 25 years. The current rate works out to roughly \$40 per day, which is far too low to give people the support they need to scrape by and get through tough times. This is particularly the case in NSW, where most Newstart recipients live<sup>1</sup> and the living costs are some of the highest in Australia.<sup>2</sup> When the current average fortnightly rent paid by those on Newstart is \$456.45,<sup>3</sup> and a single person without children on Newstart gets \$555.70 per fortnight, this is simply not enough to live on.

For many people, leaving a violent relationship, becoming unwell or needing to pay their energy bill can be enough to push people into homelessness. Raising the rate of Newstart and related allowances will allow people to focus on their futures rather than having to be totally consumed with their current situation of financial crisis. This would also relieve the pressure on vital health, social and community services as they struggle to cope with increasing demand from people in financial crisis.

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<sup>1</sup> Deloitte Access Economics 2018, *Analysis of the impact of raising benefit rates*, commissioned by ACOSS, available at: <https://raisetherate.org.au/resources/>

<sup>2</sup> Numbeo 2019, *Cost of Living in Australia*, available at: [https://www.numbeo.com/cost-of-living/country\\_result.jsp?country=Australia](https://www.numbeo.com/cost-of-living/country_result.jsp?country=Australia)

<sup>3</sup> This figure and other rental stress data was provided to Senator Siewert by the Department of Social Services in response to Budget Estimates Question on Notice on 21 February 2019.

Raising the rate not only makes social sense, but also economic sense. In 2018 Deloitte Access Economics reported that if Newstart and related allowances were increased by \$75 per week, the NSW economy would be boosted by \$905 million in the first year.<sup>4</sup> Given wage stagnation, rising under-employment and subdued household spending, this economic boost would come at the right time.

Further, NCOSS does not support current approaches to expand the cashless debit card or drug test Newstart recipients. These are expensive, ineffective and highly stigmatising measures that are not backed up by robust evidence demonstrating clear benefits. Meanwhile, there is overwhelming evidence from recognised experts that raising the rate of Newstart would benefit not only individuals in receipt of the payment, but also the broader community and the economy.

It is now widely agreed that an increase in Newstart and related allowances is the right way forward. Almost all major stakeholders across business, union, academic, community groups and local councils support raising the rate.

We can help reduce homelessness, economic disadvantage and inequality by ensuring people have a strong safety net and are given an opportunity to get back on their feet. The clear first step is ensuring the rates underpinning our income support system are adequate for and keep pace with the current cost of living.

To this end we also support an independent, objective and evidence-based approach to determining increases to income support payments. For example, Newstart and related allowances should be indexed twice per year to movements in a standard Australian Bureau of Statistics measure of wage levels (before tax), as well as movements in the Consumer Price Index.

This would bring indexation rates in line with those for other income support payments, such as the Age Pension and Disability Support Pension. Currently, Newstart is only indexed once a year to the Consumer Price Index, which is a miniscule increase that does not keep pace with the real cost of living. Such fundamental matters should not be dealt with through arbitrary processes or political decision but via a robust, transparent and consistent methodology.

If you require further information or would like to discuss the above, please contact Director of Policy and Research Anna Bacik on 02 8960 7917 or [anna@ncoss.org.au](mailto:anna@ncoss.org.au).

Yours sincerely,

A handwritten signature in black ink that reads "Joanna Quilty". The signature is written in a cursive, flowing style.

Joanna Quilty  
Chief Executive Officer  
NSW Council of Social Service

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<sup>4</sup> Deloitte Access Economics 2018, *Analysis of the impact of raising benefit rates*, commissioned by ACOSS, available at: <https://raisetherate.org.au/resources/>