

## **“I regularly don’t eat at all”: Trying to get by on Newstart**

It is well established that Newstart, Youth Allowance and related payments are inadequate to cover basic living costs.<sup>1</sup> As such, people go to great lengths to keep a roof over their head when trying to get by on an allowance.

People who receive Newstart or other allowances have an income that is well below the poverty line. The single rate of Newstart is \$282 per week, which is more than \$100pw below the poverty line, and less than 40% of the minimum wage. Youth Allowance is even less.

ACOSS surveyed 489 people who receive Newstart or Youth Allowance about the level of deprivation they may experience. The survey concentrated on how much people have after paying for their housing costs each week, whether or not they skip meals and other things that people do keep a roof over their head.

The majority of respondents received Newstart (465) with a minority receiving Youth Allowance (24).

These survey results offer an insight into how people manage very finite resources and the lengths they go to cover the cost of essentials like housing and bills. This is a simple, short survey, and does not provide a comprehensive analysis of material deprivation among people who receive allowances. It does not identify family situations, or detail where people live, which should form part of future research. Further work is required to comprehensively assess the level of material deprivation among people who are looking for paid work, studying, caring for children or who have an illness or disability and receive an allowance.

### **What people told us**

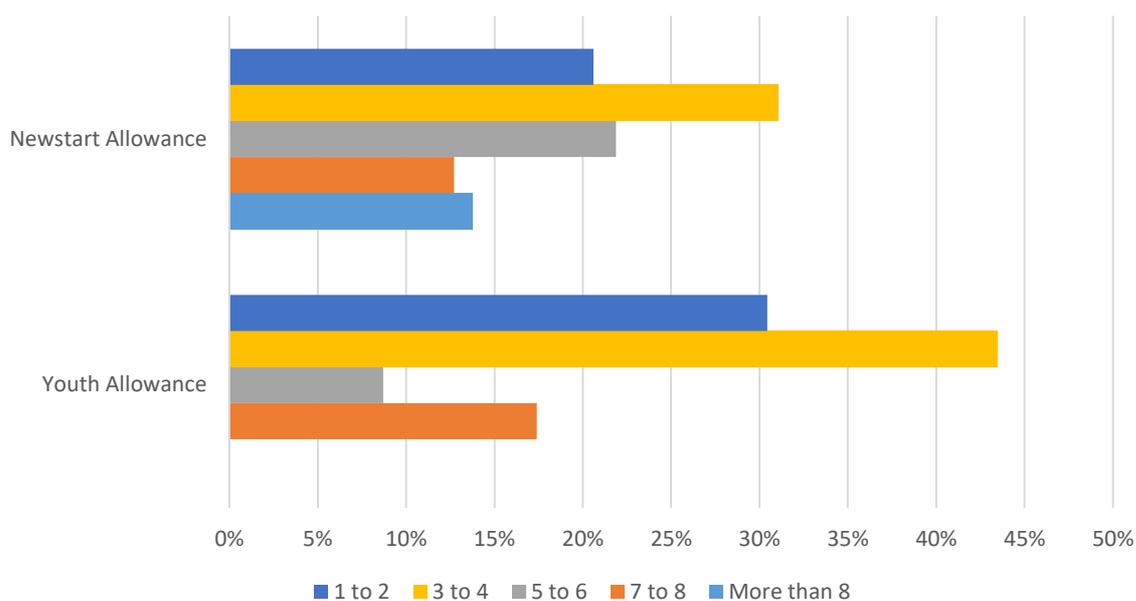
#### **Skipping meals to save money**

84% of respondents receiving Newstart or Youth Allowance said that they skip meals to save money. The largest proportion of people who responded to this (132 of 416) said that they skipped 3-4 meals each week.

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<sup>1</sup> UNSW (2017) ‘Budget Standards: A new healthy living minimum income standard for low-paid and unemployed Australians’ <https://www.sprc.unsw.edu.au/research/projects/a-new-healthy-living-minimum-income-standard-for-low-paid-and-unemployed-australians/>

## Average number of meals skipped per week



Worryingly, on average, 47% of people skipped more than five meals a week, and 12% said that they skipped more than eight meals per week.

For people on Newstart and other allowances, their income is so low that they must treat food as a discretionary item. Below are comments from respondents showing how food budgets are one of the first areas of expenditure to be cut back.

