



Central Coast Council

Submission to the Federal Government:

"Raise the Rate" for Newstart and Youth Allowance

September 2019



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Table of Contents

Central Coast Council	1
Table of Contents.....	3
1 Introduction.....	4
1.1 Raise the Rate Campaign.....	4
2 Social Disadvantage Central Coast NSW.....	7
2.1 Overview of Central Coast.....	7
2.2 Overall socio-economic disadvantage	9
2.3 Poor Labour Market Performance.....	12
2.4 Lower levels of Income.....	13
2.5 Families under pressure	14
2.6 High levels of housing stress	15
3 Conclusion	18

1 Introduction

1.1 Raise the Rate Campaign

The biggest risk to living in poverty in Australia is being in receipt of unemployment payments. People receiving unemployment and student payments (Youth Allowance, Newstart and related payments) have the highest rates of poverty because these payments are well below the poverty line.

The Raise the Rate campaign is key to reducing poverty and inequality in Australia. The goal of the Raise the Rate campaign is for the Federal Government to immediately lift the single rate of Newstart, Youth Allowance and other related payments by at least \$75 per week, and index allowances to wages. Currently, these payments are too low to help people get through tough times and into suitable employment. The rate of Newstart has not been increased for 25 years, while the cost of living, has increased significantly.

The Australian Council for Social Service (ACOSS) argues that raising the single rate of Newstart and other allowances by at least \$75 per week (and indexing the payment to wages) will get Newstart working by allowing people to focus on building the skills they need to take the opportunities to get them through difficult times. It will mean people can focus on their futures rather than having to be totally consumed with their current situation of financial crisis.

The low rate of Newstart and Youth Allowance has a human impact on the lives of over 800,000 Australians. In July 2018 there were 827,794 recipients of these payments in Australia. Over 60% of these recipients were unemployed long term, receiving these payments for over a year, and 44% for more than 24 months. Recipients come from diverse backgrounds and age groups:

- 17% were under 25 years, 38% were aged 25-44 years and 43% were aged over 45
- 13% were principle carers of children (mainly sole parents)
- 24% have disabilities
- 13% identify as Aboriginal and Torres Strait Islander background
- 19% had cultural and linguistically diverse backgrounds

Source: ACOSS Research Paper - Faces of Unemployment, September 2018

At \$273 a week (\$233 for a young person living away from their parents) or around \$40 per day for a single person with no children these payments are below the Henderson poverty line.

The Henderson Poverty Line is a threshold for measuring a person or families circumstances and relative poverty. In dollar figures, the poverty line in Australia in 2018 equates to \$433 a week for a single adult living alone; or \$909 a week for a couple with 2 children. Anyone below the Henderson line is considered to be in poverty.

The low rate of Newstart and Youth Allowance significantly affects the well-being of unemployed people as well as making it difficult for job seekers to search for work. Further, ACOSS argues the severity of living on such low incomes cannot be justified for even short periods of time, given the chaos that flows from severe financial deprivation, which

negatively affects health, wellbeing and the capacity to pursue paid work. People living on unemployment payments experience severe deprivation and are unable to afford a proper diet, essential health care services or secure housing

In 2015, a survey of 600 Newstart recipients conducted by ACOSS reported:

- 40% are unable to pay their bills on time or see a dentist
- 46% are only able to afford second-hand clothes most of the time
- 50% are unable to raise \$2,000 in the event of an emergency
- 50% are turning off heating and cooling to save money
- 32% skipped meals in the previous year
- 25% are suffering from 'housing crisis' – spending more than half their income on rent
- 20% do not have enough money for essentials like housing, food, and electricity.

Source: ACOSS Research Paper – Payment adequacy: a view from those relying on social security payments

The low rate of Newstart and Youth Allowance presents a barrier to employment and risks entrenching poverty.

Central Coast Council supports the campaign to increase the rate of Newstart and the Youth Allowance to assist the growing number of people who are unemployed and experiencing hardship to look for work, combat social isolation and live dignified lives in our community. This is particular prevalent for the Central Coast which is characterised by pockets of high socio economic disadvantage.

In 2016 there were 61,727 people in low income households living in the Central Coast LGA. Low income households are defined as households falling into approximately the bottom 20% of equivalised incomes across Australia. For 2016, this includes the range of households under \$500 per week (profile.id)

In 2018 there were 10,619 people on the Central Coast receiving Newstart, 1,541 people receiving Youth Allowance (other) and 1,197 receiving Youth Allowance (student and apprentice) as shown in Table 1.

