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13 March 2019

House of Representatives Standing Committee on Social Policy and Legal Affairs
Department of the House of Representatives
PO Box 6021
Parliament House
Canberra ACT 2600

To the House of Representatives Standing Committee on Social Policy and Legal Affairs

Re: Frankston City Council submission to the consultation on the *Social Security Commission Bill (2018)*

I'd firstly like to extend my gratitude to the House of Representatives Standing Committee on Social Policy and Legal Affairs for accepting Frankston City Council's request to lodge a late submission on 13 March 2019, following endorsement of the submission by Councillors at the Ordinary Meeting on 12 March.

At the Ordinary Meeting, Council endorsed the Frankston City Council submission in support of the Social Security Committee Bill (Bill) presented by Cathy McGowan MP to the Parliament of the Commonwealth of Australia House of Representatives in August 2018 as a blueprint for ensuring a fair and just Social Security Payment system for our nation into the future.

Council supports the scope of the proposed Social Security Commission, which includes:

1. Introducing an independent body (Australian Social Security Commission) to establish a contemporary, fair and transparent process to review social security payments;
2. Introducing an accepted Australian 'poverty line' definition and metric for use as the benchmark to inform the social security payment reviews; and
3. Maintaining the accountability the Australian Government in the complex task of defining, determining, and providing social security benefits that remain in line with contemporary Australian and international living standard aspirations, and contemporary costs of living and which supports payment recipients to remain above the 'poverty line'.

Council applauds the Social Security Commission Bill 2018 representing a proposal to establish an unbiased and independent body to determine the review parameters of the current inadequate Social Security system in Australia and providing a transparent, accountable and evidence based blueprint for reviewing all social security payment types and to use data collected by the Australian Government to determine the adequacy of the social security payment types.

Recommendations:

Council would like to make the following four recommendations for consideration by the Standing Committee in its current inquiry of the Bill, and subsequent Advisory Report to the Australian Parliament:

Recommendation 1 – That the scope of the Social Security Commission be expanded to include powers to review the funding and responsibilities of the welfare services system.

Council recommends that the powers of the proposed Social Security Commission be expanded to include welfare service providers (often referred to as ‘community services’) funded to work with vulnerable individuals and families of widely diverse ages and social and economic circumstances through the portfolios of social security (financial support), family and children’s services, ageing and aged care services, disability and carers services and housing services.

Including these services within the scope of the proposed Social Security Commission will enable welfare service system barriers to be identified and addressed, and facilitate a more holistic review of funding requirements (direct and indirect funding) and service approaches to ensure an appropriately funded and operationalised service system response to alleviating the unique pressures experienced by social security payment recipients.

Council believes that extending the Commission’s powers to include a review of the current labyrinth of service models and funding streams of the welfare service and payment systems (including private contractor operators) will ensure consistency with the Commission’s aspiration to ensure a fair and just social security payment system, and accountability of services funded to provide supports to vulnerable community members.

Recommendation 2 – That the Newstart payment review be undertaken as an urgent priority upon passing of the Bill and establishing the Australian Social Security Commission.

The sheer range of social security payment types available (including Age Pension, Newstart Allowance and Youth Allowance, and supplementary payments including Family Tax Benefit A, Paid Parental Leave and the Carer Allowance) points to significant complexity in understanding the differing contextual factors and costs of living between payment type recipients. For instance, between an older medication dependent adult on a Disability Pension and a young single mother, with a child over eight years old, on Newstart allowance.

Yet this is exactly what is required, to ensure that all payment recipients can meet an accepted contemporary minimum standard of living, taking into consideration the various expense types and associated ‘costs of living’ for each. As such, Council supports the proposal to review each social security payment type independently, thereby increasing the capacity of the assessment mechanics to take into consideration this range of unique contextual factors, and contemporary living standards in arriving at each payment rate to ensure optimal support levels are achieved.

Council is concerned however that in the absence of recent social security payment reviews (for some payment types), several payments are currently well behind both consumer price indexing (CPI), and

international poverty line benchmarking, forcing recipients of these payments to subsist on a rate that is significantly below the poverty line right now.