*"I eat once a day, at night".*

*"I eat 1 sachet of porridge, 1 tin of food, and 1 popper (for Vitamin C) a day. Sometimes I can't afford the porridge".*

*"I don't eat breakfast and just have mostly light meals such as sandwiches and soup. I don't eat meat but it's not necessary to eat meat everyday anyway".*

*"I regularly don't eat at all".*

## Going without

We asked people on Newstart and Youth Allowance what other actions they take to save money:

- 66% don't use heating in winter
- 64% don't use cooling in summer
- 63% don't eat meat
- 54% don't buy fresh produce
- 68% only buy second-hand clothes

Other commonly reported ways of getting by on allowances included:

- Not going out socially to avoid having to bring a plate, or pay for coffee, lunch or anything else because it's unaffordable
- Not using, or limiting the use of a car, even if this is the only mode of transport
- Turning off hot water systems to save electricity
- Going to bed early to save on heating
- Only showering sporadically to save electricity

Restricting or avoiding social activity was commonly reported because it was unaffordable:

*"Don't go to visit friends or family or join them for meals or activities. Don't go to parties of friends or family as I can't afford to provide food or drink or presents".*

*"I hardly ever leave the house as it's too expensive".*

Many people reported going to great lengths to restrict energy use.

*"I am no longer purchasing food that requires refrigeration, so that I can turn the fridge off."*

*"I only shower about once a week to save on water and electricity costs."*

*"I sell personal items to pay the gas bill".*

*"Turn the electric hot water off every 2<sup>nd</sup> night".*

## **Skipping healthcare**

Many reported that they had to go without healthcare and other essentials because of the cost.

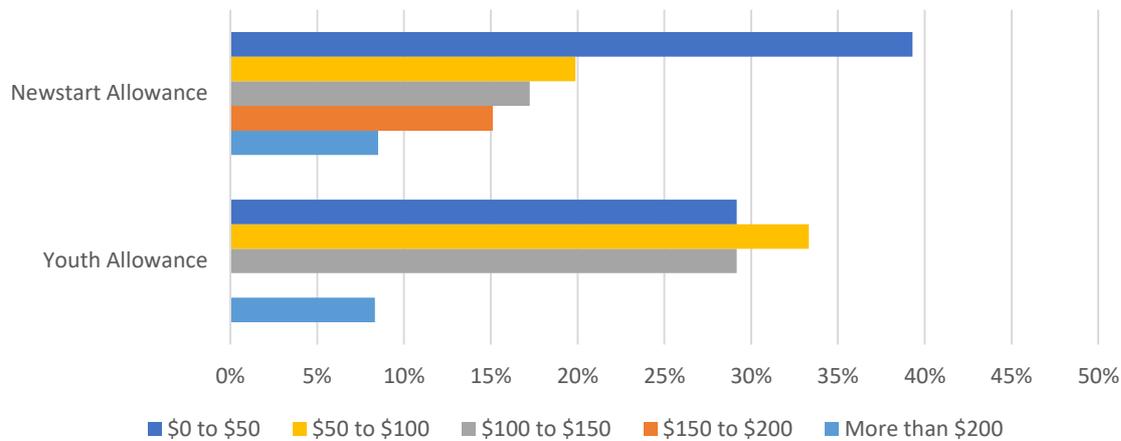
*"Gone without medication and sanitary items because there was no money to pay."*

*"Halve my dosages of medicines so they last longer. Don't access mental health services. Don't make appointments for health issues".*

## **Money left after paying for housing**

Housing costs generally comprise the largest component of people's budgets.

## Average amount of income left per week, after paying rent/mortgage



More than half of respondents (59%) had less than \$100pw left over after paying for housing costs, or \$14 (or less) a day. 39% were left with \$50 or less a week after housing.

Anglicare Australia surveyed 69,000 properties in April 2019 and found that Australia-wide, there were just two properties that would be affordable for a single person without children on Newstart (and receiving Rent Assistance).<sup>2</sup>

People shared with us their experience of trying to cover the cost of housing:

*“Moved to a regional community for cheaper rent although there are fewer job opportunities. Rarely leave the house to avoid spending money on meals, petrol, and activities. Shower less often than I should to save on water and gas, and don't use shampoo, conditioner or soap. Don't buy all the prescription medication I require, only those absolutely necessary to maintain basic function. Don't get physio treatments to ease chronic pain.*”

*“I have to return to my parent's home and live in their spare room - I would never be able to afford petrol, rent, electricity, gas and water bills otherwise. When I am living with them I can afford to buy food and clothes for myself and to pay for my own petrol.”*

*“Had to take out a reverse mortgage to be able to pay bills and home maintenance.”*

Indeed, being unable to afford housing on an allowance leads to homelessness:

*“Am homeless; live in a tent [in the] bush”.*

<sup>2</sup> Anglicare Australia (2019) 'Rental Affordability Snapshot 2019' <https://www.anglicare.asn.au/docs/default-source/default-document-library/final---rental-affordability-snapshota302da309d6962baacc1ff000899bca.pdf?sfvrsn=4>  
p.7

*"I save money by living in my van – I don't pay rent on Newstart because I can't afford it. I have no fixed address, no kitchen, no bathroom, which is very challenging, especially in the winter."*

## **Kids missing out**

A number of respondents have children and talked about the difficult decisions they are forced to make to try to get by week-to-week. Parents reported not being able to pay for school excursions and having to cut back on sports.