Table 1 Recipient of Newstart and Youth Allowance December 2018.

	Newstart	Youth Allowance (student and apprentice)	Youth Allowance (other)
Former Wyong LGA	6,074	950	547
Former Gosford LGA	4,545	591	650
Central Coast	10,619	1,541	1,197

Source: data.gov.au DSS payments by LGA (March 2019)

Research supports that there are interconnections between the disadvantage indicators in many vulnerable communities (*Jesuit Social Services & Catholic Social Services Australia, 2015*). Economic issues (including high unemployment, low wage levels and a high proportion of persons employed in part-time jobs) underlie many social disadvantage issues. Employment issues (at least in part) are linked to educational issues (low school retention rates, low participation and attainment rates in higher education). These issues have a significant impact on the current and future quality of life of the Central Coast residents as they prevent people from participating fully in the community.

2 Social Disadvantage Central Coast NSW

2.1 Overview of Central Coast

The Central Coast Local Government Area (LGA) has a current estimated resident population of 343,047 and is projected to grow to nearly 415,000 by 2036. It was formed in 2016 with the amalgamation of the former Wyong Shire and former Gosford City LGAs.

The region continues to undergo significant growth and change. This population increase has not been resourced by the development and provision of adequate social and physical infrastructure and local employment opportunities have not kept pace with increased demands for jobs within the region.

The Central Coast LGA is characterised by pockets of high socio-economic disadvantage as shown in Figure 1.

In many ways, there is a considerable social divide between the north of the LGA (the former Wyong LGA) and the south (the former Gosford LGA) in terms of levels of disadvantage,

