

Dissenting Report from Labor Senators

Introduction

1.1 Labor Senators on this committee hold serious concerns about the impact of measures set out in this Bill which will significantly erode support for young Australians and push them into financial hardship and poverty.

1.2 These concerns are shared by all participants to this inquiry, with the exception of the Government departments. Labor Senators note that the recommendation in the majority report does not reflect the view outlined by the stakeholders who provided written and oral testimony to the inquiry.

1.3 A number of the measures in this Bill are the same or substantially the same as measures announced by the Government in the 2014-15 Budget. These measures were considered by the committee's inquiry into the Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014 and the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014.

1.4 Labor Senators are of the view that the committee heard no new evidence during the inquiry into the Social Services and Other Legislation Amendment (Youth Employment and Other Measures) Bill 2015 to alter the conclusions reached in their Dissenting Report from the previous inquiry.

1.5 As the Australian Council of Trade Unions (ACTU) stated in their submission to the committee:

[T]his Bill is merely a recycled and watered-down version of the 2014 proposals. The measures contained in this Bill are harsh, draconian and unfair, and very little different to those proposed (and rejected by the Senate) last year.¹

1.6 This view was echoed in the submission of the Australia Council of Social Services (ACOSS) where they state:

It is disappointing that measures widely regarded as unfair and harmful for people on the lowest incomes are being recycled from the 2014 Budget into the latest one.²

1.7 In particular, Labor Senators remain concerned by the Government's attempts to completely withdraw the safety net for young jobseekers. Whether for one month, as proposed in this Bill, or six months, as was proposed in the previous Bills, it is clear that the measure will drive young people into poverty and disadvantage.

1.8 The devastating impact on young Australians is only compounded by other measures in the Bill before the committee.

1 ACTU, *Submission 11*, p. 5.

2 ACOSS, *Submission 5*, p. 1.

1.9 Labor Senators are of the view that the financial hardship which would result from a number of measures in this Bill will only serve to make it hard for jobseekers to undertake job seeking activities and secure employment.

1.10 As the Australian Association of Social Workers stated in their submission:

Factors leading to poverty such as lack of money for accommodation, subsistence food, clothing suitable to attend job interviews or insufficient funds for transport all interfere with people's ability to actually look for work.³

1.11 The measures in this Bill take a punitive and counter-productive approach to the issue of youth unemployment in Australia, particularly given the difficulties and barriers faced by young people in the current job market.

1.12 As the ACTU put it in their submission:

[T]his Bill will achieve nothing save to punish young people for not being able to find employment in a sluggish labour market.⁴

1.13 In his evidence to the committee, Mr David Pigott, General Manager, Mission Australia, highlighted the same issue, stating:

We are concerned, however, that the current budget measures before us risk taking a punitive approach to young people in the current labour market, where there is only one job available for every six job seekers. Youth unemployment has remained stubbornly high since the global financial crisis, and in some areas where we work it is as high as 30 per cent.⁵

1.14 Accordingly, Labor Senators are of the view that Schedules 1, 2, 3 and 5 should be removed from the Bill.

Schedule 1: Ordinary Waiting Period

1.15 Schedule 1 seeks to apply a one week waiting period to all working age payments, excluding widow allowance claimants.

1.16 This measure is substantially the same as a previous proposal announced in the 2014-15 Budget and examined as part of the committee's inquiry into the Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014.

1.17 While the measure includes a number of grounds upon which the one week ordinary waiting period can be waived, evidence to the committee made it clear that the grounds were too narrowly defined, administratively burdensome and designed to push claimants to a crisis point.

1.18 The measure provides that the current exemption on the basis of severe financial hardship will be restricted further, to only apply if a person is also experiencing a 'personal financial crisis'.

3 Australian Association of Social Workers, *Submission 1*, p. 2.

4 ACTU, *Submission 11*, p. 5.

5 Mr David Pigott, General Manager, Mission Australia, *Committee Hansard*, 5 August 2015, p.7.

1.19 The committee heard evidence that the changes to the ordinary waiting period and the additional requirement that a person being experiencing a 'personal financial crisis' would mean that people with no means of supporting themselves would end up having to serve the one week period without payment.