The Newstart Allowance payments, for instance, have not increased in over 20 years despite the drastic increases in housing and energy costs and changes to the labour market experienced during this time. For a single unemployed person with no children, the Newstart Allowance is \$273 per week, or \$39 per day. This allowance is \$160 below the poverty line. Data from a 2015 Newstart Recipient Survey, commissioned by ACOSS showed that 40% of Newstart recipients were unable to pay their bills on time or see a dentist; 44% had unsustainable levels of debt; and 25% were suffering from housing crisis. Since this time Melbourne has seen another significant property market boom, further increasing these pressures.

As such Council recommends that the Social Security Commission, once established, prioritises to undertake the review for the Newstart Allowance as the first review, followed by other payment types which are having the broadest reaching negative impacts on payment recipients, the welfare service system and broader communities.

Recommendation 3 – That the Social Security Commission ensures community consultation and ‘lived experience’ is used to inform the recommendations, alongside the identified evidence based approach proposed within the Bill.

Council is supportive of the commitment outlined in the *Social Security Commission Bill 2018* to apply a rigorous evidence informed approach to assessing and determining the optimal payment rate for each payment type, in line with contemporary minimum standards of living.

Unemployment doesn’t exist in isolation, but is influenced by a range of individual, household, societal and labour force factors including local/regional unemployment rates, skills and qualifications, literacy and language competency, family health, family and child minding supports, social connection and so on.

‘Employability’ (and unemployment) is influenced by these factors among a myriad of others, and not all of these influencing factors can be readily deduced through the literature alone. For example, see Attachment 1 which outlines a series of case studies highlighting the nuance in ‘unemployed-ness’, vulnerability, disadvantage and displacement for people in receipt of social security payments, and the interventions required to enable them to ‘get back on their feet’.

As such Council recommends that the Social Security Commission includes community consultation and community feedback into the scope of this review alongside the data collection methodology outlined in the Bill, with consideration given to establishing a Consumer Advisory Group to gain a comprehensive picture of the particular pressures both for payment recipients, and for the broader community in terms of the flow on effect with the overstretched welfare service system in undertaking assessments of social security payment types, upon establishment of the Commission.

Frankston Issues:

Frankston City, situated on the eastern shores of Port Phillip Bay approximately 40 kilometres south of Melbourne, is an established predominantly residential municipality that is currently home to 135,971 people (ABS Census 2016). Historically, Frankston City suburbs have been ranked among the most disadvantaged in greater metropolitan Melbourne with Frankston North, currently ranked in the 4th quintile of disadvantage in Australia.

According to the Australian Government Department of Social Services payment demographic data, in September 2018 there were 108,355 recipients of social security concession and/or payment recipients in

of all types (including supplementary) in Frankston City. Of these there were 4,115 Newstart recipients; 1,124 Youth Allowance recipients; 5,292 Disability Support Pension recipients; 14,585 Age Pension recipients; 9,385 Family Tax Benefit A recipients; and 7,692 Family Tax Benefit B recipients.