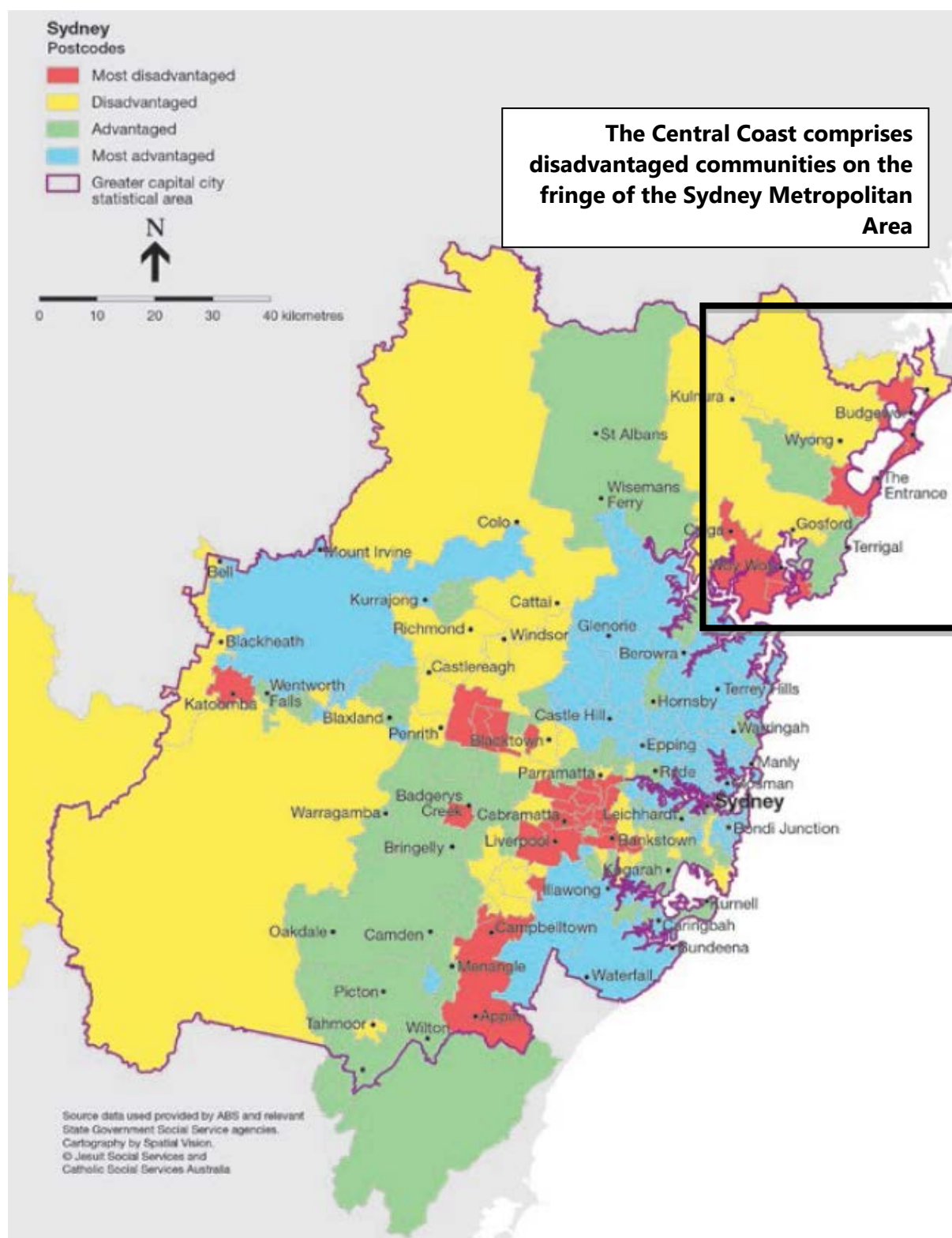


Figure 1: Areas of Disadvantage – Sydney Metropolitan Area

Source: Jesuit Social Services/Catholic Services of Australia (2015) *Dropping Off the Edge*

2.2 Overall socio-economic disadvantage

The most relevant measure for understanding the difference in the comparative levels of overall advantage or disadvantage is the ABS 2016 Socio-Economic Indexes for Areas (SEIFA).

Four SEIFA Indexes are published by the ABS – SEIFA Index of Advantage and Disadvantage; Relative Socio-economic Disadvantage (SEIFA Disadvantage); Economic Resources; and Education and Occupation. Each of these brings together a range of relevant socio-economic indicators that show the comparative level of advantage or disadvantage between communities across these four domains. Of these, the most relevant to this analysis are SEIFA Disadvantage. A lower score on the index means a higher level of disadvantage. This index is derived from Census variables such as low income, low educational attainment, high unemployment and jobs in relatively unskilled occupations. A higher score on the index means a *lower* level of disadvantage. A lower score on the index means a *higher* level of disadvantage.

In 2016 the Central Coast LGA scored 989 on the SEIFA index of disadvantage. This was relatively average with regard to SEIFA Disadvantage, and in the least disadvantaged 40% of areas for Australia. However, this masks considerable difference between the former Gosford and Wyong LGAs, with Gosford LGA in the *least* disadvantaged 30% of areas, and Wyong in the *most* disadvantaged 40% of areas.

The northern areas of the former Wyong LGA tend to be far more disadvantaged than many areas of the former Gosford LGA and generally in the most disadvantaged 16% to 30% of areas in Australia. The main areas of disadvantage are: Wyong, Toukley-Canton Beach, The Entrance, Charmhaven-Lake Haven, San Remo-Doyalson, Gorokan, Watanobbi and Woy Woy-Blackwell.

Table 2 Index of Relative Socio-Economic Disadvantage – Small Areas

Small Area	Score
Wyong	859.7
Toukley – Canton Beach	881.3
The Entrance - North Entrance	888.1
Charmhaven – Lake Haven	893.4
San Remo – Doyalson-Colongra	900.4
Gorokan	901.3
Watanobbi	911.2
Woy Woy - Blackwell	931.8
Mannering Park	937.3
Ettalong – Booker Bay	937.4
Budgewoi - Halekulani - Buff Point	940.5
Blue Haven	943.1
Blue Haven	949.2

Source: profile.id

The former Wyong Shire has also been identified as an area of social disadvantage in the study *Dropping Off the Edge* (Jesuit Social Services & Catholic Social Services 2015). This geographic disadvantage is visually shown on page 7, with postcode areas of the Shire classified as either “most disadvantaged” or “disadvantaged”. This classification is based on data for 21 indicators of disadvantage. Analysis of the indicators reinforces the interconnections between indicators portraying a web of disadvantage within the community. The findings for postcodes within the Central Coast are shown over page with a ranking in terms of the 621 postcode localities in NSW. Postcodes 2258, 2259, 2261, 2262 and 2263 comprise the former Wyong Shire. The level of disadvantage within these postcodes is evident. For example, for postcode 2263 is ranked within the top 5% for rent assistance, top 10% for unskilled workers and long-term unemployment and psychiatric submissions, top 20% for unemployment, disability support, domestic violence, family income etc. Postcode 2263 is ranked 56th and postcode 2262 is ranked 67th respectively out of 621 localities in NSW in terms of disadvantage.

