

Senator Marshall
Chair, Senate Education, Employment and Workplace Relations Committees
PO Box 6100
Parliament House
Canberra ACT 2600

Tuesday, June 11, 2013

Dear Senator Marshall,

Submission to Social Security Amendment Senate inquiry

The Social Security Amendment proposes three measures. This submission focuses on the first measure: the increase to the income free area for recipients from \$62 to \$100 per fortnight.

Whittlesea Community Connections (WCC) offers services and programs to address disadvantage and promote community participation and involvement in the City of Whittlesea, Victoria. WCC's vision is for a Whittlesea in which people and agencies work together to make a positive difference to their community, ensuring that everyone has equal access to the community's resources and services. We are an independent, not-for-profit community based organisation. Each year, our programs and services have over 20,000 client contacts.

WCC's Emergency Relief (ER) Program for residents who are in financial crisis is one of our busiest. This financial year our ER Program has turned away a higher number of people compared to the previous period. In 2011/2012, 1,489 people were assisted with emergency financial assistance due to economic hardship. In the same period, 1,231 people were turned away due to a lack of funds. To date for the 2012/2013 financial year, 1,364 people have been assisted but we have already turned away 1,559 people due to no appointments being available. This is an increase of 25%. Many of our clients are dependant solely on Centrelink benefits.

WCC also convenes the Whittlesea Emergency Relief Network. This group consists of over 25 local agencies that support local people facing hardship. The different agencies in our community are able to respond from a place based approach that is appropriate for our community. Across the Whittlesea Emergency Relief Network agencies report an increase in need in real number of people accessing services.

This increase is due to strains on the community overall. These include:

- High gambling losses. In the 2010/11 financial year, \$99.8 million was lost in the City of Whittlesea to gaming machines. Annual gaming losses per adult for this period were \$822, higher than the state average;
- High incidence of Family violence. In the three years from July 2009 to June 2012, Whittlesea accounted for 62 per cent or 2286 cases of the total 3660 cases reported from the seven LGA areas of Northern Melbourne.
- Higher number of Asylum seekers in Community Detention without adequate government support. Across all local network agencies, there has been a high increase of Asylum Seekers on different visas accessing services;
- Whittlesea is the second fastest growing municipality in Australia, with growth rate of approximately 160 people per week. This places special pressure on ER services for the area.

Additionally, common barriers to participation such as transport infrastructure, education costs, and access to local jobs creates further challenges for people in financial hardship re-enter the workforce. A significant number of our clients on government benefits do not own their own home and are renting in the private market. It is not unusual for ER clients to be paying in excess of 50% of their income on rent.

Our experience providing ER is that with each Centrelink payment, people juggle basic needs they can afford to pay, with basic needs they cannot. Often the majority of people's payment is directed to housing, with the remainder towards bills, food, medication and transport. For most, \$35 a day does not meet basic living costs. The proposed increase of \$38 per fortnight to the income free threshold is insufficient, and will mean that the majority of people receiving benefits and allowances will continue to live below the poverty line.

The experience of local ER providers is that a very small increase to the income free threshold will not allow people to get into permanent and secure work. The increased casualisation of the workforce and job insecurity for those on low incomes who have part time work, means people are dependent on Newstart to top up basic income. People become disempowered and lose their dignity as they simply cannot live on such a low payment, and often will go without basic essentials such as medication. When people spend their energies on survival, it is difficult to secure work, especially if they cannot afford to pay rent. Other barriers to employment experienced by people accessing ER include paying for Working With Children's Checks, transportation, or translation of international police checks.

Those who are locked out of employment need an increase to the Newstart payment, extra employment assistance, and more resourced support system to ensure the risks of homelessness, family breakdown and financial hardship are minimised

Such investment is far more likely to result in supporting people's capability to find work than locking them into poverty through inadequate levels of welfare support. Increasing the payment and providing adequate employment assistance for people to enter the workforce would allow people to focus on looking for work rather than worry about how they are going to afford their next rent

payment. Additionally, the experience of the network is that the amount paid is only a small part of the issue.

The cost to the state in providing homelessness and other services could be minimised through higher funding of integrated support, and we call on the Federal Government to do this.

Please do not hesitate to contact me for further information or clarification,

Sincerely,

Jemal Ahmet
CEO
Whittlesea Community Connections