1.20 In her evidence to the committee, Ms Kate Beaumont, President of the National Welfare Rights Network, stated:

Make no mistake, there will be people experiencing financial crisis who will no longer qualify for the exemption.⁶

1.21 In their evidence to the committee, ACOSS stressed that the proposed exemption test would require an extremely thorough assessment of a claimants financial circumstances to determine if they needed access to income support one week early and would result in one of two outcomes:

Either the administrative cost of the proposed rules would exceed the savings to government, or many people who need immediate help would abandon their application.⁷

1.22 In their submission to the committee, UnitingCare Australia argued that the requirement that a person be experiencing a 'personal financial crisis' was counter-productive and would likely result in increased cost to the system:

[W]e highlight that the provision of services is not only more costly if delivered at the point of crisis than if support is provided in a preventative manner, but also, the adverse impacts experienced by the individual are reduced through earlier assistance being provided.⁸

1.23 The National Welfare Rights Network echoed this in their submission stating:

[T]he additional limitations being placed on exemptions to the OWP [ordinary waiting period] will operate so that some people, with no means to support themselves or others to rely on for support, will be required to serve the OWP.⁹

1.24 Labor Senators on the committee are of the view that the changes, in particular the tightening of the financial hardship exemption, will only serve to reduce living standards for an already vulnerable group of people, increasing their risk of harm and hardship.

1.25 The evidence to the committee strongly refutes the Government's claim that 'claimants without the means to support themselves will have access to exemptions and waivers'.¹⁰

6 Ms Kate Beaumont, President, National Welfare Rights Network (NWRN), *Committee Hansard*, 5 August 2015, p. 35.

7 ACOSS, *Submission 5*, p. 2.

8 UnitingCare Australia, *Submission 4* p. 4.

9 National Welfare Rights Network, *Submission 6*, p. 13.

10 Statements of compatibility with human rights.

1.26 This impact is compounded when considered in combination with other measures in the Bill, specifically the proposed Income Support Waiting Period.

Schedule 2: Age requirements for various Commonwealth payments

1.27 In line with the announcement in the 2014-15 Budget, this measure seeks to extend Youth Allowance (Other) from 22 to 24 year olds in lieu of Newstart and Sickness Allowance.

1.28 This measure would result in a cut of at least \$48 a week, or almost \$2 500 a year, for young jobseekers between the ages of 22 and 24.

1.29 This measure was originally proposed in Schedule 8 of the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014 which was previous considered by the committee.

1.30 The stated intention of the measure is to 'provide incentives to young unemployed people to obtain the relevant education and training to increase employability'.¹¹

1.31 The need for incentives such as this for young jobseekers was countered in the submission from the Australian Association of Social Workers, which stated that:

[T]here is no strong evidence to indicate that the current cohort of young people is avoiding employment more than any other segment of the population.¹²

1.32 The evidence presented to the committee, which Labor Senators concur with, is that the measure could exacerbate the disadvantage some young people face in the job market, while doing nothing to address the structural problems faced by these young jobseekers.

1.33 In their submission, UnitingCare Australia highlighted the range of barriers that young jobseekers face, such as limited prior education and training, limited experience and lack of job applications skills, arguing that:

These factors highlight the absence of a level playing field, and point to the reality that extra assistance is needed to facilitate education and employment opportunities for those at most disadvantage.¹³

1.34 Submitters to the inquiry raised particular concerns about the impact of this measure on already at risk or vulnerable young people.