Figure 2: Summary Rank for Central Coast Postcodes in relation to NSW

Postcode N= 621	R.internet.access										R.housing.stress					R.low.family.income					R.overall.education					R.post.schooling.qualifications					R.unskilled.workers					R.young.adults.not.engaged					R.readiness.schooling					R.disable.ity.support					R.long.term.unemployment					R.rent.assistance					R.unemployment					R.y3.numacy					R.y3.reading					R.y9.numacy					R.y9.reading					R.child.maltreatment					R.criminal.convictions					R.juvenile.convictions					R.domestic.violence					R.prison.admissions					R.psychiatric.admissions					Average Rank					Rank out of 621 Postcodes																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
	2250	2251	2256	2257	2258	2259	2260	2261	2262	2263	369	214	398	426	373	276	340	255	280	215	189	268	330	299	201	242																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		

Source: Jesuit Social Services/Catholic Services of Australia (2015) *Dropping Off the Edge*

2.3 Poor Labour Market Performance

The main features of Central Coast LGA's labour force are:

- A high proportion of the population aged 15 years and over not in the labour force (low participation rates);
- A high ratio of part-time to full-time employment; and
- High unemployment rates.

Traditionally the Central Coast has had one of the lowest labour force participation rates (the proportion of people aged over 15 who are either working or looking for work) of all regions in NSW. In July 2019 the region's participation rate was 61.3% compared to the NSW rate of 65.9% and national rate of 66.1% (LMIP, 2019).

In addition, there is a high ratio of part-time to full-time employment that could disguise significant levels of underemployment. The 2012 Central Coast Quality of Life Survey found that 36.6% of the region's residents who worked part-time would like to work more hours.

In March quarter 2019 the Central Coast LGA had an unemployment rate of 5.3% compared with 4.5% for NSW and 5.2% for Australia. There are some areas within the LGA that continue to have unemployment rates that are consistently 1-5% above the LGA rate. These include Wyong 11.6%, Blue Haven-San Remo 9.7%, The Entrance 9.2%, Budgewoi-Buff Point-Halekulani 7.8%, Toukley-Norah Head 7.4%, Woy Woy –Blackwell 7.3%, Umina-Booker Bay 6.7% and Wyoming 6%. (Small Area Labour Markets, Dept of Employment Skills, Small and Family Business).

At July 2019 the unemployment rate for young people (15-24 years) on the Central Coast is 11.6% compared with a NSW rate of 10.0% (LMIP, 2019).

In 2016, 35,300 or 25.3% of the LGAs working residents travelled outside of the LGA to work, with the majority travelling two hours each way to Sydney (ABS Census 2016). Long term commuting is disruptive to the family in terms of time spent together, depletes individual energy levels and diminishes the ability to cope with family stress. It is also disruptive to the social structure of the community in terms of the ability and time to participate in community and recreation activities.

Another factor that has contributed to the Central Coast's persistent labour market disadvantage is the relatively low level of education attainment, with 14% per cent having a bachelor degree or higher, compared to 28.3% for Greater Sydney and 23.4% for NSW (ABS Census 2016). This is more pronounced in the former Wyong Shire with only 9% of residents aged 15 and over having a bachelor degree or higher and 45% with no qualifications (37.7% Greater Sydney and 39.1% NSW).

An analysis of the occupations held by the resident population shows that the four largest occupations in Central Coast LGA were:

- Professionals (18.6%)
- Technicians and Trades Workers (15.5%)
- Clerical and Administrative Workers (13.7%)
- Community and personal service Workers (12.4%)

Together, these four occupations accounted for around 60.2 per cent of the LGA's employed resident population (ABS Census 2016).

Data from the 2016 Census show that the main employing industries for residents in Central Coast LGA Shire were:

- Health Care and Social Assistance (15.3%)
- Construction (11.3%)
- Retail Trade (11.1%)
- Education and Training (7.7%)

The Central Coast has a relatively narrow job base with a high proportion of employment in 'at risk' industries, such as retail, as well as a high proportion of employment in service-based occupations provided by all levels of Government, particularly health care services. The region is under-represented in knowledge and business services (business services, professional services, technical services, finance) jobs. Growing the Central Coast economy and providing long term sustainable employment has been identified as a priority issue for the region (NSW Government, 2013; RDA Central Coast, 2014).

