

Report highlights social crisis confronting Australian youth on welfare

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Consecutive Liberal-National and Labor governments have created a living hell for thousands of young people in Australia on the Newstart unemployment benefit and other below poverty-line welfare payments.

Last month, the Australian Council of Social Service (ACOSS) published a brief report entitled “Starved of Opportunity: Young people’s experience of Youth Allowance and Newstart.” The nine-page document casts some light on the pervasive poverty and deep social crisis confronting students and working-class youth on government welfare.

The report states that “the biggest risk to living in poverty in Australia is to receive Youth Allowance, or its equivalent, with 64 percent of households headed by someone relying on this payment as their main source of income are living in poverty.”

The official poverty line in Australia is currently \$22,516 per year, or \$433 per week. The maximum Newstart payment is just \$279.50 per week, or \$14,534 a year. Extraordinarily, Youth Allowance, as well as the student support payments Abstudy and Austudy, have lower payments than the poverty-level Newstart. The maximum payment for the Youth Allowance is approximately \$228 per week, or \$11,832 per year. This is about half the official poverty line and less than a third of the minimum wage.

ACOSS’s report bases itself on a study by the National Union of Students (NUS), which was conducted over a month beginning in mid-October. It involved 862 participants between the ages of 16 and 30, all of whom were receiving an income support payment. Those on Youth Allowance accounted for 75.2 percent of participants, 19.4 percent on Newstart and the remainder receiving other payments, such as the Disability Pension and Abstudy.

Strikingly, over 89 percent of all those surveyed had

less than \$200 per week after paying rent.

Breaking those figures down, 62 percent had less than \$100 per week left after rent payments or less than \$14 a day for expenses for food, utilities, transport and other costs. About 16 percent had less than \$20, 20.3 percent between \$20 and \$49, and 25.2 percent between \$50 and \$99 per week after paying their rent.

Nearly 90 percent of all participants said that they had to skip at least one meal a week because of a lack of money. More than 21 percent declared that they skipped meals every day and approximately 30 percent reported that they skipped six or more meals every week. One anonymous student told ACOSS that they were unable to focus “due to hunger” and that travel costs “uses the money I need for groceries.”

Hundreds of thousands of youth confront soaring housing and utility costs, and a deepening jobs crisis. Most youth find themselves crammed into overcrowded and poorly kept shared housing. Many are forced to rely on couch surfing and other unstable forms of accommodation. One 21-year-old student on Youth Allowance reported that they could not afford to pay rent and had lived in their car for six months.

An Anglicare report published in April this year reported that 75 percent of all students receiving Youth Allowance and Rent Assistance face housing stress—i.e., where more than 30 percent of total income goes to housing costs. For those receiving Newstart the figure is 60 percent. Anglicare noted that there were only two rental homes in Australia affordable for a single person on Newstart.

ACOSS’s “Starved of Opportunity” notes that the Youth Allowance has made study much more difficult for thousands of students, with 80.1 percent reporting that they struggle with costs for essential study items such as textbooks, equipment and course fees.

High tertiary fees and inadequate government benefits have priced many out of higher education, with over 35 percent of participants stating that they had to withdraw from studies due to financial stress. Another 36.8 percent said that they had seriously contemplated dropping their studies for the same reason.

Financial stress has immense negative social and psychological ramifications, with 92 percent of participants reporting that they felt isolated and 90.7 percent indicating mental health problems.

One 20-year-old student said: “I haven’t been able to afford my antidepressants on occasions. I can’t afford to socialise with my friends, I have to constantly borrow money from people which damages our relationships.”

The report states that 73 percent of participants indicated that they struggle accessing essential services, such as filling prescriptions or visiting specialists. Nearly three quarters of those surveyed said that they hadn’t visited a dentist in over a year, while nearly half had not been treated for more than two years.

Harry Holbrook, a law student at the University of New South Wales receiving Youth Allowance, told the *Sydney Morning Herald*: “I receive the full amount of \$455 a fortnight, and I get some rental assistance, but I also work on top of that.

“Once you start earning around the income you would be getting in Youth Allowance, they start to deduct the payment by 60 cents on the dollar. Sometimes it feels like a trap. Even between the two—work and Youth Allowance—it’s pretty unliveable.”

Newstart and Youth Allowance have not been increased in real terms since 1994, as consecutive Liberal-National and Labor governments have imposed deeper austerity measures and attacks on the living conditions of workers and youth.

The impact of this is detailed in an earlier report by the Australian National University’s Centre for Social Research and Methods. Released in September, it reports that there are currently about 1.1 million people in Australia on government allowances, the vast majority of whom are on Newstart and Youth Allowance, at 723,000 and 223,000 respectively.

For households where government allowances are the main source of income, the poverty rate in 1993 was 39 percent. This figure increased dramatically to 80

percent by 2017.

Newstart is the second-lowest unemployment payment in the developed world, behind only the United Kingdom. If the Rent Assistance payment is included in that calculation, Australia is the lowest payment in the OECD.

The situation is exacerbated by a chronic employment crisis. According to a report by the Reserve Bank of Australia released last year, 55 percent of young people between the ages of 20 and 24 are in insecure casual employment. Research by the Centre for Future Work last month calculated that unemployment is currently around 12 percent, while underemployment is roughly 20 percent.

ACOSS have used the report to appeal to the Morrison Liberal-National government for a minimum increase of \$75 per week in government benefits, as part of its “Raise the Rate” campaign.

The “Raise the Rate” campaign is aimed at funnelling widespread popular anger over the below-poverty Newstart payments into dead-end and utopian appeals to the opposition Labor Party. At Labor’s national conference last year, however, delegates unanimously rejected calls for any increase in the Youth Allowance and Newstart (see: “Australian Labor Party rejects demands to increase unemployment benefits”).

Whether in or out of government, Labor, backed by the trade unions, supports the ongoing impoverishment of young people in order to drive down overall labour costs and boost profits.



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