1.35 In their submission Orygen stated that:

[R]educing the income of job seeking young people is likely to result in increased financial stress, potentially creating difficult personal situations for young people. Such stressors may trigger or exacerbate an experience of

11 Explanatory Memorandum.

12 Australian Association of Social Workers, *Submission 1*, p. 3.

13 UnitingCare Australia, *Submission 4*, p. 4.

mental ill-health such as anxiety and depression in vulnerable young people, which in turn creates barriers to effective job-seeking.¹⁴

1.36 For these reasons Labor Senators do not support this measure.

Schedule 3: Income Support Waiting Periods

1.37 This measure seeks to introduce a requirement for young people under 25 to wait four weeks prior to receiving income support, an Income Support Waiting Period.

1.38 The Income Support Waiting Period is a revision of the Government's 2014-15 Budget measure requiring young people under 30 to actively seek work for six months prior to receiving income support payments.

1.39 The Government originally sought to introduce the six month waiting period in Schedule 9 of the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014 which the committee previously examined.

1.40 Labor Senator's expressed serious concerns about this measure when it was previously considered by this committee. These concerns are not allayed by the revised proposal which the Government seeks to implement in the Bill now before the committee.

1.41 Throughout this inquiry Labor Senators questioned the evidence base upon which either iteration of the policy is based. Participants to the inquiry were unable to identify any evidence to support the rationale for the measure.

1.42 The ACTU argued that the Explanatory Memorandum:

[F]ails to provide any real rationale for the introduction of these waiting periods, beyond claiming (with no evidence) that it will 'provide an incentive for affected persons to be self-sufficient'.¹⁵

1.43 In their submission, the National Welfare Rights Network, stated that they were:

[N]ot aware of any modelling or evidence that there will be a measureable increase in take up of work by young people or a reduction in time spent on benefits if this measure is introduced.¹⁶

1.44 The same was noted by UnitingCare in their submission:

[We are] not aware of any evidence that these measures will do anything other than lower the living standards, and increase the risk of harm, for an already vulnerable group of people.¹⁷

1.45 Under questioning from the committee, officials from the Department of Social Services conceded that there is no evidence that the measure will help young people find work:

14 Orygen, *Submission 12*, p. 8.

15 ACTU, *Submission 11*, p. 3.

16 National Welfare Rights Network, *Submission 6*, p. 5.

17 UnitingCare, *Submission 4*, p. 3.

It was a decision of Government, Senator, to apply the four-week waiting period and that was after, I believe, extensive consultation on the previous year's budget measure, which was a six-month waiting period and following that consultation the Government has decided to apply a four-week waiting period.¹⁸

1.46 Officials also told the committee:

We don't have evidence that is directly comparable to this particular policy...¹⁹

1.47 The officials also refuted claims, by the Government, that the measure was comparable to the New Zealand model of support for young jobseekers, stating:

I do not think you can directly compare the two policies though.²⁰

1.48 In contrast the committee heard evidence from a range of stakeholders about the possible unintended consequences of the measure. In their submission the Brotherhood of St Laurence stated:

[A] period of four weeks without income support continues to have potential for harsh unintended consequences that will be borne hardest by those young jobseekers who do not have financial support of their families.²¹

1.49 Other submitters were less circumspect about the negative consequences of the measure. The National Welfare Rights Network argued that the measure would do nothing to improve young people's employment prospects and only serve to entrench disadvantage, stating:

The likely outcome, despite the Government's stated intentions, will be to exacerbate poverty and disadvantage.²²

1.50 ACOSS Chief Executive Cassandra Goldie was similarly clear on the consequences of the measure, saying:

The only outcome that will be the result of this kind of proposal is to place more young people into financial hardship.²³

1.51 A number of submitters highlight that the allocation of additional emergency relief funding for individuals affected by the measure shows that the Government expect the measure to cause harm and drive individuals to access these services.

18 Ms Cath Halbert, Group Manager, Payments Policy Group, Department of Social Services, *Committee Hansard*, 5 August 2015, p. 43.