2.4 Lower levels of Income

Research identifies low family income as a central factor in shaping individual and family life opportunities. Income, low parental education and single parent family structure all impact on the life chances of children (*Jesuit Social Services & Catholic Social Services, 2015*)

The Central Coast LGA has a significantly lower income profile than Greater Sydney and NSW. In 2016 the median weekly household income was \$1,256 per week (compared to \$1,745 for Greater Sydney and \$1,481 for NSW).

Median household incomes were around 70% of Greater Sydney, and a much higher proportion of local households were on very low and low incomes.

Table 3: Comparative Median Weekly Household Income

	Household income per week
Former Wyong LGA	\$1,185
Former Gosford LGA	\$1,331
Central Coast LGA	\$1,256
Greater Sydney	\$1,745
New South Wales	\$1,481

Source: profile.id ABS 2016 Census

Income levels are lower again for the former Wyong Shire LGA. A much higher proportion of households were in the very low to low income range (\$400 to \$1500 per week) compared with Greater Sydney, whilst a much lower proportion were on higher incomes, as show in the graph below.



In 2016 only 13.3% of former Wyong Shire households had an income of \$2500+ (former Gosford 18.5%, Greater Sydney 28.3% and NSW 23.1%).

This can be explained by several factors:

- The large number of retirees on fixed incomes
- The large number of people dependent on welfare benefits
- The occupational profile of those employed

2.5 Families under pressure

The Central Coast has a higher proportion of one parent households (12.7%) compared to Greater Sydney (10.4%) and NSW (10.7%). 14% of households in the former Wyong Shire comprise one parent families and dependent children (ABS 2016 Census).

Many families moving to the Shire are moving away from their support networks or extended families and experience a sense of isolation and disconnection. The cumulative effects of long separation of working parents from children, limited leisure time and financial commitments have the potential to create high stress levels in families.

Central Coast Region has a high incidence of families in stress with high notification levels for child abuse and domestic violence

For children aged 0-19 years within the region, there are over 15,000 reports of child abuse and neglect with over 4,000 children at risk of significant harm (FACS, 2015).

In 2018 the Central Coast Local Government Area was ranked 48 out of the 120 local government areas (those that have populations greater than 3000) for the recorded rate of Domestic Violence related assaults. (BOSCAR, 2019)

For the 12 months to March 2019, the Central Coast had the second highest number of Domestic Violence Apprehended Violence Orders of all of the local government areas in NSW.

These issues are as a result of inadequate support services, family situation (unemployment, low income, low levels of parental education, housing stress and isolation), lack of appropriate parenting skills and strategies. In some cases children are being raised in families that have been receiving income support for most of their lives.

2.6 High levels of housing stress

Although the Central Coast has historically been an affordable area, a range of factors has made the area less affordable than Greater Sydney for local residents, with higher rates of housing stress and higher rates of growth of primary homelessness and those who are marginally housed. This provides particular challenges in the local demographic and housing market context.

Although housing in the Central Coast is still cheaper than the Greater Sydney average, the incomes of local people are also much lower than average largely due to the very high rate of older people on pensions and benefits, the high concentration of very low income renters, the influx of low income households from Sydney seeking affordable housing and improved lifestyle, and high levels of overall social disadvantage, particularly in the former Wyong LGA. The constrained supply of diverse housing options and of private rental and social housing is having a significant impact upon housing affordability in the context of a rapidly ageing population, increasing demand from the Sydney market and an increase in long-term rental among families and older people who can no longer afford home purchase.

The proportion of medium and higher density development in the LGA is much lower than the Greater Sydney average, and has experienced little or no proportional growth over the past decade. Apartments still make up 8% of stock as they did in 2006. Likewise, private rental makes up only 23% of dwellings compared with 30% for Greater Sydney, and the local rate of social housing is 3.7% compared with 5.1% for Greater Sydney despite the far higher rate of very low income renters (41% of renters compared with 29% for Greater Sydney).

There has been no proportional growth in private rental stock in the LGA since 2006, and an actual decline in the amount of social housing since 2011. This is directly related to the lack

of growth in medium and higher density housing, noting that around 55% of apartments and 35% of multi-dwelling housing is privately rented compared with only 20% of separate houses. The loss of more affordable caravan parks and Manufactured Housing Estates, and relative undersupply of more affordable housing types like New Generation Boarding Houses, is also having a serious impact on very low income renters and those more vulnerable in the local housing market.

