

Notice of Motion, Cr Leppert: Raise Newstart

Motion

That the Future Melbourne Committee:

1. Agrees with John Howard, the Business Council of Australia, the Australian Council of Social Service, Australian Local Government Australia, the Municipal Association of Victoria and Australian Council of Trade Unions that the rate of Newstart, which has not been increased in real terms since 1994, is too low and entrenches poverty.
2. Joins other Local Government bodies in calling for an immediate increase in the rate of Newstart by at least \$75 per week, followed by a further review to ensure that Newstart enables an acceptable standard of living, including access to safe and secure housing.
3. Notes that approximately 2,300 City of Melbourne residents receive Newstart including 400 that also include Youth Allowance, and expresses significant concern at the increasingly unaffordable cost of living in the City of Melbourne especially for the unemployed and underemployed.
4. Requests the Lord Mayor and CEO to:
 - a. Write to the Treasurer and Social Services Minister, and all members of the House and Senate with constituents in the City of Melbourne, requesting that they legislate for an increase in Newstart and pursue a further review in line with the terms of this resolution.
 - b. Propose that the Council of Capital City Lord Mayors include the raising of Newstart in its advocacy to the Commonwealth Government.

Background

The current rate of Newstart, at \$279.50 per week for a single adult or just over \$14,500 per year, has not been increased in real terms since 1994 (the 1994 increase was for \$2.95 per week above the rate of inflation).ⁱ Whereas pensions are indexed to wages, Newstart is indexed to the Consumer Price Index; KPMG has estimated that Newstart should be increased by about \$80 per week in order for it to catch up with effective wage growth since 1994. KPMG has called for an increase in Newstart by almost \$100 per week, to lift Newstart to 50% of the minimum wage or 80% of the age pension.ⁱⁱ

In the City of Melbourne, 2,300 residents are on Newstart, and 2,700 residents are on Newstart and Youth Allowance (Department of Social Services, March 2019).

The motion addresses the City of Melbourne's stated goal to be 'a City for People', a place for diverse communities where people can afford to live.ⁱⁱⁱ It complements Council's efforts to address homelessness and pursue affordable housing, noting the current shortfall of 5,500 affordable inner city homes, forecast to increase to 23,200 by 2036.^{iv}

A \$75 a week raise to Allowances would lead to at least an extra \$13.77 million in spending in the Melbourne LGA.^v The Business Council of Australia has advocated an increase in Newstart.^{vi} John Howard has called for an increase to Newstart in real terms.^{vii}

The motion generally aligns with the position of the Local Government sector:

- The National General Assembly of the Australian Local Government Association resolved in June 2019 that it "calls on the Federal Government to significantly raise Newstart, Youth Allowance and all underfunded social security payments and that all payments be indexed at the same rate as the pension, as this has been recognised as an absolute minimum standard of living."

- The State Council of the Municipal Association of Victoria resolved in May 2019 that the MAV “advocate to the Federal Government stressing its support for an increase to the Newstart Allowance to a level of income that will lift people dependent on the allowance out of poverty.”

Moved: Cr Rohan Leppert

Seconded: Deputy Lord Mayor Arron Wood

ⁱ Don Arthur, 2018: *The adequacy of jobseeker payments*. Parliamentary Library research publication. Accessed at https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook46p/JobseekerPayments

ⁱⁱ Rachel Baxendale, 2019: ‘Raise Newstart by \$100 a week: KPMG’. *The Australian*, 7 October 2019. Accessed at <https://www.theaustralian.com.au/nation/raise-newstart-by-100-a-week-kpmg/news-story/d217b738fac4c151e9d37b5d73bd01fd>

ⁱⁱⁱ City of Melbourne, 2019: *Council Plan 2017-21 (2019 Update)*. See pages 20-23. Accessed at <https://www.melbourne.vic.gov.au/sitecollectiondocuments/council-plan-2017-21.pdf>

^{iv} City of Melbourne, 2019: *Affordable Housing Issues and Opportunities Report*. Accessed at <https://www.melbourne.vic.gov.au/SiteCollectionDocuments/submission-committee-planning-affordable-housing.pdf>

^v Deloitte Access Economics, 2018: *Analysis of the impact of raising benefit rates*. Accessed at <https://www.acoss.org.au/wp-content/uploads/2018/09/DAE-Analysis-of-the-impact-of-raising-benefit-rates-FINAL-4-September-...-1.pdf>

^{vi} Business Council of Australia, 2019: *A Plan for a Stronger Australia Volume 1*. Accessed at https://d3n8a8pro7vhm.cloudfront.net/bca/pages/4678/attachments/original/1554878192/A_plan_for_a_stronger_Australia_-_vol1_-_noembargo.pdf?1554878192

^{vii} Eryk Bagshaw, 2018: ‘Freeze has gone on too long’: John Howard calls for dole increase’. *Sydney Morning Herald*, 9 May 2018. Accessed at <https://www.smh.com.au/politics/federal/freeze-has-gone-on-too-long-john-howard-calls-for-a-dole-increase-20180509-p4ze83.html>