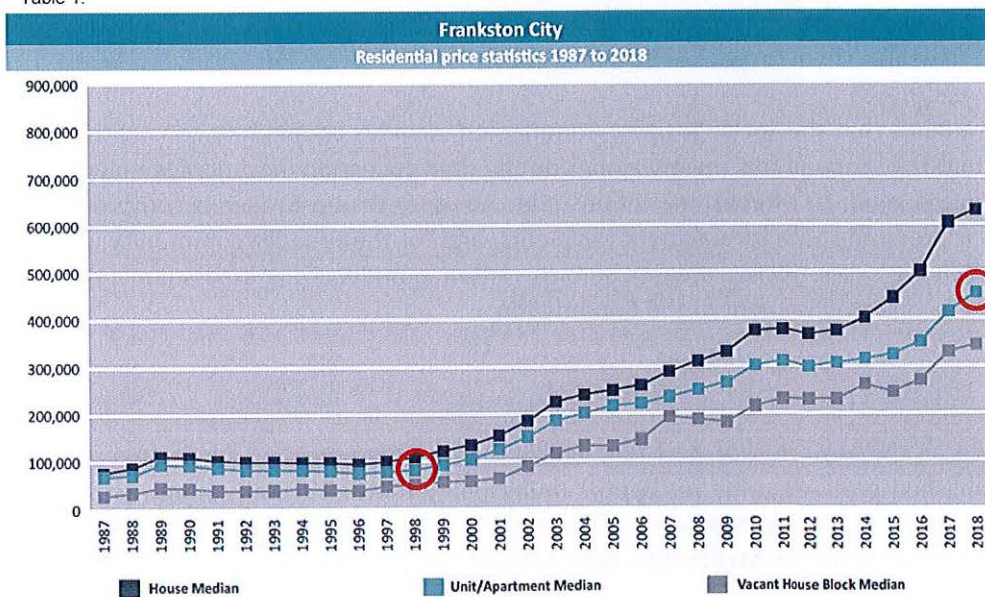
According to industry data, in March 2018 the local unemployment rate in Frankston City was 1% higher than that for Greater Melbourne and Victoria. Whereas according to the ABS Census 2016, 6% of the local workforce is unemployed. Additionally, according to the ABS Census 2016 one in ten young people are not engaged in full-time education, training or employment; only one in ten people held a bachelor degree; and almost half of residents had no qualifications at all.

The ABS Census 2016 tells us that poverty rates in Frankston City are highest amongst single parent families, with 83% of single parent households being headed by a female compared to 18% that are headed by a male. Furthermore, two thirds of the jobless families in the municipality are single parent families. The ABS Census 2016 also tells us that under-employment is also an issue in Frankston City with nearly half of working women earning below the minimum wage (below \$599); and only 6% of women earn a high income (over \$1,250) a week.

Frankston City has a significant undersupply of social housing, and an extremely high unmet demand for such. Similarly, the municipality has seen a rapidly shrinking supply of affordable housing in the private rental market. Rental affordability data released in March 2018 by the Victorian Department of Health and Human Services indicated that of all one-bedroom properties on the private rental market in the municipality only 1.9% (or two properties) were deemed affordable ('affordable' being Centrelink recipients not having to spend more than 30% of their income on rent).

This is a consequence of record high property valuations in recent years in the municipality (up to 20-25% per annum in some locations). For instance in 1998 (when the Newstart payment was last increased) a two bedroom unit/apartment cost \$82,500 to buy, or \$79 per week to rent. Whereas in 2018 the median price was \$454,251 to buy and \$310 per week to rent (see Table 1 below). As such, from 1998 to 2018 there has been a 450% increase in property purchase prices and a 292% in property rental prices in the municipality.

Table 1.



Not surprisingly, according to the ABS Census, in 2016 one third of Frankston households (33.2%) were in rental stress (40% of the lowest income households spending more than 30% of their gross income on

rent). This represents a higher rental stress rate than that for Greater Melbourne (27.4%), Victoria (28.1) and Australia (28%); as well as a 3.4% increase in rental stress rates from 2011 in Frankston in 2011.

The direct result of these downward housing pressures in the municipality have resulted in an increased demand on the welfare sector and emergency relief providers, and tragically an increase of homelessness and rough sleeping in the region. Community Support Frankston, Frankston City's emergency relief agency, has reported a dramatic increase in the past 24 months of Newstart recipients resorting to accessing their service to provide for their essential living costs including food, bills, transport and medical costs.

Homelessness is of significant concern in Frankston City, as shown in the ABS Census 2016 reporting a 14.7% rise in the rate of homelessness since 2011, which is twice the rate of population growth in Frankston (Census 2016). It should be noted that in January 2018 Frankston City became recognised by the Victorian Government as one of nine priority rough sleeper hot spots in the state.

