

## Action on Social Security

This note provides ACT-specific commentary and information on this action area from ACOSS 2019 federal election commitment priorities.

**Question:** The single rate of Newstart is less than \$40 a day and this rate hasn't increased in real terms in 25 years. Instead it has declined in relation to the increase in living costs. Over 10,000 ACT people on various allowances are in this situation. As a federal candidate, what will you do to strengthen the income support system?

### The facts

- There are over 10,000 people in receipt of working-age allowances in the ACT – this includes 6,044 on Newstart, 3,239 on Youth Allowance and on other base allowances.<sup>1</sup>
- The majority of Newstart (55%) and Youth Allowance (64%) recipients live below the poverty line with average weekly incomes that are \$249 and \$244 below the poverty line respectively.<sup>2</sup>
- Increasing Newstart by \$75 per week would benefit the ACT economy through increases in disposable income (\$31m), consumption (\$43m), and economic output (\$19m) in the ACT.<sup>3</sup>

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1 Department of Social Services, *DSS Payment Demographic Data*, DSS Demographics December 2018, Department of Social Services, Canberra, 2019, <<https://data.gov.au/dataset/ds-dga-cff2ae8a-55e4-47db-a66d-e177fe0ac6a0/details?q=dss>>.

2 P Davidson, P Saunders, B Bradbury & M Wong, *Poverty in Australia, 2018*, ACOSS/UNSW Poverty and Inequality Partnership Report No. 2, ACOSS, Sydney, 2018, <[https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS\\_Poverty-in-Australia-Report\\_Web-Final.pdf](https://www.acoss.org.au/wp-content/uploads/2018/10/ACOSS_Poverty-in-Australia-Report_Web-Final.pdf)>.

3 Deloitte Access Economics, *Analysis of the impact of raising benefit rates*, report commissioned by ACOSS, Deloitte Access Economics, Canberra, September 2018, <<https://www.acoss.org.au/wp-content/uploads/2018/09/DAE-Analysis-of-the-impact-of-raising-benefit-rates-FINAL-4-September-...-1.pdf>>.

- This is the 25th Budget that has not increased Newstart and other Allowances. The ACT of 1994 was very different in terms of housing affordability and other costs of living as well as the need to maintain digital connection.

#### Poverty rate by electoral division

Commonwealth Electoral Division	Total Poverty Rate (%)	Child Poverty Rate (%)
Bean	7.1	11.7
Canberra	7.9	13.9
Fenner	8.9	13.8

Source: R Tanton & Y Vidyattama, *NATSEM Policy Note 2019/2*, data file, NATSEM, Canberra, 2019, <<https://natsem.canberra.edu.au/publications/?publication=natsem-policy-note-2019-2>>.

## Speaking from experience...

“When I got out of school, I went into a full time job, which was great until my mental health took a massive decline and I wasn’t able to work anymore. I then had to go on Newstart, and when I first went on it, it took three months for them to assess me... and I was being constantly hounded to apply for ten jobs a fortnight.

“I did try to get on the DSP, however, it requires your condition to be diagnosed, treated and stabilised. But mental health is never stabilised – it’s always up and down, which means ultimately if you have any sort of episodic condition you’re out of luck.

“I lived on Newstart in private rental... it was 50% of my income. I couldn’t really tell my friends that I was struggling, so they would invite me to dinner and I would not eat for a few days so that I could afford to go out and actually maintain that social contact. Heating? Forget about it. It was just never going to happen.”

— *Young ACT woman on Newstart.*<sup>4</sup>

“For the people that we see, they survive by constantly, daily having to make decisions around, will I pay the electricity bill this week? Or will I put food on the table?... And even for those who might get by day to day, there is no capacity to

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4 ACTCOSS Lived Experiences Forum, 5 May 2018.

meet unexpected costs... There's no money if your washing machine or your car breaks down... There's certainly no money for paying debts.”

— *ACT community worker on allowance adequacy.*<sup>5</sup>

“In 2014, I had a car accident, which led to a severe spine injury, so therefore I had all these medical bills. I applied for DSP, but unless it's a stabilised mental condition – which it wasn't at that stage – [I couldn't get DSP]. I was living off about fifty dollars a week. [Even though] I was fortunate enough to be in public housing, by the time I paid my bills, a previous loan I had prior to the accident, and medical expenses, I was left with \$50 to feed myself.

“... \$75 extra a fortnight would've kept me above not eating for three days while I was pregnant. There were stages where I was pregnant and I would skip certain meals... I'd eat in the morning, and then I probably wouldn't eat again until the next morning. I just rationed it out.”

— *Young single mother on Newstart.*<sup>6</sup>

## Further reading

- [Factsheet: Energy hardship in the ACT](#), July 2018
- [Factsheet: Housing affordability and homelessness in the ACT](#), June 2018
- [ACT Cost of Living Report](#), 2018
- [ACT Cost of Living Report: Telecommunications](#), 2017

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ACTCOSS is committed to reconciliation, acknowledges the traditional custodians of the land and pays respect to elders past and present.

ACTCOSS represents not-for-profit community organisations and advocates for social justice in the ACT.

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5 *ibid.*

6 *ibid.*