



Media Release

FOR IMMEDIATE RELEASE:

20 November 2008

Economic Stimulus Package

The Government's measures to assist pensioners and families will provide assistance to offset some of the pressures faced by those on low incomes, but unemployed people, who will be most affected in the event of an economic downturn, have missed out on any financial assistance. Whilst SACOSS understands the need for immediate intervention, basic income support payments are insufficient for people who are solely reliant on them. Reform of the income support system is required to enable people to lead dignified lives

Those who are reliant on unemployment benefits have been left out of this package completely and it is this group of people who experience severe financial hardship. A single person on unemployment benefits struggles to live on just \$219 per week, which is \$50 less than the single pension

The aim of this package is to boost the economy by providing more money to those on pension and carer payments and low income families. This has led to much debate on how these people will spend the additional money. SACOSS does not see value in deliberating about the choices people will make in this regard, however it is clear that many people will be using the additional cash to clear utility and credit card debt and to get themselves on an even footing. Ultimately this package will not alleviate poverty but may just assist a selected range of low income Australians to clear a few debts.

Facts at a glance:

- There are 5 million social security recipients – including 2 million aged and service pensioners, 700,000 disability support pensioners, 400,000 sole parents and 500,000 unemployed people on Newstart and Youth Allowances and 100,000 carers.

Current payments are inadequate to meet basic living costs:

- The maximum single rate of pension is just \$273 per week.
- The maximum level of Newstart Allowance is just \$219 per week.
- A sole parent with two school age children must get by on \$433 per week.
- Students aged 18 to 64 years receive just \$178 per week.

... 2/

- The highest level of Rent Assistance for low income tenants (for families with three or more children) is \$71 per week, a small fraction of the escalating rents across most of Australia.
- Since June 2005 the average price of food has risen by 15%, rents have risen by over 17%, household energy bills have risen by 17%.

The current system is too complex and unfair

- People in similar situations receive different levels of payment. For example, people with a disability on NewStart Allowance receive \$54 a week less than those on the Disability Support Pension, which discourages people on the pension from searching for a job and leaves people on NewStart Allowance with very low levels of income.
- Utility Allowance of \$500 per week doesn't extend to sole parents, unemployed people or students living away from home.

ENDS