The systemic barriers faced by social security recipients, combined with the inadequate payment rates of as much as \$160 below the poverty line are severely limiting the opportunity for those impacted to participate in community life and applying significant downward pressure on vulnerable community members, towards entrenched disadvantage and homelessness and must be addressed as a matter of priority.

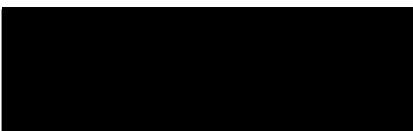
Conclusion:

Frankston City Council strongly supports the *Social Security Commission Bill 2018* and its proposal to establish the Social Security Commission, as it represents a well-considered and realistic solution to review Australia's social security system and reverse the current cycle of entrenched disadvantage experienced by many social security payment recipients.

The current inadequacy of social security payment rates, coupled with the Federal Government's reluctance to act to redress this issue, makes the establishment of an independent body, with the political clout and requisite government accountability an essential first step towards determining a reasonable rate for social security payments, and ensuring the ongoing accountability of the Federal Government to support its citizens with reasonable minimum standard safety nets that will not further impoverish or dispossess payment recipients.

Passing the Bill would significantly alleviate the severe and extreme financial hardship experienced by social security recipients, and which will in turn have a positive flow on effect to local economies across Frankston City and the whole of Australia.

Yours faithfully



Cr Michael O'Reilly
MAYOR – FRANKSTON CITY



Attachment 1

CASE STUDIES provided by Community Support Frankston

GENDER, AGE, ETHNICITY

Female, 58 years old, Caucasian

INTRODUCTION/PRESENTING ISSUES:

On her initial visit, [REDACTED] was interviewed by a CSF volunteer Interviewer. At that point in time [REDACTED]'s main concern was that she was 2 weeks behind in her rent at the Caravan Park, and came to CSF to see if she was eligible for assistance, as she had already been in contact with WAYSS, but they could not assist with rent arrears as they had already assisted her the previous year.

On discussing her financial situation, [REDACTED] advised she receives a total of \$685.00 per fortnight in Newstart Allowance and Rent Assistance, but has to pay out \$520.00 per fortnight for rent, \$67.00 fortnightly for electricity, as well as a debt repayment of \$15.00, leaving her with only \$98.00 per fortnight for her mental health and Asthma prescriptions, Psychologist fees, petrol and food.

[REDACTED] advised that she had previously worked at a hospital, where she fell and broke her wrist and seriously injured her neck, which resulted in her having some vertebrae in her neck removed. As a result of this injury she received a small payout from Work Cover, but needed to use this to pay rental arrears that had accrued due to her time off work. [REDACTED] was given light duties for 2 years, but then was let go as she had not regained full use of her hand.

[REDACTED] has also been diagnosed with Bipolar disorder that limits her ability to look for work and housing, and although she is connected with a job provider, is finding it extremely difficult to get work.

ASSISTANCE PROVIDED:

- Emergency Relief:
\$560.00 over a 6 month period for rent arrears
Outstanding Chemist account paid
\$150.00 in Food Vouchers
Food parcels on a continuing basis to help offset rent being paid by [REDACTED]
- Assistance completing Victorian Housing register forms for priority public housing
- Assistance with an initial application for Disability Pension

REFERRALS PROVIDED:

- Women's Housing (to assist in finding more suitable accommodation)
- WAYSS for assistance with rent arrears
- Financial Counselling
- Volunteering information

INDIVIDUAL OUTCOME:

Following her initial interview, [REDACTED] was linked with a CSF volunteer case-worker, who continues to work with [REDACTED] to obtain sustainable housing. With the assistance from CSF with rent arrears and food vouchers/parcels, [REDACTED] has been able to catch up some of her rent arrears, thereby retaining her accommodation whilst waiting for public housing. With financial counselling assistance, [REDACTED] will also be more able to manage her finances until more affordable housing presents.