19 Ms Cath Halbert, *Committee Hansard*, 5 August 2015, p. 43.

20 Ms Cath Halbert, *Committee Hansard*, 5 August 2015, p. 43.

21 Brotherhood of St Laurence, *Submission 7*, p. 1.

22 National Welfare Rights Network, *Submission 6*, p. 3.

23 Dr Cassandra Goldie, Chief Executive Officer, ACOSS, *Committee Hansard*, 5 August 2015, p. 1.

Ms Kate Beaumont, President of the National Welfare Rights Network, highlighted this in her evidence to the committee:

This is clearly is not a path to self-sufficiency; it is a one-way street to poverty, an impact on long-term unemployment, poor health, depression and homelessness. This is borne out by the government allocating \$8.1 million to help pay the people made destitute by this very policy. The simple reclassification of people and grant them interventions, if their situation deteriorates during the four-week waiting period, should be enough to be convince the public that this is a bad idea, poor social policy and should be rejected.²⁴

1.52 The National Union of Students also highlighted this issue, arguing:

It seems very poor policy to deliberately create circumstances where many more people will be in need of the already highly stretched and limited emergency relief system.²⁵

1.53 Labor Senators are also convinced by testimony from submitters which shows that rather than assisting young jobseekers into work, the financial hardship that would result from this measure would have disastrous impacts on the health and wellbeing of young people.

1.54 Orygen's submission stated that:

Rather than the increased waiting period acting as an incentive to work, research has shown that a lack of income can impact on a young person's capacity to meet job seeking requirements and look for employment (such as limited access to transportation, impact of financial stress on mental health potentially triggering depression and anxiety).²⁶

1.55 In their submission Headspace also made it clear the measure will negatively impact on the mental health and wellbeing of young Australians, stating:

[W]e believe these changes are unlikely to encourage greater workforce and education participation, but rather have the potential to impact negatively on the mental health and wellbeing of all young Australians and disproportionately on those already disadvantaged due to factors such as mental health difficulties, poverty, social isolation or disengagement from family.²⁷

1.56 Headspace went on in their submission to argue that the negative impacts of this measure would be counter-productive and would actually make it harder for jobseekers to find employment:

The impact of such a change has the potential to leave young people without the ability to meet their basic needs at a time when they should be

24 Ms Kate Beaumont, President, NWRN, *Committee Hansard*, 5 August 2015, p. 35.

25 National Union of Students, *Submission 3*, p. 6.

26 Orygen, *Submission 12*, p. 9.

27 Headspace, *Submission 8*, p. 3.

focused on finding and securing employment, and to increase their risk of experiencing homelessness and mental health difficulties. Such changes would also impact disproportionately on those most vulnerable young people, who are unable to rely on family or other social connections for financial or housing support in times of crisis.²⁸

1.57 Labor Senators are of the view that extreme financial hardship which would result from this measure is counter-productive to the stated intention of encouraging people into workforce participation.

1.58 As the ACTU stated in their submission:

The proposed changes will only serve to place financial stress on those who can least afford it and make it more difficult for young people to focus their energies on job search activities.²⁹

1.59 The Australian Association of Social Workers similarly stated in its submission that:

This enforced destitution will further inhibit the ability of young people to look for work.³⁰

1.60 As with other measures contained in this Bill, the only policy basis for this measure appears to be the ill-informed and incorrect assumption that unemployment in a choice for young unemployed Australians and that depriving them of income support will force them to support themselves through employment.

1.61 This assumption and consequently this measure do not take account of any of the systemic issues impacting on the extremely high youth unemployment levels right across Australia.

1.62 In her evidence to the committee Ms Margaret Quixley, Founding Director, Young Opportunities Australia, commented on the flawed assumptions underpinning the measure and the systemic issues which are at play, stating:

We believe the basic tenets underpinning this policy around the causes of youth unemployment to be problematic. Implicit in these policy changes are assumptions around the availability of work, that the problem has to do with supply and willingness of use rather than a lack of demand affected by broader macroeconomic conditions.³¹

1.63 In their submission ACOSS similarly stated that the measure:

28 Headspace, *Submission 8*, p. 2.

29 ACTU, *Submission 11*, p. 3.

30 Australian Association of Social Workers, *Submission 1*, p. 3.

31 Ms Margaret Quixley, Founding Director, Young Opportunities Australia, *Committee Hansard*, 5 August 2015, p. 30.

[S]hifts the risk of financial hardship arising from unemployment from government to the individuals affected, implying that they are personally at fault for an economic policy problem governments have struggled to fix.³²

1.64 Labor Senator's concur with the evidence provided to the committee, that there is no evidentiary basis for this measure and that it is instead based on the false belief that young people choose unemployment.