*"Don't go to watch my kids play sport because I have to pay an entrance fee into the oval."*

*"My son sometimes won't get to go to friends' birthdays because we can't afford a present. Often he doesn't get to do school swimming or outside-of-school sport activities because we don't always have the money".*

*"I go without a lot of things a normal mother would have just so my children can have the appearance they are like other children and so they feel they are no different."*

## **What would make a difference**

ACOSS is calling for a \$75pw increase to allowances, in conjunction with a 30% increase in Commonwealth Rent Assistance to help people in private rentals.

We asked people how their life would change if Newstart and Youth Allowance were increased by \$75 per week. Responses included:

*"It would make my life bearable. I may be able to afford some decent clothes for an interview. I would be able to eat healthy food."*

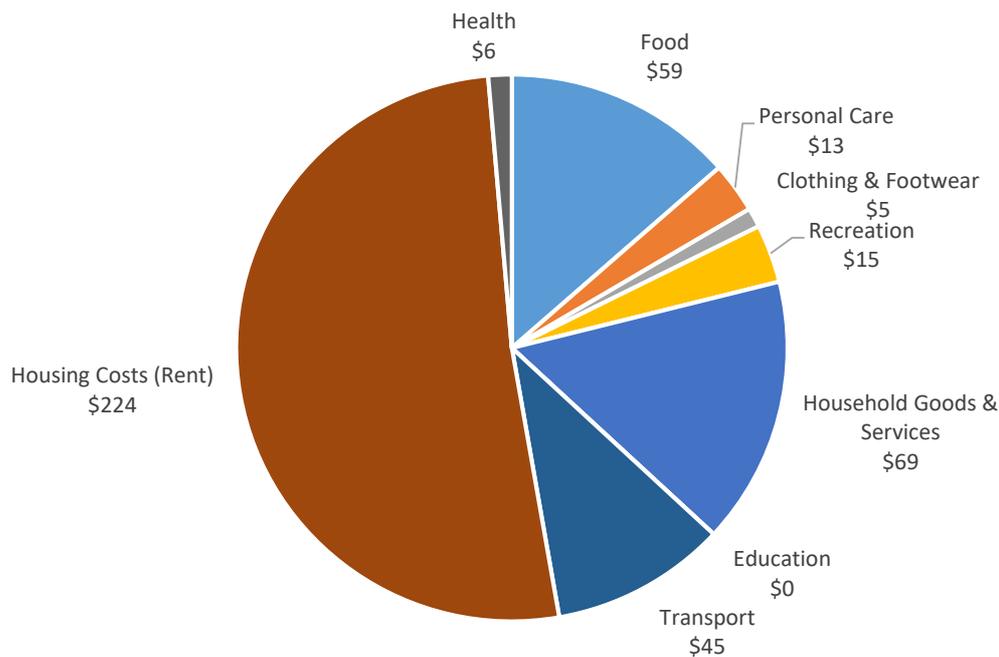
*"I could eat and afford excursions for my child".*

*"Help by getting me to the city for cancer treatment and buy better food."*

*"I would not stress out fortnightly about electricity and covering the basics such as health, dentist, petrol, food, etc. This would help my esteem and help my health due to less stress and would make it easier to get a job as have better support to cover the basics."*

Research by the University of NSW shows that the single rate of Newstart falls short by \$96 per week to meet the cost of housing, food, basic healthcare and transport (2016). They found that a single unemployed person needs a bare minimum of \$434 per week (in 2016) to cover the cost of the basics. Newstart is now just \$282 per week.

### How much a single unemployed person needs per week (2016 dollars), UNSW 2017



### What the Federal Government needs to do

- Increase the single rates of Newstart, Youth Allowance and related payments by \$75 per week to reduce poverty and inequality in Australia.
- Index payments to wages as well as CPI to ensure they maintain pace with community living standards.
- Increase Commonwealth Rent Assistance by 30% or \$20 per week for a single person on Newstart.

Together, these measures would lift Newstart to be in line with UNSW's assessment of the minimum level of income single unemployed people need to afford the essentials.

They would help people afford food and housing, reduce homelessness, destitution and the need for charity. These reforms would improve people's wellbeing, security and health, and benefit entire communities.