

Thursday, November 29, 2012

Government should follow Labor Senators' recommendation and lift the inadequate Newstart Allowance

The ACTU has criticised today's majority report by a Senate Inquiry into the adequacy of Newstart payments for failing to recommend an immediate \$50 per week rise in the payment to help unemployed Australians.

While Labor and Greens Senators supported a rise, all Coalition Senators failed to do so.

ACTU president Ged Kearney said that the ACTU would write to the Federal Government asking it to review the Newstart Allowance, as recommended by Labor Senators.

"It is a positive step that Labor Senators have joined unions, community groups, business groups and the OECD in asking for an increase in the Newstart Allowance," Ms Kearney said.

"The current Newstart allowance does not provide a basic standard of living, and evidence presented to the committee shows it may actually be making it harder for recipients to find work."

"The committee's majority report found that the 'Newstart allowance does not allow people to live at an acceptable standard in the long-term' yet it has not taken the logical step of saying it should be lifted.

"Over the past 20 years, Newstart has dropped in relation to the average wage and the minimum wage, and is now just \$35 per day. It is no longer enough to survive on. The current Newstart allowance exposes every worker to the risk of poverty and exclusion if they lose their job.

"In an economy where 40 per cent of workers are in some kind of insecure, temporary working arrangement, the Newstart allowance is an indispensable safety net that protects families.

"The income support system needs to be designed for the labour market we have today, not the one we had decades ago."

The Business Council of Australia says the current level of Newstart payments is "likely to erode the capacity of individuals to present themselves well or maintain their readiness for work".

"The ACTU agrees with the committee's other recommendations to improve access to support and training in the first weeks and months of unemployment," Ms Kearney said.

"We also support the committee's recommendation that Newstart recipients be allowed to work for six hours per fortnight at the minimum wage before starting to lose benefits. This would increase the incentive for people on Newstart to take up paid work."

Media contact: Ben Ruse (Essential Media) 0409 510 879