1.65 All the information available to the committee shows that this proposal is merely a punitive measure which would push young jobseekers into poverty, negatively impact on their health and wellbeing and possibly decrease their ability to seek employment.

Schedule 5: Indexation Pause to Income Thresholds

1.66 This measure seeks to freeze the income free areas for working age payments and student payments for three years from 1 July 2015 and 1 January 2016 respectively.

1.67 This measure was previously announced in the 2014-15 Budget and was examined by the committee in the aforementioned inquiry.

1.68 The impact of a freeze on the income free areas will be a decline in their value in real terms.

1.69 Labor Senators are of the view that this measure will only further financially disadvantage jobseekers and provide a disincentive to engage in the workforce. As Anglicare stated in their submission:

[T]his is a cost cutting measure only and provides no added benefit in terms of goals of either the safety net or the participation agenda: that is it will not provide protection against poverty or support an individual to prepare for, seek or sustain employment.³³

1.70 Low-income earners, low-skilled employees and part-time and casual employees will be impacted by this measure which will erode the value of what they earn.

1.71 In their submission to the committee, ACOSS stated:

It is therefore clear that this measure will affect people in very low paid employment, who are attempting to transition from unemployment to a secure, reasonably paid job.³⁴

1.72 ACOSS go on:

It will particularly discourage part time and casual employment, which is often the only work low-skilled unemployed people can obtain.³⁵

32 ACOSS, *Submission 5*, p. 4.

33 Anglicare Australia, *Submission 10*, p. 8.

34 ACOSS, *Submission 5*, p. 7.

35 ACOSS, *Submission 5*, p. 7.

1.73 Due to the likely negative impacts on jobseekers financial position and the reduced incentive to work Labor Senators are of the view that this measure should be rejected.

Conclusion

1.74 The measures from the 2015-16 Budget in this Bill are endemic of a Government that attacks the most vulnerable and at risk within our country to find budgetary savings.

1.75 As Ms Michelle Waterford, Research and Policy Director, Anglicare Australia, told the committee:

[T]he most disadvantaged members of our society should not be the catch-all for efficiencies and cost savings.³⁶

1.76 This view was echoed by Ms Kate Beaumont, President of the National Welfare Rights Network, who said:

We cannot find if there is an evidence base for it, except for saving money. That seems to be the agenda here.³⁷

1.77 The measures discussed above appear to be based on the belief that youth unemployment in Australia is the fault of young people rather than a product of the current economic and labour market conditions.

1.78 Many of the measures that the Government seeks to introduce in this Bill will have a negative impact of jobseekers ability to seek and sustain employment, counter to the stated intention of the Bill.

1.79 This approach also risks the health and wellbeing of young jobseekers across this country. The committee heard compelling evidence on the impact the measures would have on the general wellbeing and mental health of young people, including concerns that people could be forced into abandon study, be pushed into homelessness and family relationship stretched to breaking point.

1.80 For these reasons Labor Senators recommend that Schedules 1, 2, 3 and 5 should be removed from the Bill.

36 Ms Michelle Waterford, Research and Policy Director, Anglicare Australia, *Committee Hansard*, 5 August 2015, page 8.

37 Ms Kate Beaumont, President, NWRN, *Committee Hansard*, 5 August 2015, page 35.

Recommendation

- 1. The Bill not be passed in its current form.**

Senator Carol Brown

Senator Nova Peris

Senator Claire Moore

