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Deficit Levy should be used to increase Newstart Allowance

The Newstart Allowance has now decreased to just two thirds of the aged pension and at \$36 a day is too low to survive on long term. However 66 per cent of people receiving the Newstart Allowance have been doing so for a year or more, according to new data released by the Department of Social Security.

The Newstart Allowance is paid at a lower rate than the pension because the lower rate is supposed to act as an incentive to find work. In 1997 the Newstart Allowance was 92 per cent of the pension rate. Now it is 67 per cent and so low that it is acting as a barrier to people finding work; not sufficient to pay for transport to interviews or buy appropriate work clothing. This results in nearly 500,000 living in poverty due to a policy that is clearly not working.

“The way that we are treating people on the Newstart Allowance is simply cruel,” says Professor Karen Healy, president of the AASW.

“Implementing a deficit levy would give an opportunity to address this injustice.

“Punishing people who are unemployed as a policy, is clearly not working as the percentage of people unemployed long term keeps increasing. We need much more positive and creative ways to help people back into the workforce.”

The AASW represents 7500 professional social workers, many of whom work directly with people on the Newstart Allowance. As such they experience firsthand the grinding poverty and despair caused by the gross inadequacy of the allowance.

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