GENDER, AGE, ETHNICITY

Female, 62, United Kingdom

INTRODUCTION/PRESENTING ISSUES:

█████ came to CSF in a highly distressed state of mind due to her severe financial situation, which became much worse after losing her job unfairly in late 2017. The client was linked in with a CSF volunteer case-worker and a financial counsellor to reduce the impact of her debts. Her low income (Newstart Allowance), ongoing high rental costs and daily living expenses all became too much for her to bear, and although trying to cope, she was living in a totally unsustainable situation and disclosed depression.

On top of her extreme financial difficulties, █████ also has a number of serious physical and mental health issues, talked of killing herself to CSF's caseworker, and displayed symptoms of trauma from a workplace assault that resulted in her losing her job. Although she is seeing a psychologist and has been referred to undergo a psychiatric review, these mental health issues are severely limiting █████'s ability to look for work, seek alternative accommodation and cope with life in general. She also had an ongoing physical disability resulting from a car accident 30 years ago.

█████ is divorced, but has a close relationship with one of her two sons, however, is estranged from her other son, which also causes her great distress, and has limited social contacts outside of her son and his family.

ASSISTANCE PROVIDED:

- Emergency Relief
 - Food on a regular basis*
 - Rent in arrears*
 - Car repairs*
 - Food and petrol vouchers on several occasions*
 - Telephone bill*
- Assistance completing Victorian Housing Register forms
- Advocacy with utilities agencies
- Liaison and advocacy with real estate agent

REFERRALS PROVIDED:

- Salvocare (for inclusion in their Transitional Support Program)
- Optometry
- Women's Housing (to assist in finding suitable accommodation)
- Peninsula Health Dental Service

INDIVIDUAL OUTCOME:

Due to █████'s engagement with CSF, she:

1. Remains working with her financial counsellor to manage her debts
2. Continues to attend casework appointments at CSF
3. Is on the wait list for Salvocare's transitional support program
4. Is still attending sessions with her psychologist for support with her mental health issues

CSF will continue ER as assistance and encourage her to remain engaged with more specialist services.

Gender, Age, Ethnicity

Male, 42, New Zealander

INTRODUCTION/PRESENTING ISSUES:

██████████ is New Zealand citizen living and working in Australia lost his job as a screen printer and this coincided with the end of a relationship with his girlfriend. ██████████ had issues with government supported payments and was able to access a New Start but this was cancelled after a 6 months.

██████████'s situation started to spiral out of control with no income, high utility bill debt and being unable to pay for his rent. ██████████ resorted to street busking to get by with food for him and his pet dog. ██████████ ended up coming to Community Support Frankston as a last resort, had since developed a drug and alcohol dependency, an expired passport and insufficient I.D to re-apply for his passport. CSF was able to make a monitored referral for ██████████ to engage with financial counselling to assist with trying to access his superannuation. CSF also provided a safe place for ██████████ to come and speak with volunteers as ██████████ wasn't integrated with any specialist services to assist with his AOD and emotional problems.

ASSISTANCE PROVIDED:

- Material aid - food/food vouchers
- Pet food for his dog
- Advocacy with Utility Companies
- Advocacy with Australia Post to obtain key pass
- Payment for key pass
- Supportive listening
- Referrals Provided:
- Centrelink
- Good Shepherd Financial counselling
- AOD - client not able to engage with drug and alcohol specific support worker but did discuss with CSF volunteers (emotional support provided).

INDIVIDUAL OUTCOME:

██████████ was able to access his superannuation and pay off his debts but needed to obtain ID to be able to renew his passport. The workers spent time supporting ██████████ as he struggled with the changes that had taken place. He was told by Australia Post (██████████) that a cheque would be sufficient to pay for key pass but when ██████████ presented to Australia Post (CBD – Melbourne) they refused to accept the cheque as payment. CSF advocated on ██████████'s behalf to ensure that ██████████ was still provided with his keypass and had to make arrangements for special ER payment.

██████████ is hoping to stay in Australia, issues with his payments will be this difficult but with access to his super he's more optimistic about getting his life back on track finding an employment opportunity in Australia. ██████████ has stopped taking drugs but is still drinking alcohol.