In this context, increasing pressure from the Sydney housing market is placing significant pressure on the available stock of lower cost housing, and Central Coast residents are forced to compete in an increasingly competitive rental market. Virtually everyone who moved into the LGA in net terms since 2011 came from Greater Sydney; and 90% of these people were retirees and families on very low and low incomes, often continuing to commute to jobs in Greater Sydney. This exacerbates the effects of constrained local supply outlined above.

The impacts of this are being felt most acutely in the local rental market, where growth in rent for smaller strata dwellings has far outstripped Greater Sydney since 2009. Rents for a one bedroom apartment grew at more than double the Sydney rate (31% in the former Gosford and 28% in the former Wyong LGA compared with 13% for Greater Sydney, adjusted for inflation); and more than four times the Sydney rate of increase for two bedroom apartments in the former Wyong LGA (64% compared with 15%).

Only 2% of available rental stock in the Central Coast was affordable to very low income renters in a snap shot by Judith Stubbs and Associates in early 2018, noting that this group makes up more than 40% of all renters. The relative scarcity of rental accommodation at the more affordable end of the market, and the extreme pressure on existing supply, is contributing to the increasing numbers in housing stress, homelessness and marginal housing, even among groups who would once have been in more secure accommodation.

In 2016, there were around 24,200 households in the Central Coast LGA in 'housing stress' (paying more than 30% of their gross household income on housing costs) equating to one in five households. By far the most serious affordability problem is among very low income renters, who make up almost half of all households in housing stress in the Central Coast. When combined with low income renters, these groups make up almost two-thirds of those in housing stress. They are also far more likely than other target groups to be in 'severe' housing stress (paying more than 50% of their household income in rent).

It is projected that an additional 7,000 households will be in housing stress by 2036. Of these, 60% are expected to be smaller households (lone persons and couples) and 40% families with children. 'Rule of thumb' measures such as housing stress do not take into account the adequacy or security of housing, nor the high social and economic cost of commuting for the large number of workers who travel from the Central Coast to metropolitan Sydney each day, so the situation is likely to be far worse for many local people.

In this context, there was a 35% increase in homelessness in the Central Coast from 2011 to 2016. There are now conservatively estimated to be from 4,100 to 8,500 people who are homeless or marginally housed in the LGA. Although the rate of homelessness is still lower

than for metropolitan areas, 'rough sleepers' increased at double the Greater Sydney rate and people who were marginally housed grew at more than twice the metropolitan rate from 2011-16. More than 40% of people reported that they had been homeless for three months or more, and were thus at serious risk of chronic, long-term homelessness.

(Judy Stubbs & Associates, 2019)

3 Conclusion

While payment of Newstart and Youth Allowance is a Federal government responsibility, it is at a local level where the effects of poverty are felt. Social issues such as unemployment, homelessness, lack of affordable housing, poverty and domestic violence have significant impact on many residents within the Central Coast community.

In summary the Central Coast LGA is characterised by:

- 61,727 people living in low income households (<\$500 per week) (*profile.id*)
- 13,357 residents receiving Newstart or Youth Allowance (*data.gov.au*)
- An unemployment rate of 5.3% which is above state and national rates (*Small Area Labour Markets, March quarter 2019*), with some areas within the LGA experiencing unemployment rates of 6-11%,
- A youth unemployment rate of 11.6% (*Labour Market Information Portal July 2019*)
- Former Wyong LGA in the *most* disadvantaged 40% of areas within Australia on SEIFA Index of Relative Disadvantage
- Former Wyong LGA identified as an area of social disadvantage in the study *Dropping Off the Edge* (*Jesuit Social Services & Catholic Social Services 2015*).
- relatively low level of education attainment, with 14% per cent having a bachelor degree or higher, compared to 28.3% for Greater Sydney and 23.4% for NSW (*profile.id*)
- Median household incomes around 70% of Greater Sydney (*profile.id*)
- 24,200 households in 'housing stress' (paying more than 30% of their gross household income on housing costs) equating to one in five households
- a 35% increase in homelessness from 2011 to 2016.

Raising the rate of Newstart and Youth Allowance will assist to reduce poverty, strengthen the social fabric and increase spending in local communities.

Central Coast Council recommends that the Federal Government raise the rate of Newstart and Youth Allowance by at least \$75 per week.

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